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THE PROSPECTUS DIRECTIVE  
IF YOU ARE NOT A QUALIFIED INVESTOR, DO NOT CONTINUE**

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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 TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. 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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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 Hypenn RMBS I B.V., NN Bank, nor ING Bank 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 NN Bank or ING Bank.

## Hypenn RMBS I B.V. as Issuer

(incorporated with limited liability in the Netherlands)

	Class A1	Class A2	Class A3	Class B	Class C
<b>Principal Amount</b>	EUR 330,000,000	EUR 525,000,000	EUR 750,000,000	EUR 100,000,000	EUR 60,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate</b>	2.05 per cent. per annum	2.46 per cent. per annum	2.93 per cent. per annum	n/a	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' sf	'AAA' sf / 'Aaa' sf	'AAA' sf / 'Aaa' sf	n/a	n/a
<b>Relevant First Optional Redemption Date</b>	Notes Payment Date falling in November 2017	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020
<b>Relevant Pass-Through Payment Start Date</b>	Notes Payment Date falling in November 2018	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023
<b>Final Maturity Date</b>	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097

## Nationale-Nederlanden Bank N.V. as Seller

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 8 July 2013 (or such later date as may be agreed between the Seller and the Issuer) (the " <b>Closing Date</b> ").
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising mortgage loans originated by the relevant Originator and secured over residential properties located in the Netherlands. Legal title to the resulting Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, during a period from the Closing Date until but excluding the Replenishment End Date. See Section 6.2 (Description of Mortgage Loans) for more details.
<b>Security for the Notes</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, <i>inter alia</i> , the Mortgage Receivables and the Issuer Rights (see Section 4.7 (Security)).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000.
<b>Form</b>	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.
<b>Interest</b>	The Class A Notes will carry a fixed rate of interest as set out above, payable monthly in arrear on each Notes Payment Date. The Subordinated Notes will not carry any interest. See further Section 4.1 ( <i>Terms and Conditions</i> ) and Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Unless previously redeemed in full, after the Relevant Pass-Through Payment Start Date payment of principal on the Class A Notes will be made on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. On the Relevant First Optional Redemption Date and each Relevant Optional Redemption Date thereafter and in certain other circumstances the Issuer will have the option to redeem all of the Notes or, as the case may be, certain Subclasses of the Notes only. The Notes will mature on the Final Maturity Date. See further Condition 6 ( <i>Redemption</i> ).

<b>Subscription and Sale</b>	The Lead Managers have agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Class A Notes. Furthermore, NN Bank has agreed, subject to certain conditions precedent being satisfied, to purchase at the Closing Date the other Classes of Notes.
<b>Credit Rating Agencies</b>	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 (" <b>ESMA</b> ") on its website in accordance with the CRA Regulation.
<b>Ratings</b>	<p>Ratings will be assigned to the Class A Notes, as set out above on or before the Closing Date.</p> <p>The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class of Notes held by such Noteholder by the Final Maturity Date.</p> <p><b>The assignment of ratings to the Class A 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 the Notes.</b></p>
<b>Listing</b>	<p>Application has been made to list the Class A Notes on Euronext Amsterdam. The Class B Notes and the Class C Notes will not be listed. The Class A Notes are expected to be listed on or about the Closing Date.</p> <p>This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands. It does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.
<b>Limited recourse obligations</b>	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, save in limited circumstances. The Issuer will have limited sources of funds available. See Section 2 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The right of payment of principal on the Classes of Notes, other than the Class A Notes, is subordinated to the other Classes of Notes in reverse alphabetical order. See Section 5 ( <i>Credit Structure</i> ).
<b>Retention and Information Undertaking</b>	NN Bank, in its capacity as Seller, has undertaken to the Issuer, the Security Trustee and the other Lead Manager that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5%, in accordance with the CRD. See Section 4.4 ( <i>Regulatory and Industry Compliance</i> ) for more details.

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

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

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

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

The date of this Prospectus is 4 July 2013.

*Arranger*

**Nationale-Nederlanden Bank N.V.**

*Lead Managers*

**ING Bank N.V.**

**Nationale-Nederlanden Bank N.V.**

## RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts such responsibility accordingly. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, and 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 CRD, paragraph *Portfolio Information* in Section 1.6 (*Overview*), 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 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 or any of the Lead Managers and 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. 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 or any of the Lead Managers to any person to subscribe for or to purchase any Notes.

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

The Lead Managers expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

The Notes have not been and will not be registered under the Securities Act and will not include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see Section 4.3 (*Subscription and Sale*) below).

ING Bank as Lead Manager has not separately verified the information set out in this Prospectus. To the fullest extent permitted by law, ING Bank 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. ING Bank disclaims any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

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## **1. TRANSACTION OVERVIEW**

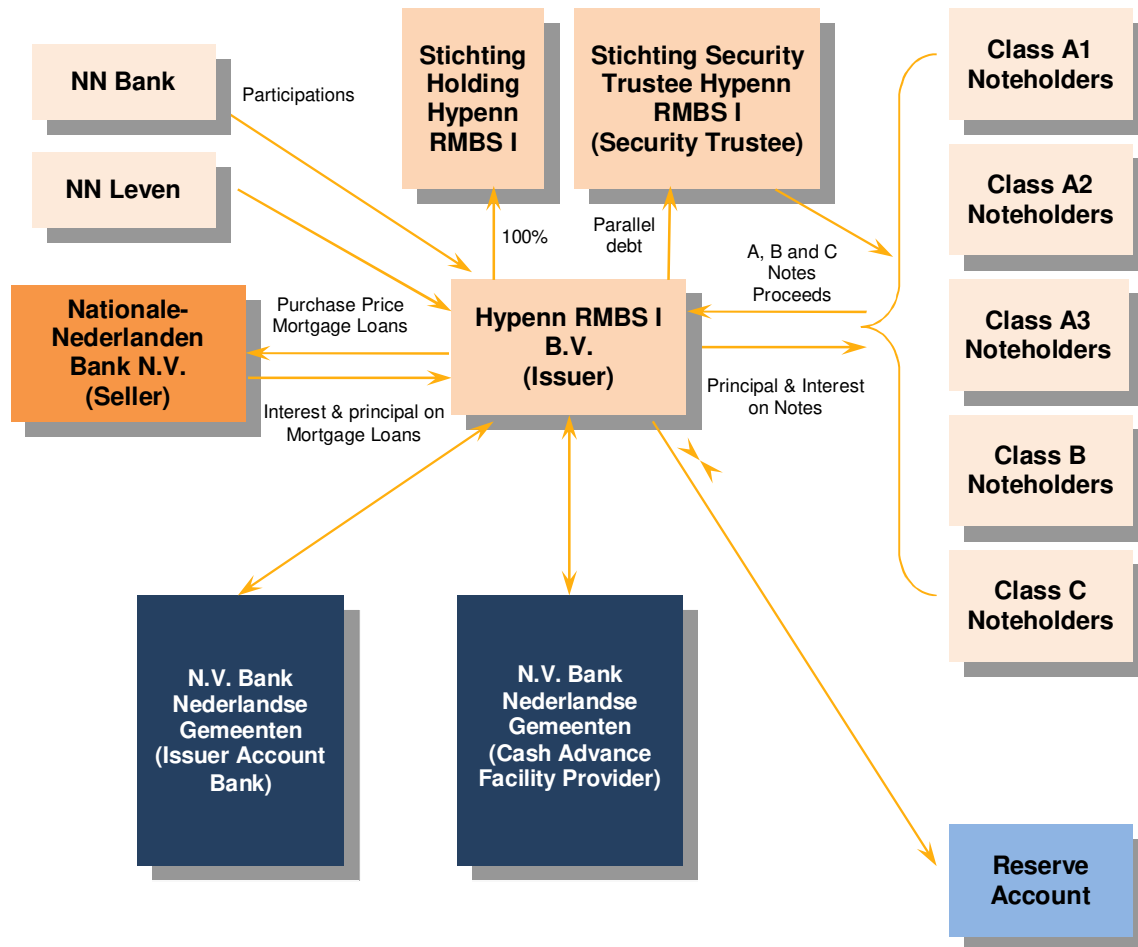
*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto.*

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

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

## 1.1 STRUCTURE DIAGRAM

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



## 1.2 RISK FACTORS

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



### 1.3 PRINCIPAL PARTIES

<b>Issuer:</b>	Hypenn RMBS I B.V., incorporated under Dutch law as a private company with limited liability ( <i>'besloten vennootschap met beperkte aansprakelijkheid'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58086706. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Holding Hypenn RMBS I, established under Dutch law as a foundation ( <i>'stichting'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58072063.
<b>Security Trustee:</b>	Stichting Security Trustee Hypenn RMBS I, established under Dutch law as a foundation ( <i>'stichting'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58072268.
<b>Seller:</b>	Nationale-Nederlanden Bank N.V., incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in 's-Gravenhage, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of 's-Gravenhage under number 52605884.
<b>Originators:</b>	(i) Nationale-Nederlanden Levensverzekering Maatschappij N.V., incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in Rotterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24042211 and (ii) NN Bank.
<b>Servicer:</b>	ING Bank N.V., incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33031431. The Servicer will initially appoint NN Bank to act as Sub-Servicer.
<b>Sub-Servicer:</b>	NN Bank.
<b>Issuer Administrator:</b>	NN Bank. If the Capital Requirement Trigger occurs or NN Bank defaults in the performance of the Issuer Services, NN Bank will be replaced by ATC Financial Services B.V.
<b>Cash Advance Facility Provider:</b>	N.V. Bank Nederlandse Gemeenten, incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in 's-Gravenhage, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of 's-Gravenhage under number 27008387.
<b>Issuer Account Bank:</b>	BNG Bank.
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and of the Shareholder and ANT Securitisation Services B.V., the sole director of the Security Trustee.
<b>Paying Agent:</b>	ING Bank.

<b>Reference Agent:</b>	ING Bank.
<b>Listing Agent:</b>	ING Bank.
<b>Arranger:</b>	NN Bank.
<b>Lead Managers:</b>	ING Bank and NN Bank.
<b>Insurance Savings Participant:</b>	NN Leven.
<b>Bank Savings Participant:</b>	NN Bank.

## 1.4 NOTES

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

	<b>Class A1</b>	<b>Class A2</b>	<b>Class A3</b>	<b>Class B</b>	<b>Class C</b>
<b>Principal Amount</b>	EUR 330,000,000	EUR 525,000,000	EUR 750,000,000	EUR 100,000,000	EUR 60,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate</b>	2.05 per cent. per annum	2.46 per cent. per annum	2.93 per cent. per annum	n/a	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' sf	'AAA' sf / 'Aaa' sf	'AAA' sf / 'Aaa' sf	n/a	n/a
<b>Relevant First Optional Redemption Date</b>	Notes Payment Date falling in November 2017	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020	Notes Payment Date falling in November 2020
<b>Relevant Pass-Through Payment Start Date</b>	Notes Payment Date falling in November 2018	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023	Notes Payment Date falling in November 2023
<b>Final Maturity Date</b>	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097	Notes Payment Date falling in November 2097

<b>Notes:</b>	<p>The Notes shall be the following classes of notes of the Issuer, which are expected to be issued on or about the Closing Date:</p> <ul style="list-style-type: none"> <li>(i) the Class A1 Notes;</li> <li>(ii) the Class A2 Notes;</li> <li>(iii) the Class A3 Notes;</li> <li>(iv) the Class B Notes; and</li> <li>(v) the Class C Notes.</li> </ul>
<b>Issue Price:</b>	<p>The issue price of the Notes shall be as follows:</p> <ul style="list-style-type: none"> <li>(i) the Class A1 Notes 100 per cent.;</li> <li>(ii) the Class A2 Notes 100 per cent.;</li> <li>(iii) the Class A3 Notes 100 per cent.;</li> <li>(iv) the Class B Notes 100 per cent.; and</li> <li>(v) the Class C Notes 100 per cent.</li> </ul>
<b>Form:</b>	<p>The Notes are in bearer form and in the case of Notes in definitive form, serially numbered with coupons attached.</p>
<b>Denomination:</b>	<p>The Notes will be issued in denominations of EUR 100,000.</p>
<b>Status &amp; Ranking:</b>	<p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, <i>inter alia</i>, payments of principal on the Class A Notes and (ii) payments of principal on the Class C Notes are subordinated to, <i>inter alia</i>, payments of principal on the Class A Notes and the Class B Notes. See further Section 4.1 (<i>Terms and Conditions</i>) and <i>Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes</i> in Section 2 (<i>Risk Factors</i>).</p>
<b>Interest:</b>	<p>Interest on the Class A Notes is payable by reference to the successive Interest Periods. The interest will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.</p> <p>Interest will be payable monthly in arrear in respect of the Principal Amount Outstanding on each Notes Payment Date.</p> <p>Interest on the Class A Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to:</p> <ul style="list-style-type: none"> <li>(i) for the Class A1 Notes, 2.05 per cent. per annum;</li> <li>(ii) for the Class A2 Notes, 2.46 per cent. per annum; and</li> <li>(iii) for the Class A3 Notes, 2.93 per cent. per annum;</li> </ul> <p>No interest will be payable in respect of the Subordinated Notes.</p>
<b>Final Maturity Date:</b>	<p>If and to the extent not redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to Condition 9(a).</p>
<b>Mandatory Redemption of the Notes:</b>	
<i>up to (but excluding) the Class A1 Pass-Through</i>	<p>Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes, on each</p>

*Payment Start Date:*

Notes Payment Date up to (but excluding) the Class A1 Pass-Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A2 Notes, until fully redeemed and, thereafter, the Class A1 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

*on and after the Class A1 Pass-Through Payment Start Date up to (but excluding) the Class A2/A3/B/C Pass-Through Payment Start Date:*

Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds and the Available Revenue Redemption Funds, to (partially) redeem the Notes, on each Notes Payment Date on and after the Class A1 Pass-Through Payment Start Date up to (but excluding) the Class A2/A3/B/C Pass-Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, thereafter, the Class A2 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

*on and after the Class A2/A3/B/C Pass-Through Payment Start Date:*

Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds and the Available Revenue Redemption Funds to (partially) redeem the Notes, on each Notes Payment Date on and after the Class A2/A3/B/C Pass-Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, thereafter, the Class A2 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

**Optional Redemption of the Notes:**

Unless previously redeemed in full, the Issuer will have the option to redeem the Class A1 Notes (but not some only) on a Class A1 Optional Redemption Date, at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a).

Unless previously redeemed in full and provided that the Class A1 Notes have been redeemed in full, the Issuer will have the option to redeem the Notes (other than the Class A1 Notes) (but not some only) on a Class A2/A3/B/C Optional Redemption Date, at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a).

**Redemption for regulatory reasons:**

In the event of the occurrence of a Regulatory Change, the Issuer may, if so directed by the Seller, redeem all (but not some only) of the Notes, on any Notes Payment Date at their Principal Amount Outstanding on such date, together with interest accrued up to and including the date of redemption, subject to Condition 9(a). The Seller has undertaken in the

Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Mortgage Receivables, if the Issuer upon the direction of the Seller exercises the Regulatory Call Option, or alternatively the Seller may appoint a third party at its discretion to purchase and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party. The purchase price will be calculated as described in Section 7.1 (*Purchase, Repurchase and Sale*).

**Redemption  
for tax reasons:**

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

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

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

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

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

**Use of  
proceeds:**

The Issuer will use the net proceeds from the issue of the Notes, to pay part of the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of the Mortgage Receivables Purchase Agreement and made between the Seller, the Issuer and the Security Trustee.

**Withholding  
Tax:**

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any

present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

**FATCA Withholding:**

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

**Method of Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and, to the extent applicable, interest on the Notes will be made in euros to Euroclear Netherlands 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; and
- (ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over Issuer Rights.

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 in accordance with the Post-Enforcement Priority of Payments. See further Section 4.7 (*Security*) and Section 5 (*Credit Structure*) below.

**Parallel Debt Agreement:**

On the Closing Date, the Issuer and the Security Trustee will – among others – enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

<b>Paying Agency Agreement:</b>	On the Closing Date the Issuer will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, <i>inter alia</i> , to perform certain payment services on behalf of the Issuer towards the Noteholders.
<b>Listing:</b>	Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to the official list and trading on its regulated market.
<b>Credit ratings:</b>	It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' (sf) credit rating by Fitch and a 'Aaa (sf)' credit rating by Moody's. 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 B Notes and the Class C Notes will not be assigned a credit rating.
<b>Settlement:</b>	Euroclear Netherlands.
<b>Governing Law:</b>	The Notes will be governed by and construed in accordance with Dutch law.
<b>Selling Restrictions:</b>	There are selling restrictions in relation to the European Economic Area, France, Italy, the United Kingdom and the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See <i>Subscription and Sale</i> .



## 1.5 CREDIT STRUCTURE

<b>Available Funds:</b>	The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Participation Agreements, drawings from the Reserve Account and the Issuer Collection Account, to make payments of, <i>inter alia</i> , principal and interest due in respect of the Notes.
<b>Priority of Payments:</b>	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 <i>Credit Structure</i> below) and 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 ( <i>Terms and Conditions</i> ) and Section 5 ( <i>Credit Structure</i> ).
<b>Cash Advance Facility Agreement:</b>	On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with a maximum term of 364 days with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further Section 5 ( <i>Credit Structure</i> ) below.
<b>Issuer Accounts:</b>	<p>The Issuer shall maintain with the Issuer Account Bank the following accounts:</p> <ul style="list-style-type: none"><li>(i) an account to which on each Mortgage Collection Payment Date - <i>inter alia</i> - all amounts received in respect of the Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement;</li><li>(ii) an account to which on the Closing Date and on each Notes Payment Date all amounts received in connection with Construction Deposits shall be deposited;</li><li>(iii) an account to which on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred; and</li><li>(iv) subject to the entering into by the Seller and the Issuer of the Financial Collateral Agreement, an account comprising two ledgers, known as the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Cash Collateral Ledger to which an amount equal to the Potential Set-Off Amount and/or Other Claim Amount will be credited; and</li></ul>
<b>Issuer Account Agreement:</b>	On the Closing Date the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank, under which the Issuer Account Bank agrees to pay a guaranteed interest rate determined by reference to EONIA or Euribor, on the balance standing to the credit of each of the Issuer Accounts from time to time. See Section 5 ( <i>Credit Structure</i> ).
<b>Administration Agreement:</b>	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 in connection with a Financial Collateral Agreement and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

**Set-Off Collateral:**

In order to mitigate the risk of set-off by Borrowers with any deposits (other than Construction Deposits, savings value under a Savings Insurance Policy and/or Bank Savings Deposits) held with the relevant Originator, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection Account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement.

**Other Claims Collateral:**

The Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement.

## 1.6 PORTFOLIO INFORMATION

1. Key characteristics		
Cutoff date 31 May 2013		
Principal balance	2,067,114,895.13	EUR
Value of saving deposits	302,114,895.13	EUR
Net principal balance	1,765,000,000.00	EUR
Construction deposits	6,960,410.84	EUR
Net principal balance excl. construction and saving deposits	1,758,039,589.16	EUR
Number of loans	10,488	
Number of loanparts	24,464	
Average principal balance (borrower)	168,287.57	EUR
Weighted average current interest rate	5.07	
Weighted average maturity (in years)	30.23	
Weighted average seasoning (in years)	7.61	
Weighted average Current Loan to Original Market Value	79.50	
Weighted average Current Loan to Indexed Market Value	79.49	
Weighted average Current Loan to Original Foreclosure Value	89.61	
Weighted average Current Loan to Indexed Foreclosure Value	89.59	

### **Mortgage Loans:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the Seller the Mortgage Receivables, which include NHG Mortgage Loan Receivables. The Mortgage Receivables will result from Mortgage Loans secured by a mortgage right over Mortgaged Assets which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in respect of New Mortgage Receivables and/or Further Advance Receivables, on the relevant Notes Payment Date.

The Mortgage Loans have been originated by the relevant Originator. See Section 6.3 (*Origination and Servicing*) below.

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 hypotheke*"), Bank Savings Mortgage Loans ("*bankspaarhypotheken*"), Revolving Credit Mortgage Loans ("*krediet in rekening-courant*"), Life Mortgage Loans ("*levenhypotheken*"), Investment Mortgage Loans ("*beleggingshypotheken*"), Linear Mortgage Loans ("*lineaire hypotheke*"), Annuity Mortgage Loans ("*annuïteiten hypotheke*"), Interest-only Mortgage Loans ("*aflossingsvrije hypotheke*") or combinations of these types of loans.

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

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

**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 379,349,891.96. See further Section 6.5 (*NHG Guarantee Programme*).

**Savings Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) 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 with the Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Savings Participant 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/insured 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 Insurance Savings Participant 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.

The Savings Mortgage Loans are combined with a Savings Insurance Policy taken out with NN Leven.

**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 with the Insurance Savings Participant 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.

**Bank Savings Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Bank Savings Mortgage Loans. Under a Bank Savings Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead makes a deposit into the relevant blocked Bank Savings Account on a monthly basis. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the relevant Originator at maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the relevant Originator as security for repayment of the relevant Bank Savings Mortgage Loan.

**Life Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) 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*).

**Revolving Credit Mortgage Loans**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Revolving Credit Mortgage Loans. A Revolving Credit Mortgage Loan is a revolving credit facility administered in an account ("*krediet in rekening-courant*") under which the Borrower has the right, subject to certain conditions, to draw amounts up to the Revolving Credit Mortgage Loan Limit.

**Investment Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) 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, save in case of investments held with Stichting WestlandUtrecht Effectenbank Beleggersgiro (previously held by Nationale-Nederlanden Beleggingsrekening N.V. and Stichting Beleggingsgiro ING). See further Section 6.2 (*Description of the Mortgage Loans*).

**Linear Mortgage Loans:**

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

**Annuity Mortgage Loans:**

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

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan. 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 90 per cent. of the Foreclosure Value of the Mortgaged Asset at origination.

## 1.7 PORTFOLIO DOCUMENTATION

### **Purchase of Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of the Mortgage Receivables (which will include any New Mortgage Receivables and/or any Further Advance Receivables upon the purchase and acceptance of the assignment thereof after the Closing Date) of the Seller against the Borrowers under or in connection with certain pre-selected Mortgage Loans.

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

### **Replenishment:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Notes Payment Date up to (but excluding) the Replenishment End Date to the extent funds are available for this purpose in the Replenishment Available Amount, purchase from the Seller New Mortgage Receivables and Further Advance Receivables (including, as the case may be, Revolving Credit Mortgage Receivables) subject to fulfilment of certain conditions and to the extent offered by the relevant Originator.

### **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 immediately succeeding Notes Payment Date if:

- (i) 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, provided that such matter is not being capable of being remedied or is not remedied within 14 days; or
- (ii) the Issuer does not purchase a Further Advance Receivable resulting from a Mortgage Loan in respect of which the relevant Originator has granted a Further Advance; or
- (iii) an Originator agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase such Mortgage Receivable; or
- (iv) the Insurance Savings Participant 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) in respect of Interest-Only Mortgage Loans, a third party assumes the debt of a Borrower under the relevant Interest-Only Mortgage Loan ("*overnemen van schuld*"); or
- (vi) 50 per cent. or more of the aggregate Outstanding Principal Amount of all Mortgage Receivables at the Closing Date has been replenished and an independent accountant has conducted and completed an agreed-on procedures (AUP) review with respect to the Mortgage Receivables, which Mortgage Receivable results from a Mortgage Loan in respect of which a difference is observed between the information relating to such Mortgage Loan included in the sample and the information as included in the corresponding (scanned or hardcopy) mortgage file or present in the mortgage system for the Mortgage Loans as at the date of execution of the AUP; or
- (vii) (a) an NHG Mortgage Loan no longer has the benefit of an NHG Guarantee or (b) in respect of foreclosure of an NHG Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each time as a result of an action taken or omitted to be taken by an Originator or the Servicer.

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

**Substitution:**

*In view of the weighted average interest rate:*

In the event that on any date the weighted average interest rate of the Mortgage Receivables falls below 4.25 per cent., on the immediately following Notes Payment Date, (i) the Seller shall repurchase and the Issuer will sell and assign such Mortgage Receivables and the Beneficiary Rights relating thereto having an interest rate lower than 4.25 per cent. at such time and (ii) the Seller shall sell and assign and the Issuer shall purchase New Mortgage Receivables and any Beneficiary Rights relating thereto having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time, such that following such repurchase and sale the weighted average interest rate of the Mortgage Receivables shall be at least 4.25 per cent.

*In view of a Set-Off Amount:*

The Seller has the right, on the each Notes Payment Date, to (i) repurchase Mortgage Receivables and the Beneficiary Rights relating thereto to which a Set-Off Amount relates and (ii) sell and assign New Mortgage receivables and any Beneficiary Rights relating thereto which do not incur or incur a lower Set-Off Amount, having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time and the Issuer has the obligation to sell the

Mortgage Receivables and Beneficiary Rights referred to under (i) and to purchase the New Mortgage Receivables and the Beneficiary Rights relating thereto under (ii).

*In view of an Other Claim:*

The Seller has the right, on each Notes Payment Date, to (i) repurchase Mortgage Receivables and the Beneficiary Rights relating thereto to which an Other Claim relates and (ii) sell and assign New Mortgage Receivables and any Beneficiary Rights relating thereto in respect of which no or a lower Other Claim exists, having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time and the Issuer has the obligation to sell the Mortgage Receivables and Beneficiary Rights referred to under (i) and to purchase the New Mortgage Receivables and the Beneficiary Rights relating thereto under (ii).

Any repurchase by the Seller and sale by the Issuer in view of (i) weighted average interest rate on the Mortgage Loan, (ii) a Set-Of Amount and (iii) an Other Claim shall be made in accordance with and subject to the Mortgage Receivables Purchase Agreement and any sale by the Seller and purchase by the Issuer in connection with Substitution shall be made in accordance with and subject to the Mortgage Receivables Purchase Agreement, including, without limitation, the Replenishment Conditions.

**Clean-Up Call Option:**

If on any Notes Payment Date, the aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables.

**Sale of  
Mortgage  
Receivables:**

On each Class A1 Optional Redemption Date, the Issuer may offer for sale (randomly selected) Mortgage Receivables having an aggregate Outstanding Principal Amount equal to the amount which is required to enable the Issuer to redeem the Class A1 Notes to the Seller, and on or after the Class A1 Pass-Through Payment Date, to a third party (which may also be the Seller), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Class A1 Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).

On each Class A2/A3/B/C Optional Redemption Date, the Issuer may offer for sale (randomly selected) Mortgage Receivables having an aggregate Outstanding Principal Amount equal to the amount which is required to enable the Issuer to redeem a Class or Subclass of Notes or all Notes (other than the Class A1 Notes) to the Seller, and on or after the Class A2/A3/B/C Pass-Through Payment Date, to a third party (which may also be the Seller), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes (other than the Class A1 Notes), at their respective Principal Amount Outstanding, subject to Condition 9(a).

Pursuant to the Trust Deed, the Issuer has the right to sell all (but not some only) of the Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(f)) or the Regulatory Call Option (in accordance with Condition 6(g)) is exercised, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).



Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell all (but not some only) of the Mortgage Receivables if the Clean-Up Call Option is exercised by the Seller, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings with the Mortgage Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) with respect to NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable up to the relevant date of such sale or repurchase.

**Insurance Savings  
Participation Agreement:**

Under the terms of the Insurance Savings Participation Agreement, the Insurance Savings Participant 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 a Savings Insurance Policy or Savings Investment Insurance Policy (including accrued interest thereon). In the Insurance Savings Participation Agreement, the Insurance Savings Participant 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 Savings Insurance Policies or Savings Investment Insurance Policies. In return, 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 Closing Date or in the case of purchase of a New Mortgage Receivable to which a Savings Insurance Policy is connected, on the Notes Payment Date on which such New Mortgage Receivable is purchased or in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative on the Mortgage Collection Payment Date (which in each case is equal to the sum of all amounts due to the Insurance Savings Participant as Savings Premium and accrued interest up to the first day of the month immediately preceding the month wherein the relevant New Mortgage Receivable is purchased or the relevant Mortgage Collection Payment Date falls), being, in case of the total Initial Insurance Savings Participation at the Closing Date, an amount equal to EUR 294,413,872.04 increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Insurance Savings Participant 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 (*Participation Agreements*).

**Bank Savings Participation Agreement:**

Under the terms of the Bank Savings Participation Agreement, the Bank Savings Participant will acquire participations in the Bank Savings Mortgage Receivables in consideration for the undertaking of the Bank Savings Participant to pay to the Issuer all amounts received as Bank Savings Deposits. As a result, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the Issuer. The amount of the Bank Savings Participation with respect to a Bank Savings Mortgage Receivable consists of (a) the Initial Bank Savings Participation, being an amount equal to EUR 7,701,023.09, increased on a monthly basis with (b) the sum of (i) the monthly Bank Savings Deposit instalments received by the Bank Savings Participant in relation to the Bank Savings Mortgage Receivables and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the Bank Savings Mortgage Receivable, of the interest received by the Issuer in respect of such Bank Savings Mortgage Receivable. In addition, the Bank Savings Participant will pay to the Issuer an amount equal to the Bank Savings Bonus Amount, if and when accrued. See Section 7.6 (*Participation Agreements*).

**Servicing Agreement:**

Under the Servicing Agreement, (i) the Servicer will agree to provide mortgage payment transactions and the other services as agreed in the Servicing Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage 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 will initially appoint NN Bank as Sub-Servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans.

## 1.8 GENERAL

### **Management Agreements:**

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

## 2. RISK FACTORS

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

### **RISK FACTORS REGARDING THE ISSUER**

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

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

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

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

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

#### **The Issuer has counterparty risk exposure**

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

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

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

are modified. This may lead to losses under the Notes.

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

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

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

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

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

Under Dutch law it is generally assumed that a security right cannot be validly created in favour of a person which is not the creditor of the claim purported to be secured by the security right. 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. However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements.

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

#### **Risks related to license requirement under the Wft**

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

#### **RISK FACTORS REGARDING THE NOTES**

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

The Notes are complex financial products. Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined below, 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 below;
- (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 therewith) as such investor is more vulnerable to any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

**Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in Section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class against all risks of losses.

**Risk that the Issuer will not exercise its right to redeem the Notes at the Relevant Optional Redemption Dates**

No guarantee can be given that the Issuer will on the Relevant First Optional Redemption Date or on any Relevant Optional Redemption Date thereafter actually exercise its right to redeem the Notes. There is no incentive to exercise the right to redeem any of the Notes on the Relevant Optional Redemption Dates. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables. The Issuer shall first offer the Mortgage Receivables to the Seller. The purchase price will be calculated as described in Section 7.1 (*Purchase, repurchase and sale*). However, there is no guarantee that such a sale of the Mortgage Receivables at such price will take place.

**Risk related to prepayments on the Mortgage Loans**

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

Mortgage Loans may experience.

**Risks related to early redemption of the Notes in case of the exercise of the Tax Call Option, Regulatory Call Option or Clean-Up Call Option**

The Issuer has the option to redeem the Notes at their Principal Amount Outstanding prematurely, in the following circumstances: (i) subject to and in accordance with Condition 6(f), for certain tax reasons by exercise of the Tax Call Option, (ii) subject to and in accordance with Condition 6(g), for regulatory reasons by exercise of the Regulatory Call Option and (iii) subject to and in accordance with Condition 6(h) following the exercise by the Seller of the Clean-Up Call Option, in each case subject to Condition 9(a). Should the Tax Call Option, the Regulatory Call Option or the Clean-Up Call Option be exercised, 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 Notes with a Principal Shortfall**

In accordance with Condition 9(a), a Note may be redeemed subject to Principal Shortfall. This applies not only to redemption of the Notes on the Final Maturity Date, but also to redemption in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*), Condition 6(g) (*Redemption for regulatory reasons*) and Condition 6(h) (*Clean-Up Call Option*). As a consequence, a holder of a Note may not receive the full Principal Amount Outstanding of such 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 are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in the Netherlands after the date of this Prospectus.

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

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

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

**Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes**

The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, as from the Class A1 Pass-Through Payment Start Date payments of principal on the Class A Notes are applied to the Class A1 Notes and as from the Class A2/A3/B/C Pass-Through Payment Start Date payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes and then to the Class A3 Notes, until fully redeemed. In case of redemption of the Notes prior to the Class A1 Pass-Through Payment Start Date up to, but excluding, the Class A1 Pass-Through Payment Start Date, the sequence of mandatory redemption changes and payments of principal on the Class A Notes are applied firstly to the Class A2 Notes, then to the Class A1 Notes and then the Class A3 Notes, until fully redeemed.

To the extent that the Available Redemption Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes and/or the Class A3 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The relevant Subclass of Class A Notes therefore does not purport to provide credit enhancement to the other Subclasses of Class A Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If a Subclass of Class A Notes has been redeemed (in part or in full) at such time to a greater extent than the other Subclasses of Class A Notes, this will result in these other Subclasses bearing a

greater loss than that borne by the relevant Subclass firstly redeemed.

No indication can be given as to the extent in which a Subclass of Class A Notes will have been redeemed in the event that the Security is to be enforced, and therefore no indication can be given as to the potential level of losses that may be borne by either the Class A1 Notes, the Class A2 Notes or the Class A3 Notes.

#### **Interest rate risk in respect of the Notes**

The interest rate risk on the Class A Notes has not been hedged under an interest rate swap agreement with a swap counterparty. Accordingly, the Issuer is exposed to interest rate risk, including the risk that the scheduled interest receipts are insufficient to pay interest due on the Class A Notes, which risk may for example materialise if, after interest rate resets in respect of certain Mortgage Receivables, the weighted average interest rate on the relevant Mortgage Receivables is below the interest rate payable on the Class A Notes. The Issuer is not exposed to interest rate risk in respect of the Subordinated Notes as these notes will not carry any interest.

#### **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 Accounts and (iii) the amounts received under the Transaction Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Notes are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts (see Condition 9(b)).

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

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee 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 interests of Secured Creditors ranking higher in the Post-Enforcement Priority of Payments than the relevant Class of Notes shall prevail.

#### **Risk related to absence of Mortgage Reports**

Pursuant to the Trust Deed, in case the Issuer Administrator does not receive a Mortgage Report from the Servicer with respect to a Mortgage Calculation Period, the Issuer (or the Issuer Administrator on its behalf) shall have the right to calculate and determine the Available Revenue Funds, the Available Principal Funds, the Available Revenue Redemption Funds, the Available Redemption Funds and all amounts payable under the Transaction Documents using the three most recent Mortgage Reports available in respect of three Mortgage Calculation Periods in accordance with the Administration Agreement.

When the Issuer or the Issuer Administrator on its behalf receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments and credit or debit, as applicable, such amounts from the Interest Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more



interest, if any, and, respectively, less or more principal on the Notes than would have been payable if Mortgage Reports were available.

**Risks related to the limited liquidity of the Notes**

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

**Risk related to the Notes held in global form**

The Notes will initially be held by Euroclear Netherlands 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 Euroclear Netherlands, payments of principal, interest, if any, and any other amounts on a Global Note will be made through Euroclear Netherlands (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 Euroclear Netherlands, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest, if any, and any other amounts payable in respect of the Notes.

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

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

**The Security Trustee may agree to modifications, waiver or authorisations without the Noteholders' prior consent**

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

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

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the mortgage-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Managers nor the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

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

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

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

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

### **Proposed Changes to the Basel Capital Accord and Solvency II**

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord, Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the CRD. The Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements, referred to as Basel III. The changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Member countries are required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio gradually from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general. It is expected that the European Commission's corresponding proposals to implement the changes (through amendments to the CRD known as CRD IV) will be implemented as per 1 January 2014.

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

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

Potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator or following implementation, and any changes thereto pursuant to Basel III, and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee or the Lead Managers 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).

### **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 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.

**Credit ratings may not reflect all risks**

The credit ratings of each Class or Subclass, as applicable, of the Class A Notes address the assessments made by the Credit Rating Agencies of 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 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 of one or all Subclasses of Class A Notes.

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

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

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

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

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

- 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

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

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current ratings of the 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 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 collateral**

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear Netherlands which is a recognized CSD, but this does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time, 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. 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 eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. The Notes other than the Class A Notes are not intended to be held in a manner which allows Eurosystem eligibility.

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

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

Under Dutch law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Mortgage Receivables will be assigned on the Closing Date (i) by NN Leven to the Seller ("**Assignment I**") and (ii) by the Seller to the Issuer ("**Assignment II**"), each through a notarial deed of assignment. The legal title in respect of the New Mortgage Receivables and the Further Advance Receivables on each relevant Notes Payment Date up to (and excluding) the Replenishment End Date will be assigned (i) in respect of New Mortgage Receivables and Further Advance Receivables which have been originated by NN Leven (a) first, by NN Leven to the Seller (to the extent such Mortgage Receivables have not been assigned previously) (also referred to as Assignment I) and (b) second, by the Seller to the Issuer and (ii) in respect of New Mortgage Receivables and Further Advance Receivables which have been originated by the Seller, by the Seller to the Issuer (each also referred to as Assignment II), each through a registered deed of assignment. 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. For a description of these notification events reference is made to Section 7.1 (*Purchase, repurchase and sale*).

Until notification of the Assignment I, the Borrowers under the Mortgage Receivables which have been originated by NN Leven can only validly pay to NN Leven in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. Upon notification of the Assignment I and until notification of Assignment II, the Borrowers under Mortgage Receivables originated by NN Leven can only validly pay to the Seller. The same applies in case of Mortgage Receivables which have been originated by the Seller. Until notification of Assignment II, the Borrowers under such Mortgage Receivables can only validly pay to the Seller. NN Leven has undertaken in the Agreement to Assign and the Seller has undertaken in the Mortgage Receivables Purchase Agreement to transfer or procure transfer of any (estimated) amounts received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the relevant Originator is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

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

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

Under Dutch law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the 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. 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 originated by such Originator, the Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

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

After notification of Assignment I, but prior to notification of Assignment II, to a Borrower, such Borrower, in respect of a Mortgage Loan originated by NN Leven, will have the right to set-off a counterclaim against NN Leven 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 results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to Assignment I and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against NN Leven or the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to notification of Assignment I, 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, in respect of a Mortgage Loan originated by NN Bank, 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 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 Bankruptcy Code. Under the Netherlands Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claims, if each claim (i) came into existence prior to the moment at which the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments or emergency regulations.

Claims of a Borrower against NN Leven could, *inter alia*, result from Construction Deposits, Savings Mortgage Loans and premium deposits ("*premie deposits*") of such Borrower with NN Leven. Claims against the Seller could, *inter alia*, result from current account balances or deposits made by such Borrower with the Seller, including, Construction Deposits and, in respect of Bank Savings Mortgage Loans, Bank Savings Deposits. Also, such claims of a Borrower against NN Leven or the Seller can, *inter alia*, result from services rendered by NN Leven or the Seller to the Borrower, such as investment advice or investment management services in connection with Investment Mortgage Loans rendered by NN Leven or the Seller or for which NN Leven or the Seller is responsible or liable.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by an Originator against a 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 will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

If the Seller would not meet the obligations under the Mortgage Receivables Purchase Agreement, set-off by Borrowers could lead to losses under the Notes. In addition, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection Account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement. If the above provisions in the Mortgage Receivables Purchase Agreement would not be enforceable vis-à-vis the Seller or the amount in respect of which the Borrower invokes set-off exceeds the amount deposited in the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger, any set-off by a Borrower could lead to losses under the Notes.

For specific set-off issues relating to the Bank Savings Mortgage Loans, Life Insurance Policies, Savings Insurance Policies or, as the case may be, Savings Investment 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 in case of Bank Savings Mortgage Loans*, *Risk of set-off or defences by Borrowers in case of insolvency of Insurance Companies* and *Risks related to offering of Investment Mortgage Loans, Life Mortgage Loans or Switch Mortgage Loans with an Investment Alternative* below.

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

Each Bank Savings Mortgage Loan has the benefit of the balances standing to the credit of the Bank Savings Account which is held with NN Bank. In respect of the relevant Bank Savings Deposits, the intention is that at the



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

To the extent the Bank Savings Mortgage Loans have been originated by the Seller, provided that the conditions for set-off by Borrowers have been met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*), each Borrower under the relevant Bank Savings Mortgage Loan will be entitled to set off amounts due by the Seller under the Bank Savings Deposit with the relevant Bank Savings Mortgage Receivable.

In respect of Bank Savings Mortgage Loans originated by NN Leven, Borrowers may invoke defences similar to those described in *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*. Currently a proposal for an amendment to the Wft is pending before the Dutch parliament, pursuant to which, if introduced, a Bank Savings Deposit will, by operation of law, be set-off against the Bank Savings Mortgage Loan, irrespective of whether the Bank Savings Mortgage Loan is owed to NN Bank (as holder of the Bank Savings Deposit) or a third party, such as NN Leven or the Issuer.

To mitigate the risk of set-off or defences with respect to Bank Savings Mortgage Loans, the Bank Savings Participation Agreement has been entered into between the Issuer, the Security Trustee and NN Bank, as Bank Savings Participant (see also Section 7.6 (*Participation Agreements*) below). Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount. 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 sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount Participation, such set-off or defences could lead to losses under the Notes. Such excess amount could include any future entitlement of a Borrower in the Seller's bankruptcy to a bonus amount under a Bank Savings Mortgage Loan which has not accrued.

**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 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 Mortgage Loans do not provide for the All Moneys Pledges to partially follow the Mortgage Receivable upon assignment or pledge thereof. Consequently, there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the All Moneys Pledge or All Moneys Security Right, as the case may be, should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on All Moneys Security Rights in the past as described above, which view continues to be defended by some legal commentators.

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

Furthermore, with respect to the NHG Mortgage Loan Receivables it is noted that if the Issuer or the Security Trustee, as the case may be, does not have the benefit of the All Moneys Mortgage, it also will not be entitled to claim under any NHG Guarantee.

#### **Risk related to jointly-held All Moneys Security Rights by the relevant Originator, the Issuer and the Security Trustee**

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the 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.

To secure the obligations of the Originators under the Joint Security Right Arrangements, the Mortgage Receivables Purchase Agreement will provide that the Originators shall to pledge, upon the occurrence of an Assignment Notification Event, its Other Claims in favour of the Security Trustee and the Issuer respectively. Such pledge (if vested) will secure the claim of the Security Trustee under the Secured Liabilities and the claim of the Issuer equal to the Other Claim Loss Amount. These pledges are meant to secure the Joint Security Right Arrangements. If and to the extent that these pledges will not have been validly vested on all Other Claims, the remaining risk will be that the Joint Security Right Arrangements may not be enforceable, as set out above, which may lead to losses upon enforcement of All Moneys Security Rights securing the Mortgage Receivables and, thus, lead to losses under the Notes.

Furthermore, the Mortgage Receivables Purchase Agreement will provide that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement. If the above provisions in the Mortgage Receivables Purchase Agreement would not be enforceable vis-à-vis the Seller or the Other Claim Loss Amount exceeds the amount deposited in the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger, this lead to losses under the Notes.

#### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in the Section 6.2 (*Description of Mortgage Loans*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the 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 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 Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or a debt restructuring scheme pursuant to the Bankruptcy Code or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The same applies to any Borrower Investment Pledges to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*").

Accordingly, the Issuer's rights under 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 Insurance Policies**

The relevant Originator has been appointed as beneficiary under the relevant Insurance Policy, or in respect of NN Leven has appointed itself, 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 *Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Issuer and the Security Trustee will enter into the Beneficiary Waiver Agreement with the Seller and NN Leven under which NN Leven, without prejudice to the rights of the Issuer as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its right as beneficiaries under the Insurance Policies and appoint as first beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Pledge Notification Event. It is, however, uncertain whether such waiver and unlikely that such appointment will be effective. In the event that such waiver and appointment are not effective in respect of the Insurance Policies, the Seller and NN Leven will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the relevant Originator as beneficiary under the Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

In the event that a Borrower Insurance Proceeds Instruction has been given, the Seller and NN Leven will in the Beneficiary Waiver Agreement undertake to use its best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Originator and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Pledge Notification Event and (ii) 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 Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If (i) the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or receiver of the final payment on the basis of the Borrower Insurance Proceeds Instruction, (ii) the assignment and pledge of the Beneficiary Rights is not effective and (iii) the waiver of the Beneficiary Rights is not effective, the relevant Originator will be entitled to any proceeds under the Insurance Policies or another beneficiary will be entitled to such proceeds. 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 Insurance Policies not being applied in reduction of the 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 Life 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 some, but not all, Mortgage Conditions, waived their set-off rights, but it is uncertain whether such waiver is effective. This provision provides arguments for a defence against Borrowers invoking set-off rights or other defences (see below), but it is uncertain whether this provision in the Mortgage Conditions will be effective.

If the set-off rights of the Borrowers have not been validly waived or the conditions applicable to the Mortgage Loans do not contain a waiver of set-off rights, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. In case of Mortgage Receivables in respect of which NN Leven is the Originator of the relevant Mortgage Loans and the Insurance Company under the Insurance Policy connected thereto, this requirement will have been satisfied. In case of Mortgage Receivables in respect of which NN Bank is the Originator of the relevant Mortgage Loans and NN Leven the Insurance Company under the Insurance Policy connected thereto and in case of Mortgage Receivables in respect of which a Borrower has taken out a Life Insurance Policy with an Insurance Company other than NN Leven, 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. It could be argued that the Borrower on this basis will not 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.

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" ("*dwalig*"), 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 to which a Life Insurance Policy taken out with a Life Insurance Company other than NN Leven is connected*

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that, in view of the preceding paragraphs and the representation by the Seller that with respect to Life Mortgage Loans (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the relevant Originator, (ii) the Life Mortgage Loan and the Life Insurance Policy are in the relevant Originator's or the Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (iii) the Borrower is not obliged to enter into the Life Insurance Policy with a Life Insurance Company which is 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, if the Life Insurance Company is not NN Leven or a group company of the NN Leven or the Seller within the meaning of article 2:24b of the DCC.

*Life Mortgage Loans to which a Life Insurance Policy taken out with NN Leven is connected*

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 NN Leven, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that (i) in respect of Life Mortgage Loans originated by NN Leven and with a Life Insurance Policy taken out with NN Leven there is a considerable risk ("*een aanmerkelijk risico*") that such set-off would be successful, *inter alia*, because the Life Mortgage Loan and the Life Insurance Policy were sold by one legal entity (NN Leven being both the Originator and the Life Insurance Company) and as one single package and (ii) in respect of Life Mortgage Loans originated by NN Bank and Life Insurance Policies taken out with NN Leven, the possibility certainly cannot be disregarded ("*kan zeker niet worden uitgesloten*") that such set-off would be successful.

*Savings Mortgage Loans and Switch Mortgage Loans*

In respect of Savings Mortgage Loans and Switch Mortgage Loans originated by NN Leven with a Savings Insurance Policy or a Savings Investment Insurance Policy taken out with NN Leven, the Issuer has been advised that the risk that such a set-off or defence would be successful is greater than in case of Life Mortgage Loans originated by NN Leven with a Life Insurance Policy taken out with NN Leven 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 originated by the Seller with a Savings Insurance Policy or a Savings Investment Insurance Policy with NN Leven, the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that such a set-off or defence would be successful in view of, *inter alia*, the close connection between the Savings Mortgage Loan or Switch Mortgage Loan and the Savings Insurance Policy or the 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 Agreement 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 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 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 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 (*Participation Agreements*)), provided that the Insurance Savings Participant will have paid all amounts equal to the amounts due under the 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.

The Insurance Savings Participation Agreement 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 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.

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

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

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

The Seller has represented that under the Investment Mortgage Loans the relevant securities are purchased for the account of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*") which is obliged by law to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities defined in the Wge or, if they do not qualify as such, by a separate depository vehicle. The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect. 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, 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 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 disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles stating (i) that individual law suits and class actions may be, and have been, started against individual insurers and (ii) that certain individual insurers have reached agreement with claimant organisations on compensation of its customers for the costs of investment insurance policies entered into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently still continuing, since consumer tv-shows and "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate compensation. Rulings of courts and the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) have been published, some of which are still subject to appeal, which were generally favourable for the insured. Recently NN Leven has also been subject to an interlocutory ruling by the Complaint Institute for Financial Services. Also in this case the ruling was favourable for the insured. The ruling is subject to appeal. At this stage it is difficult to predict the developments on this industry wide issue. The Originators have not faced any final verdicts yet of the Supreme Court in the Netherlands and the European Court of Justice on this issue.

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.

In case of Mortgage Receivables in respect of which the Seller is the Originator of the relevant Mortgage Loans and NN Leven is the Insurance Company under the Life Insurance Policy or Savings Investment Insurance Policy connected thereto or in case of Mortgage Receivables in respect of which a Borrower has taken out a Life Insurance Policy with another Insurance Company than NN Leven, the analysis is similar to the situation in case of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), except if the Seller is itself liable, whether jointly with the insurer or separately, *vis-à-vis* the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower.

In case of Mortgage Receivables in respect of which NN Leven is the Originator of the relevant Mortgage Loans and NN Leven is also the Insurance Company under the Life Insurance Policy or Savings Insurance Policy connected thereto, the right of the Borrowers to invoke set-off will be as described in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above.

Any such set-off or defences may lead to losses under the Notes.

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

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

**Risks related to maturity of Mortgage Loans**

The conditions applicable to some of the Mortgage Loans in respect of which an offer is made prior to 24 September 2012 do not provide for a maturity date. The Borrower is only obliged to repay the principal sum of the Mortgage Loan (or the relevant loan-part) in certain events provided for in the applicable general terms and conditions. One of these events is death of a Borrower. It is uncertain whether any of the other events will occur and, consequently, it is possible that Mortgage Loans will only become due and repayable upon death of a Borrower.

**Risk related to Construction Deposits**

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

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

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set off against the Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the Construction Deposit Account will form part of the Available Principal Funds. If an Assignment Notification Event set out under (e) (see Section 7.1 (*Purchase, Repurchase and Sale*)) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price.

The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes a set-off or defences would exceed the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

**Risks related to Revolving Credit Mortgage Loans**

Certain Mortgage Loans originated are in the form of a Revolving Credit Mortgage Loan. Under a Revolving Credit Mortgage Loan the Borrower may make drawings up to the agreed maximum amount and may repay any part of the loan at any time. The Issuer has been advised that based on case law and legal literature the balances resulting from and/or the claims administered in Revolving Credit Mortgage Loans should be capable of being assigned and pledged.

Under Dutch law it is possible to validly assign or create a valid right of pledge on receivables without notification to the Borrower, provided that the receivable (i) already exists at the time of the assignment or the right of pledge is established or (ii) will be directly acquired pursuant to a legal relationship already existing at that time. The Issuer has been advised that an undisclosed assignment or pledge in advance of claims arisen out of future drawings of the Borrower under a revolving credit facility might not result from a legal relationship already existing at that time. Advances under a Revolving Credit Mortgage Loan may not automatically be transferred on the date these come into existence. In view hereof, in respect of Revolving Credit Mortgage Loans the Seller will in the Mortgage Receivables Purchase Agreement agree to transfer on each Monthly Payment Date or on each Mortgage Collection Payment Date the Outstanding Principal Amount of each Revolving Credit Mortgage Loan at such time.

Under a Revolving Credit Mortgage Loan the relevant Originator is, in principle, obliged to comply with any drawing request of a Borrower up to the maximum amount agreed. If the relevant Originator is unable to comply with such request, it may be held liable for damages the Borrower incurs as a result of not being able to draw the amount under such conditions. Prior to notification of the assignment of the Mortgage Receivable the relevant

Borrower will have the right to set off the amount of such damages with its payments obligations under the relevant Mortgage Loan. After notification of the assignment of the Mortgage Receivable the Borrower may also be allowed to set off the amount of such damages with its payments obligations under the relevant Mortgage Loan to the Issuer, because such damages are likely to result from the same legal relationship as the Mortgage Loan (see further *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*).

#### **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) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the NHG Mortgage Loans were complied with and (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*).

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

None of the Issuer, the Security Trustee, the Arranger, the Lead Managers or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Seller concerning itself, NN Leven, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The Issuer and the Security Trustee will rely solely on representations and warranties given by the Seller in respect thereof and in respect of itself.

Should any of the Mortgage Loans and the Mortgage Receivables not comply with the representations and warranties made by the Seller on the Closing Date and on any Notes Payment Date, the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Mortgage Receivables (see Section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

#### **Risk that the credit rating of the State of the Netherlands will be lowered**

The credit ratings assigned to the Class A Notes by the Credit Rating Agencies take into account the NHG Guarantee granted in connection with certain of the Mortgage Receivables. The NHG Guarantee is backed by the State of the Netherlands (see Section 6.5 (*NHG Guarantee Programme*)) which is currently rated "Aaa" (negative outlook) by Moody's and "AAA" (negative outlook) by Fitch. Moreover, Stichting WEW is rated "Aaa" by Moody's and "AAA" by Fitch.

In the event that (i) the State of the Netherlands ceases to be rated "Aaa" by Moody's and "AAA" by Fitch, respectively, or (ii) the Stichting WEW ceases to be rated "Aaa" by Moody's and "AAA" by Fitch, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Notes and could potentially result in a corresponding downgrade of the Class A Notes. Recently Fitch published a report in which it notes that NHG-backed residential mortgage backed securities are well protected if a downgrade of the Dutch sovereign and Stichting WEW were to occur, and gives full credit to the NHG guarantee in determining credit ratings assigned to notes issued in a residential mortgaged backed securitisation transaction where the State of the Netherlands is rated at least 'AA'. However, Fitch may change its approach, see the considerations highlighted in the named report.

#### **Risks of Losses associated with declining values of Mortgaged Assets**

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

#### **Changes to tax treatment of interest may impose various risks**

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

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

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

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

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

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

On 6 June 2012, the European Commission published a proposal for a comprehensive framework for crisis management in the financial sector (the "**EU Proposal**") which contains a number of legislative proposals similar to the Special Measures Financial Institutions Act. 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.

#### **Financial transaction tax**

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The adopted proposal foresees the financial transaction tax for the 11 participating member states entering into effect on 1 January 2014, which would then require the financial institutions and certain other parties to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

Hypenn RMBS I B.V. was incorporated as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under Dutch law on 6 June 2013. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 58086706. The Issuer operates under Dutch law.

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

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

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

The sole shareholder of ATC Management B.V. is ATC Group B.V. The objectives of ATC Management B.V. are (a) advising of and mediation with respect to financial and related transactions, (b) finance company, and (c) management of legal entities.

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

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

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2013.

### **Capitalisation**

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

#### **Share Capital**

Issued Share Capital	EUR 1
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#### **Borrowings**

Class A1 Notes	EUR 330,000,000
Class A2 Notes	EUR 525,000,000
Class A3 Notes	EUR 750,000,000
Class B Notes	EUR 100,000,000
Class C Notes	EUR 60,000,000
Initial Insurance Savings Participation	EUR 294,413,872.04
Initial Bank Savings Participation	EUR 7,701,023.09

### 3.2 SHAREHOLDER

Stichting Holding Hypenn RMBS I is a foundation ("*stichting*") incorporated under Dutch law on 4 June 2013. The objectives of the Shareholder are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of the Shareholder is ATC Management B.V.

ATC Management B.V. is also the Director of the Issuer.

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



### 3.3 SECURITY TRUSTEE

Stichting Security Trustee Hypenn RMBS I is a foundation ("*stichting*") incorporated under Dutch law on 4 June 2013. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

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

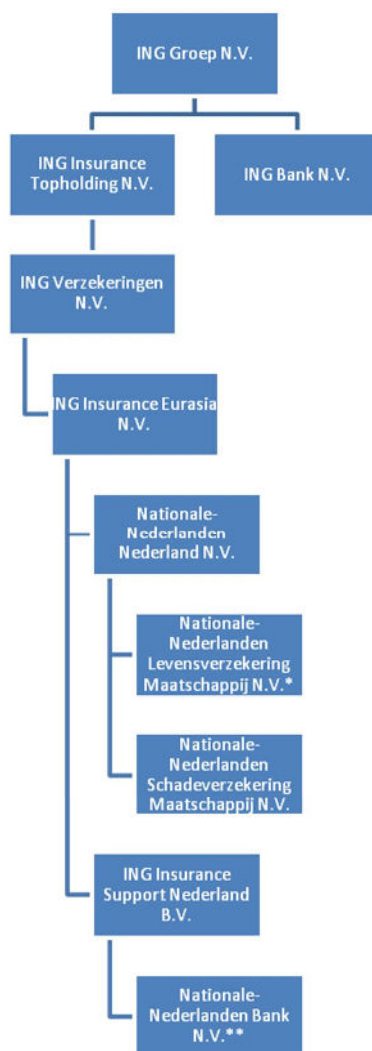
The sole director of the Security Trustee is ANT Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The managing directors of ANT Securitisation Services B.V. are H.M. van Dijk and A.G.M. Nagelmaker.

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

The Security Trustee Director has entered into a management agreement with the Security Trustee and the Issuer. In this management agreement the Security Trustee Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the obligations of the Security Trustee under any of the Transaction Documents. In addition the Security Trustee Director agrees in the relevant 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 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, provided that the Credit Rating Agencies are notified of such default and after consultation with the Secured Creditors, other than the Noteholders. Furthermore, the 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 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



\* Originator

\*\* Seller, Originator, Issuer Administrator and Sub-Servicer

#### ING Group

*ING Groep N.V.*

ING Groep N.V. ("**ING Group**") is a global financial institution of Dutch origin, currently offering banking, investment, life insurance and retirement services and serving a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING Group is headquartered in the Netherlands. ING Group pursues its banking business through ING Bank N.V. (and subsidiaries) and its European and Asian insurance/investment management business through ING Insurance Eurasia N.V. (and subsidiaries).

#### *Separation banking business and insurance/investment management business*

To serve the interests of all stakeholders, increase management focus and create value for shareholders, ING Group will separate its banking and insurance operations. This separation is part of the Restructuring Plan required by the European Commission in order to gain approval for the Dutch state aid received in 2008/2009.

In this respect, ING Group is currently preparing its insurance and investment management businesses for standalone futures. As of 1 January 2011, ING's bank and insurance/investment management businesses are operationally separated within ING Group, meaning that the activities of ING's bank and insurance/investment management operations are segregated and that these businesses operate at arm's length from each other. Further, ING is currently preparing its (mainly) European insurance and investment management businesses ("**ING Insurance/IM Europe**") for a base case of an initial public offering (IPO). ING Insurance/IM US was IPO'd on 1 May 2013 and the sale of the Asian insurance and investment operations is progressing.

In November 2012, ING and the Dutch State reached an agreement with the European Commission on amendments to its 2009 Restructuring Plan. The amendments extend the time and increase the flexibility for the completion of divestments, and also adjust other commitments in light of the market conditions, economic climate and more stringent regulation. For ING Insurance/IM Europe, the current agreements entail that the divestment of more than 50% of the European Insurance/IM business has to be completed by year-end 2015, with the remaining interest divested by year-end 2018.

## **ING Insurance Eurasia**

*ING Insurance Eurasia N.V.*

ING Insurance Eurasia is a(n) (indirect) 100% subsidiary of ING Group. ING Insurance Eurasia is the holding company of the (mainly) European insurance and investment management business. ING Insurance Eurasia is comprised of the following business lines:

- Netherlands, which conducts (primarily) insurance and pensions business in the Netherlands;
- Corporate Reinsurance is the reinsurance unit of ING Insurance Eurasia. Its core operations are conducted through the legal entity ING Re (Netherlands) N.V. Corporate Reinsurance also has two legal entities in Ireland;
- Insurance International, which conducts insurance and pensions business in Poland, the Czech Republic, Slovakia, Hungary, Romania, Greece, Spain, Bulgaria, Turkey, Belgium and Luxembourg;
- Investment Management International, which is an asset manager offering investment and asset management products throughout Europe.

### *Netherlands*

Both NN Bank and NN Leven form part of the business line 'Netherlands'. This business line is made up of three business units: Schade, Leven and Bank (non-life insurance, life insurance and banking respectively). In the paragraphs below a further description can be found of NN Bank and NN Leven.

#### **NN Bank**

Nationale-Nederlanden Bank N.V. is wholly owned by ING Insurance Support Nederland B.V., which is wholly owned by ING Insurance Eurasia.

By an amendment to the Dutch tax law in 2008 it is possible for consumers to build up capital on a bank savings account for retirement annuity and repayment of mortgage loans in a tax-friendly way. This led to competition for insurers. For this reason, on 26 April 2011 ING Insurance established NN Bank as a public company with limited liability ("*naamloze vennootschap*"). NN Bank operates under Dutch law.

Since September 2011 NN Bank is active on the Dutch market and offers three types of banking products: annuity savings accounts, annuity payments accounts and golden parachute savings accounts ("*gouden handdrukrekeningen*"). As from 6 July NN Bank will add internet savings accounts to its product range.

As of 2 July 2013 NN Bank merged with parts of WestlandUtrecht Bank (WestlandUtrechtEffectenbank N.V. and Nationale-Nederlanden Financiële Diensten B.V.) and acquired Nationale-Nederlanden Beleggingsrekening N.V. and WestlandUtrecht Global Custody B.V. from WestlandUtrecht Bank. As a result of these mergers NN Bank evolved to a full retail bank which also offers mortgage loans, consumer credits and investment products. The merger was a consequence of commitments ING Group has had to make to obtain the EC's approval for transactions with the Dutch State which qualified as state support.

Besides the mergers and acquisitions, a substantial mortgage loan portfolio, including the Mortgage Receivables, have been repurchased on closing Date from WestlandUtrecht Bank by NN Leven and assigned to NN Bank. Furthermore NN Bank has acquired the mortgage originating and servicing business from WestlandUtrecht Bank.

As of 1 July 2013 NN Bank acts as the distributor of all the NN labelled retail products of NN Bank, NN Schadeverzekering Maatschappij N.V. and NN Levensverzekering Maatschappij N.V.

NN Bank holds a DNB-license to act as a bank. NN Bank is subject to prudential supervision exercised by DNB and conduct of business supervision exercised by the AFM.

The registered office of NN Bank is at Prinses Beatrixlaan 35, 2595 AK Den Haag, the Netherlands. NN Bank is registered at the Chamber of Commerce of Den Haag under number 52605884.

#### *Executive Board*

NN Bank has a two tier board system, consisting of an Executive Board and a Supervisory Board. The Executive Board is responsible for the daily management of the company.

#### *Licences*

The Dutch Central Bank granted a banking licence to NN Bank under the Wft.

### **NN Leven**

Nationale-Nederlanden Levensverzekering Maatschappij N.V. is wholly owned by Nationale-Nederlanden Nederland B.V., which is wholly owned by ING Insurance Eurasia.

NN Leven was established on 17 January 1863 as Nationale Levensverzekering-Bank N.V. On 3 April 1963, Nationale Levensverzekering-Bank N.V. merged with Assurantie Maatschappij De Nederlanden, established in 1845, and subsequently changed its name into Nationale-Nederlanden N.V.

RVS Levensverzekering Maatschappij N.V. ("**RVS**") was established in the Netherlands in 1838 under the name 'Begrafenis Fonds Tot Aller Welzijn, which was changed into 'Rotterdamse Verzekering Sociëteiten' in 1898. RVS merged (as dissolving company) with NN Leven in 1984. In 2012, RVS and NN Leven continued their businesses in one organisation under the brand 'Nationale-Nederlanden'.

With over 5 million private and business customers, NN Leven is one of the Netherlands' largest and most prominent insurers. NN Leven offers a wide range of financial products and services, both for business customers and private customers.

NN Leven holds a DNB-license to act as life insurer. NN Leven is subject to prudential supervision exercised by DNB and conduct of business supervision exercised by the AFM.

The registered office of NN Leven is at Weena 505, 3013 AL Rotterdam, the Netherlands. NN Leven is registered at the Chamber of Commerce of Den Haag under number 24042211.

### **3.5      SERVICER**

The Issuer has appointed ING Bank to act as its Servicer in accordance with the terms of the Servicing Agreement. The Servicer will initially appoint NN Bank to act as its Sub-Servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.

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

### **3.6 ISSUER ADMINISTRATOR**

The Issuer has appointed NN Bank to act as Issuer Administrator in accordance with the terms of the Administration Agreement, in order to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.

For further information on the Issuer Administrator see Section 3.4 (*Seller / Originators*).

### 3.7 OTHER PARTIES

<b>Cash Advance Facility Provider:</b>	BNG Bank.
<b>Issuer Account Bank:</b>	BNG Bank.
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and of Stichting Holding Hypenn RMBS I and ANT Securitisation Services B.V., the sole director of Stichting Security Trustee Hypenn RMBS I.
<b>Paying Agent:</b>	ING Bank.
<b>Reference Agent:</b>	ING Bank.
<b>Listing Agent:</b>	ING Bank.
<b>Arranger:</b>	NN Bank.
<b>Lead Managers:</b>	ING Bank and NN Bank.
<b>Insurance Savings Participant:</b>	NN Leven.
<b>Bank Savings Participant:</b>	NN Bank.

## 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 330,000,000 Class A1 mortgage-backed notes 2013 due 2097 (the "**Class A1 Notes**"), the EUR 525,000,000 Class A2 mortgage-backed notes 2013 due 2097 (the "**Class A2 Notes**"), the EUR 750,000,000 Class A3 mortgage-backed notes 2013 due 2097 (the "**Class A3 Notes**" and together with the Class A1 Notes and the Class A2 Notes, the "**Class A Notes**"), the EUR 100,000,000 Class B mortgage-backed notes 2013 due 2097 (the "**Class B Notes**"), the EUR 60,000,000 Class C mortgage-backed notes 2013 due 2097 (the "**Class C Notes**") and together with the Class A Notes and the Class B Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on 1 July 2013. The Notes are issued under the Trust Deed on the Closing Date.

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

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

#### 1. Form, Denomination and Title

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

For as long as the Notes are represented by a Global Note and Euroclear Netherlands so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form 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. The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest.



- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes and (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes and the Class B Notes.
- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security over the Issuer Rights.
- (d) The obligations under the Notes are secured (directly and/or indirectly) by the Security. The obligations under the Class A Notes (being the Class A1 Notes, the Class A2 Notes and the Class A3 Notes jointly) will rank in priority to the Class B Notes and the Class C Notes and the Class B Notes will rank in priority to the Class C Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Noteholders of a Class or Subclass and not to consequences of such exercise upon individual Noteholders. 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 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 Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (e) permit the validity or effectiveness of the Transaction Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii); and

- (h) take any action which will cause its 'centre of main interest' within the meaning of the insolvency regulation to be located outside the Netherlands.

#### 4. Interest

(a) *Period of Accrual*

The Class A Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of the actual days elapsed in such period and a 360 day year.

(b) *Interest Periods and Notes Payment Dates*

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

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

(c) *Interest*

Interest on the Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to:

- (i) for the Class A1 Notes, 2.05 per cent. per annum;
- (ii) for the Class A2 Notes, 2.46 per cent. per annum; and
- (iii) for the Class A3 Notes, 2.93 per cent. per annum.

(d) *Calculation of Interest Amounts*

The Reference Agent will, on the day that is two Business Days preceding the first day of each Interest Period, calculate the interest amount by applying the relevant Interest Rates to the Principal Amount Outstanding of each Class of Class A Notes respectively. The determination of each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

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

The Reference Agent will cause the relevant Interest Amount and the Notes Payment Date applicable to each relevant Class of the Class A Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Class of Notes and Euronext Amsterdam. The 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.

(f) *Calculation by Security Trustee*

If the Reference Agent at any time for any reason fails to calculate the relevant Interest Amounts in accordance with Condition 4(d) above, the Security Trustee shall, or a party so appointed by the Security Trustee on its behalf, calculate the Interest Amounts in accordance with Condition 4(d) above, and each such calculation shall be final and binding on all parties.

(g) *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. 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 Condition 9(a).

(b) *Mandatory Redemption of the Notes*

*Up to (but excluding) the Class A1 Pass-Through Payment Start Date:*

Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes, on each Notes Payment Date up to (but excluding) the Class A1 Pass-

Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A2 Notes, until fully redeemed and, thereafter, the Class A1 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

*On and after the Class A1 Pass-Through Payment Start Date up to (but excluding) the Class A2/A3/B/C Pass-Through Payment Start Date:*

Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds and the Available Revenue Redemption Funds, to (partially) redeem the Notes, on each Notes Payment Date on and after the Class A1 Pass-Through Payment Start Date up to (but excluding) the Class A2/A3/B/C Pass-Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, thereafter, the Class A2 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

*on and after the Class A2/A3/B/C Pass-Through Payment Start Date:*

Unless previously redeemed in full, the Issuer will be obliged to apply the Available Principal Funds and the Available Revenue Redemption Funds to (partially) redeem the Notes, on each Notes Payment Date on and after the Class A2/A3/B/C Pass-Through Payment Start Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, thereafter, the Class A2 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed; and
- (c) *third*, the Class C Notes, until fully redeemed.

The principal amount redeemable in respect of each relevant Note (each a "**Redemption Amount**") in respect of a Note, on the relevant Notes Payment Date in accordance with Conditions 6(b) and 6(c), shall be the aggregate amount (if any) of the Available Redemption Funds on the Notes Calculation Date relating to such Notes Payment Date available for a Class of Notes 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.

(c) *Definitions*

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

**"Available Revenue Redemption Funds"** shall mean

*on and after the Class A1 Pass-Through Payment Date:*

in respect of the Class A1 Notes item (i) of the Revenue Priority of Payments; and

*on and after the Class A2/A3/B/C Pass-Through Payment Start Date:*

in respect of the Class A Notes, item (i) of the Revenue Priority of Payments;

in respect of the Class B Notes, item (j) of the Revenue Priority of Payments; and  
in respect of the Class C Notes, item (l) of the Revenue Priority of Payments.

**"Available Redemption Funds"** means the Available Principal Funds (to the extent available for redemption of the Notes) and the Available Revenue Redemption Funds.

**"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.

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

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

(e) *Optional Redemption*

Unless previously redeemed in full, the Issuer may at its option on each Class A1 Optional Redemption Date redeem all (but not some only) of the Class A1 Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).

Unless previously redeemed in full, the Issuer may at its option on each Class A2/A3/B/C Optional Redemption Date redeem all (but not some only) of the Notes (other than the Class A1 Notes), at their respective Principal Amount Outstanding, subject to Condition 9(a).

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

(f) *Redemption for tax reasons*

All (but not some only) of the Notes may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full subject to Condition 9(a), 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.

(g) *Redemption for regulatory reasons*

All (but not some only) of the Notes may be redeemed by the Issuer, upon the direction of the Seller on any Notes Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), if:

- (a) a change published on or after the Closing Date in the Basel Accord or in Bank Regulations applicable to NN Bank (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accord or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent authority) which has the effect of adversely affecting the rate of return on capital of NN Bank or increasing the cost or reducing the benefit to NN Bank with respect to the transaction contemplated by the Notes (a "**Regulatory Change**"); and
- (b) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full subject to Condition 9(a), 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.

(i) *Clean-Up Call Option*

If the Seller exercises the Clean-Up Call Option, the Issuer shall redeem all (but not some only) of the Notes at their Principal Amount Outstanding, subject to Condition 9(a).

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full subject to Condition 9(a), at the same time.

The Seller shall notify the Issuer of 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.

## 7. Taxation

### (a) General

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any other jurisdiction, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

### (b) FATCA Withholding

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

## 8. Prescription

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

## 9. Subordination and limited recourse

### (a) Principal

Any payments to be made in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*), Condition 6(g) (*Redemption for regulatory reasons*) and Condition 6(h) (*Clean-Up Call Option*) are subject to Condition 9(a).

If, on any Notes Calculation Date, there is a balance on the Class A Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class A Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less a *pro rata* part of the Class A Principal Shortfall on such Notes Payment Date. The Class A Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class A 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 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.

(b) *General*

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

10. **Events of Default**

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

- (a) default is made for a period of 14 days or more in the payment of the principal or interest on the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of 30 days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment ("*akkoord*") with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments ("*voorlopige surseance van betaling*") or for bankruptcy ("*faillissement*") or has been declared bankrupt,



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

#### **11. Enforcement, Limited Recourse and Non-Petition**

- (a) At any time after the obligations under the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note has been paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

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

#### **13. Notices**

Notices to the Noteholders will be deemed to be validly given if published in the English language 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 Euronext Amsterdam, any notice will also be made as may be required by the applicable rules and regulations. 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 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, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing - provided that all Noteholders with the right to vote have voted in favour of the proposal.

(a) Meeting of Noteholders

A meeting of Noteholders may be convened by the Security Trustee as often as it reasonably considers desirable and shall be convened by the Security Trustee at the written request of (i) the Issuer or (ii) by Noteholders of a Class or a Subclass by Noteholders of one or more Class or Subclass or Classes or Subclasses, as the case may be, holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or Subclass of the Notes of such Classes or Subclasses, as the case may be.

(b) Quorum

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

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

(c) Extraordinary Resolution

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

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

(d) Limitations

An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class other than the Most Senior Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it shall have been approved by Extraordinary Resolutions of Noteholders of each such Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class.

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

(e) Modifications agreed with the Security Trustee

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

**15. Replacement of Notes and Coupons**

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

**16. Governing Law and Jurisdiction**

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

## 4.2 FORM

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 330,000,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 525,000,000, (iii) in the case of the Class A3 Notes in the principal amount of EUR 750,000,000, (iv) in the case of the Class B Notes in the principal amount of EUR 100,000,000 and (v) in the case of the Class C Notes in the principal amount of EUR 60,000,000. Each Temporary Global Note will be deposited with Euroclear Netherlands on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear Netherlands, as the case may be, 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 Euroclear Netherlands.

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear Netherlands which is a recognized CSD, but this does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Notes, other than the Class A Notes, are not intended to be held in a manner which allows Eurosystem eligibility. The Notes are held in book-entry form.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear Netherlands as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear Netherlands. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. 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 Netherlands, in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form 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 Netherlands, notices to Noteholders may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication 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 Netherlands as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression "**Noteholder**" shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Global Note to be paid principal thereon and interest with respect thereto in

accordance with and subject to its terms. Any statement in writing issued by Euroclear Netherlands as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

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

- (i) Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes; and
- (ii) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes; and
- (iii) Class A3 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A3 Notes; and
- (iv) 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
- (v) 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

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

As long as the Notes are represented by a Global Note deposited with Euroclear Netherlands, a Noteholder shall have the right to request delivery ("*uitlevering*") thereof only in the limited circumstances prescribed by the Wge, provided that an Exchange Event has occurred.

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

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Subordinated Notes which involves the physical delivery thereof within, from or into the Netherlands, must be effected (as required by the Dutch Savings Certificates Act (*Wet Inzake Spaarbewijzen*) of 21st May, 1985) through the mediation of the Issuer or an admitted institution of Euronext Amsterdam 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 Managers have, pursuant to the Class A Notes Purchase Agreement, agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes at their respective issue prices. Furthermore, NN Bank has, pursuant to the Subordinated Notes Purchase Agreement, agreed with the Issuer, subject to certain conditions, to purchase the Subordinated Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

Each reference in this Section 4.3 (*Subscription and Sale*) to the "Notes" means with respect to the Lead Managers, the Class A Notes and with respect to the NN Bank, the Subordinated Notes.

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Managers have represented and agreed, and each further Lead Manager appointed under the transaction will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which is the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Lead Managers 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 Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

#### United Kingdom

Each of the Lead Managers has represented and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

#### France

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

## Italy

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

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

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

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

## United States

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

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

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

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

## The Netherlands

The Lead Managers have represented and agreed that the Subordinated Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of 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 Subordinated Notes in global form, or (b) in respect of the initial issue of the Subordinated Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Subordinated Notes and in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of the Subordinated Notes within, from or into the Netherlands if all the Subordinated Notes (either in definitive form or as rights representing an interest in the Subordinated Notes in global form) are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

#### **General**

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

The Lead Managers have undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

#### **CRD**

The Seller undertakes that it shall, or undertakes that any entity designated by it as allowed under paragraph 2 of article 122a of the CRD shall at all times comply with Dutch Regulation Securitisations of 26 October 2010 (*Regeling securitisaties Wft 2010*) implementing, *inter alia*, Article 122a of the CRD.



#### 4.4 REGULATORY AND INDUSTRY COMPLIANCE

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

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

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

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

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

##### **Dutch Securitisation Standard**

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template Investor Report (save as otherwise indicated in the relevant Investor Report), each as published by the Dutch Securitisation Association on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes comply with the standard created for residential mortgage-backed securities by the DSA (the RMBS Standard). This has also been recognised by PCS as the Domestic Market Guideline for the Netherlands in respect of this asset class.

##### **PCS Label**

An application has been made to Prime Collateralised Securities (PCS) UK Limited for the Class A Notes to receive the PCS Label and the Class A Notes have received the PCS Label. There can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the United States Securities Acts of 1933 (as amended).

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label and must read the information set out in <http://pcsmarket.org>.

#### **4.5 USE OF PROCEEDS**

The aggregate net proceeds of the Notes to be issued on the Closing Date amount to EUR 1,765,000,000.

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

An amount of EUR 6,960,410.84, being the Aggregate Construction Deposit, will be deposited by the Seller on the Construction Deposit Account on the Closing Date.

An amount of EUR 302,114,895.13 will be received by the Issuer on the Closing Date as consideration for the Initial Participation granted to (i) the Insurance Savings Participant in the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative and (ii) the Bank Savings Participants in the Bank Savings Mortgage Receivables. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date.

## 4.6 TAXATION IN THE NETHERLANDS

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

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

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

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

### **Withholding tax**

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

### **Taxes on income and capital gains**

#### *Residents of the Netherlands*

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

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment

under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

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

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

#### *Non residents of the Netherlands*

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

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

#### **Gift and inheritance taxes**

##### *Residents of the Netherlands*

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

##### *Non residents of the Netherlands*

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

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

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be

resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

**Value added tax (VAT)**

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

**Other taxes and duties**

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

**EU Savings Directive**

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

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

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

#### 4.7 SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", which is an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees, costs, expenses or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Servicer under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vi) to the Noteholders under the Notes, (vii) to the Seller under the Mortgage Receivables Purchase Agreement, (viii) to the Issuer Account Bank under the Issuer Account Agreement, (ix) to the Insurance Savings Participant under the Insurance Savings Participation Agreement and (x) to the Bank Savings Participant under the Bank Savings Participation Agreement (the parties referred to in items (i) through (x) 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 Participant and the Bank Savings Participant in connection with the Participations and the Bank Savings Bonus Amount Participation and the interest amounts due to NN Bank in connection with the Bank Savings Bonus Amount, 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 Participant and the Bank Savings Participant (in respect of the Participations and the Bank Savings Bonus Amount Participation) and NN Bank (in respect of interest due in connection with the Bank Savings Bonus Amount), will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings Alternative and Bank Savings Mortgage Receivables) and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and Pledge and the Issuer Rights Pledge Agreement and (ii) on each of the Savings Mortgage Receivables, Switch Mortgage Receivable with a Savings Alternative and Bank Savings Mortgage Receivables to the extent the amount recovered exceeds the Participation in the relevant Savings Mortgage Receivables, Switch Mortgage Receivables and Bank Savings Mortgage Receivables.

The amounts due to the Insurance Savings Participant and the Bank Savings Participant will be equal to the Participations and the Bank Savings Bonus Amount Participation in each of the Savings Mortgage Receivables, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivables and the Bank Savings Bonus Amount Participation or if the amount recovered is less than the Participation and the Bank Savings Bonus Amount Participation in such Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings Alternative or Bank Savings Mortgage Receivable 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 Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and in respect of any New Mortgage Receivables undertakes to grant a first ranking right of pledge on the relevant New Mortgage Receivables and the Beneficiary Rights relating thereto on the Notes Payment Date on which they are acquired, which will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except upon the occurrence of certain notification events, which are similar to the Assignment Notification Events but relating to the Issuer, including the issuing of an Enforcement Notice by the Security Trustee (the "**Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be a "silent" right of pledge ("*stil pandrecht*") within the meaning of article 3:239 of the Netherlands Civil Code.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Issuer Rights Pledge Agreement over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Cash Advance Facility Agreement, (iii) the Servicing Agreement, (iv) the Participation Agreements, (v) the Issuer Account Agreement, (vi) the Paying Agency

Agreement and (vii) the Administration Agreement and (b) in respect of the Issuer Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

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

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

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

The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. If, on any date, the Security were to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. In practice the sequence of redemption of each Subclass of the Class A Notes may result in a Subclass bearing a greater loss than the other Subclasses. See further Section *Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes* in Section 2 (*Risk Factors*).

## 5. CREDIT STRUCTURE

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

### 5.1 AVAILABLE FUNDS

#### **Available Revenue Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (xii) less items (xiii) and (xiv) 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, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the interest amount received in respect of such Mortgage Receivable multiplied by the relevant Participation Fraction and (ii), with respect to each Bank Savings Mortgage Receivable, the interest amount received in respect of such Mortgage Receivable multiplied by the Bank Savings Bonus Amount Participation Fraction;
- (ii) as interest accrued on the Issuer Accounts other than on amounts standing to the credit of the Financial Cash Collateral Account and to the credit of the Construction Deposit Account;
- (iii) as Prepayment Penalties under the Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the interest amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Cash Advance Facility (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Notes Payment Date;
- (vi) as amounts to be drawn from the Financial Cash Collateral Account as Set-Off Amount or as Other Claim Loss Amount on the immediately succeeding Notes Payment Date;
- (vii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the amount so received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (viii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (ix) as amounts to be drawn from the Reserve Account;
- (x) any amounts standing to the credit of any of the Issuer Accounts, after all amounts of interest and principal due in respect of the Notes, have been paid in full;
- (xi) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest



Reconciliation Ledger on the immediately succeeding Notes Payment Date; and

- (xii) any amounts forming part of the Available Principal Funds up to an amount equal to the Excess Available Principal Funds on the immediately succeeding Notes Payment Date;

**less:**

- (xiii) on the first Notes Payment Date of each calendar year, an amount equal to 10% of the annual fee with a minimum of Euro 2,500 due and payable by the Issuer to the Directors in connection with the Management Agreement between the Issuer and the Directors relating to the management of the Issuer; and
- (xiv) any amount to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;

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 to be received or held by the Issuer in respect of the immediate preceding Notes Calculation Period (items under (i) up to and including (xiii) less items (xiv), (xv) and (xvi) hereinafter being referred to as the "**Available Principal Funds**"):

- (i) as repayment and prepayment of principal in part under the Mortgage Receivables, and in respect of each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Participation in such Mortgage Receivable;
- (ii) as repayment and prepayment of principal in full under the Mortgage Receivables, less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the 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, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the 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, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the 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, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the 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 Participation Increase and as amounts to be received as Initial Savings Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements;
- (viii) the Bank Savings Bonus Amount Participation;
- (ix) as amounts received on the Issuer Collection Account on such Notes Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the

extent relating to Mortgage Receivables is paid to the relevant Borrower by means of set-off with the Mortgage Receivables;

- (x) any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xi) 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 or purchase of Further Advance Receivables or New Mortgage Receivables, other than the Replenishment Reserved Amount, on the immediately preceding Notes Payment Date;
- (xii) the Replenishment Released Reserved Amount on such date; and
- (xiii) the amount by which on the first Notes Payment Date (i) the aggregate proceeds of the Notes, less the Initial Savings Participation exceeds (ii) the Initial Purchase Price of the Mortgage Receivables purchased at Closing;

**less:**

- (xiv) any amount equal to item (xii) of the Available Revenue Funds in respect of any Excess Available Principal Funds on the immediately succeeding Notes Payment Date;
- (xv) any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (xvi) any amount applied or to be applied towards satisfaction of (i) the Initial Purchase Price of any New Mortgage Receivable and Further Advance Receivables on the immediately succeeding Notes Payment Date (ii) the purchase price of any Mortgage Receivables on the immediately succeeding Notes Payment Date in connection with Substitution,

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 last calendar day of each month (or the next Business Day if such day is not a Business Day), interest being payable in arrear. All payments made by Borrowers will be paid to the Seller Collection Account maintained by the Seller Collection Account Holder (on behalf of (*inter alia*) the Seller) with the Seller Collection Account Bank. This account is pledged to the Seller Collection Account Bank Provider pursuant to the applicable general banking conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans sold to the Issuer and in respect of any other moneys belonging to the Seller.

On each Mortgage Collection Payment Date the Servicer shall or procure that the Seller Collection Account Holder shall, having regard to all relevant information at its disposal (a) make an estimate of all amounts of principal, interest, Prepayment Penalties and interest penalties received by the relevant Originator in respect of the Mortgage Receivables in respect of the immediately preceding Mortgage Calculation Period (the total of such estimated amounts is referred to as the "**Estimated Collected Transfer Amount**") and (b) transfer the Estimated Collected Transfer Amount to the Issuer Collection Account.

Following the transfer of the Estimated Collected Transfer Amount but in any event prior to the 15th calendar day of the relevant month (or if this is not a Business Day the next succeeding Business Day), the Servicer shall or procure that the Seller Collection Account Holder shall reconcile (i) the total amount of principal, interest, Prepayment Penalties and interest penalties actually received by the relevant Originator in respect of the Mortgage Receivables in respect of the immediately preceding Notes Calculation Period (the total of such amounts actually received is referred to as the "**Actual Collected Transfer Amount**") with (ii) the Estimated Collected Transfer Amount.

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

- (i) if the Actual Collected Transfer Amount exceeds the Estimated Collected Transfer Amount, transfer the difference between these amounts from the relevant collection account of the Seller to the Issuer Collection Account; or
- (ii) if the Estimated Collected Transfer Amount exceeds the Actual Collected Transfer Amount, request the Issuer Administrator to transfer the difference between these amounts from the Issuer Collection Account to the relevant collection account of the Seller.

In the Mortgage Receivables Purchase Agreement, the Originators have undertaken that, if at any time the Seller Collection Account Bank is no longer a group company of the Seller, suitable measures will be implemented, acceptable to the Security Trustee, to maintain the then current credit ratings of the Class A Notes, which may include instituting a collection foundation structure under which all mortgage collections will be paid to an account of a bankruptcy remote foundation.

### **Financial Collateral Agreement**

#### *Set-Off*

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by an Originator against a 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 will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

In order to mitigate the risk of set-off by Borrowers with any deposits (other than Construction Deposits, savings value under a Savings Insurance Policy and/or Bank Savings Deposits) held with the relevant Originator, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement.

The Financial Collateral Agreement shall provide that the Issuer may on each Notes Payment Date draw from the Financial Cash Collateral Account with a corresponding debit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Set-Off Amount which the Seller is due to pay to the Issuer on the basis of the obligation in the Mortgage Receivables Purchase Agreement, as described above, and which is unpaid on such Notes Payment Date, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

#### *Other Claim*

The Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement.

The Financial Collateral Agreement shall provide that the Issuer may on each Notes Payment Date draw from the Financial Cash Collateral Account, with a corresponding debit to the Other Claim Financial Collateral Ledger an amount equal to the Other Claim Loss Amount, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

## 5.2 PRIORITY OF PAYMENTS

### Priority of Payments in respect of interest

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

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements and (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement and (ii) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiv) under (a) of the Available Revenue Funds), (ii) the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) the Cash Advance Facility Commitment Fee to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (iv) any amounts due to the Issuer Account Bank under the Issuer Account Agreement; and (v) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, or, following a Cash Advance Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Cash Advance Facility Stand-by Ledger but excluding the Cash Advance Facility Commitment Fee payable under sub-paragraph (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (h) below;
- (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*, in or towards satisfaction of any sums required to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (h) *eighth*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (i) *ninth*, subject to Condition 6(b), in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed in accordance with the Conditions;
- (j) *tenth*, subject to Condition 6(b), in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions;
- (k) *eleventh*, 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;

- (l) *twelfth*, subject to Condition 6(b), in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed in accordance with the Conditions;
- (m) *thirteenth*, 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;
- (n) *fifteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Priority of Payments in respect of principal**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Principal Funds 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*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed in accordance with the Conditions;
- (b) *second*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions; and
- (c) *third*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed 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 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*, to the Cash Advance Facility Provider, in or towards satisfaction of any Cash Advance Facility Stand-by Drawing due but unpaid under the Cash Advance Facility Agreement;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees and expenses of the Servicer under the Servicing Agreement, (iv) the fees and expenses of the Issuer Administrator under the Administration Agreement, (v) any amounts due to the Issuer Account Bank under the Issuer Account Agreement and (vi) the fees and expenses of the Paying Agent under the provisions of the Paying Agency Agreement;
- (c) *third*, in or towards any amounts due and payable to the Cash Advance Facility Provider, excluding any amounts due and payable under item (g);
- (d) *fourth, pro rata*, in or towards satisfaction of all amounts of interest due in respect of the Class A Notes;
- (e) *fifth, pro rata*, in or towards satisfaction of all amounts of principal due in respect of the Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class C Notes;
- (h) *eighth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and
- (i) *ninth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

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

## 5.3 LOSS ALLOCATION

### Principal Deficiency Ledger

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

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

- (a) with respect to the Mortgage Receivables in respect of which the relevant Originator, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has completed the foreclosure, such that there is no more collateral securing the Mortgage Receivable, 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, the Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, the 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 Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, the 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, the Switch Mortgage Receivable with a Savings Alternative and the Bank Savings Mortgage Receivables, the 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 Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, the Participations; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower (x) has successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to the Savings Mortgage Receivables, the Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, the Participations prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect to the Savings Mortgage Receivables, the Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, the 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 otherwise in accordance with any item of the Available Principal Funds.

### Post-foreclosure proceeds

Following completion of foreclosure of a Mortgage Receivable, such that there is no more collateral securing the Mortgage Receivable, any remaining claim ("*restschuld*") will be repurchased by the Seller for an amount of EUR 1.00 (one euro). Any post-foreclosure payments made by a Borrower in respect of such Mortgage Loan (if any) will subsequently not form part of the Available Revenue Funds and any such amounts will be collected by the Seller.



#### **5.4 HEDGING**

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

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

## 5.5 LIQUIDITY SUPPORT

### **Cash Advance Facility Agreement**

On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with the N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands, in its capacity as Cash Advance Facility Provider. The Issuer will be entitled on any Notes Payment Date (other than (x) a Notes Payment Date if and to the extent that on such date the Class A Notes will be redeemed in full, subject to Condition 9(a), and (y) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount, subject to certain conditions. The Cash Advance Facility Agreement is for a maximum term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility Agreement by the Issuer may only be made on a Notes Payment Date if and to the extent that, without taking into account any drawing under the Cash Advance Facility Agreement, there is a shortfall in the Available Revenue Funds to meet items (a) to (e) (inclusive) of the Revenue Priority of Payments.

If, at any time, (I) (a) any credit rating of the Cash Advance Facility Provider is below the Requisite Credit Rating or any such rating is withdrawn by Fitch or Moody's, and (b) within the Relevant Remedy Period, (i) the Cash Advance Facility Provider, is not replaced by the Issuer with a cash advance facility provider having the Requisite Credit Rating or (ii) a third party having the Requisite Credit Rating has not guaranteed the obligations of the Cash Advance Facility Provider and no Credit Rating Agency Confirmation is available in respect of each Credit Rating Agency in connection with such guarantee or (II) the Cash Advance Facility provider refuses to comply with an extension request (each a "**Cash Advance Facility Stand-by Drawing Event**"), the Issuer will be required forthwith to make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account, with a corresponding credit to the Cash Advance Facility Stand-by Ledger. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility Stand-by Drawing had not been so made.

## 5.6 TRANSACTION ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands, in its capacity as 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 Participant under the Insurance Savings Participation Agreement and from the Bank Savings Participant under the Bank Savings Participation Agreement 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 amount standing to the credit of the Issuer Collection Account will accrue interest at a level agreed with the Issuer Account Bank.

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 Account in connection with any Financial Collateral Agreement and in connection with certain drawings made under the Cash Advance Facility.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (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 Participant and the Bank Savings Participant under the Participation Agreements.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account. Amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (f) (inclusive) of the Revenue Priority of Payments before application of any funds drawn under the Cash Advance Facility.

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 to the Reserve Account, to the extent required, until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level, being, on any Notes Calculation Date, an amount equal to 1.00 per cent. of the Principal Amount Outstanding of the Notes, at the Closing Date.

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

#### *Construction Deposit Account*

The Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On the Closing Date an amount corresponding to the Aggregate Construction Amount in relation to the Mortgage Receivables purchased by the Issuer on the Closing Date will be credited to the Construction Deposit Account. On a Notes Payment Date on which New Mortgage Receivables and/or Further Advance Receivables will be purchased by the Issuer an amount corresponding to the Aggregate Construction Amount in relation to the Mortgage Receivables purchased by the Issuer on such Notes Payment Date will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account on a Mortgage Collection Payment Date only to satisfy payment by the Issuer to the relevant Originator of part of the Initial Purchase Price as a result of the distribution of (part of) the Construction Deposit by the relevant Originator to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited on each Notes Payment Date with the amount Borrowers have set off against the Mortgage Receivables in connection with the Construction Deposits and as a result in respect of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. Such amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds. The Issuer shall pay the interest accrued on the Construction Deposit Account to the relevant Originator. The Aggregate Construction Amount as per the

Cut-Off Date is EUR 6,960,410.84.

*Financial Cash Collateral Account*

The Issuer will maintain with the Issuer Account Bank the Financial Cash Collateral Account. The Issuer Administrator shall, on behalf of the Issuer, credit or debit the Financial Cash Collateral Account (i) with a corresponding credit or debit to the Set-Off Financial Cash Collateral Ledger any Potential Set-Off Amount and the increase or reduction thereof and (ii) with a corresponding credit or debit to the Other Claim Financial Cash Collateral Ledger any Other Claim Amount and the increase or reduction thereof.

Amounts drawn from the Financial Cash Collateral Account as Set-Off Amount or as Other Claim Loss Amount will form part of the Available Revenue Funds.

*Rating Issuer Account Bank*

If at any time the rating of the Issuer Account Bank falls below the Requisite Credit Rating or any such rating is withdrawn by Fitch or Moody's, 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 acceptable to the Security Trustee, provided that a Credit Rating Agency Confirmation is available in respect of each Credit Rating Agency in connection with such solution.

## 5.7 ADMINISTRATION AGREEMENT

### Issuer Services

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 monthly reports in relation thereto, (b) procuring that, if required, drawings are made by the Issuer under the Cash Advance Facility Agreement (c) procuring that all payments to be made by the Issuer under the other Transaction Documents are made, (d) 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, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, (g) procuring that all calculations to be made pursuant to the Conditions are made, (h) procuring that all calculations to be made in connection with any Financial Collateral Agreement 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 ATC Financial Services B.V. to act as Issuer Administrator and to provide the Issuer Services subject to the condition precedent ("*opschortende voorwaarde*") that the Capital Requirement Trigger has occurred and is continuing.

### Termination

The Administration Agreement may be terminated by the Issuer and 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.

### Calculations and reconciliation

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the Mortgage Reports provided by the Servicer for each Notes Calculation Period.

If on any Mortgage Report Date no Mortgage Report is delivered to the Issuer Administrator by the Servicer in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations, necessary in order for the Issuer Administrator to continue to perform the Issuer Services, as further set out in the Trust Deed and the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicer, the Sub-Servicer or a substitute servicer the Mortgage Report. Upon receipt by the Issuer Administrator of such Mortgage Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Mortgage Report was available and will debit or credit the underpaid or overpaid amounts to the relevant Reconciliation Ledger, which amounts will be deducted or added to the Available Revenue Funds or the Available Principal Funds, as applicable .

With respect to the Revenue Priority of Payments, the Issuer Administrator shall only make payments for items (a) up to and including (l) and shall make no payments to any items ranking below item (m) until the relevant Mortgage Reports are available. The Issuer Administrator shall credit the amounts remaining after the Revenue Priority of Payments and items (a) up to and including (l) of the Revenue Priority of Payments have been paid in full on the Interest Reconciliation Ledger.

Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration

Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events).

**Market Abuse Directive**

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

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

## 6. PORTFOLIO INFORMATION

### 6.1 STRATIFICATION TABLES

1. Key characteristics			
Cutoff date 31 May 2013			
Principal balance	2.067.114.895,13	EUR	
Value of saving deposits	302.114.895,13	EUR	
Net principal balance	1.765.000.000,00	EUR	
Construction deposits	6.960.410,84	EUR	
Net principal balance excl. construction and saving deposits	1.758.039.589,16	EUR	
Number of loans	10.488		
Number of loanparts	24.464		
Average principal balance (borrower)	168.287,57	EUR	
Weighted average current interest rate	5,07		
Weighted average maturity (in years)	30,23		
Weighted average seasoning (in years)	7,61		
Weighted average Current Loan to Original Market Value	79,50		
Weighted average Current Loan to Indexed Market Value	79,49		
Weighted average Current Loan to Original Foreclosure Value	89,61		
Weighted average Current Loan to Indexed Foreclosure Value	89,59		

2. Redemption Type							
Description	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current	Notional Amount (EUR)					
Annuity	19.584.558	1,11%	355	1,45%	4,57	26,51	99,42%
Bank Savings	223.046.062	12,64%	1.872	7,65%	4,77	25,40	105,24%
Credit Mortgage	18.077.868	1,02%	680	2,78%	4,18	45,00	66,70%
Interest Only	690.402.923	39,12%	9.967	40,74%	4,90	47,79	88,53%
Investment	58.254.099	3,30%	326	1,33%	4,18	22,32	105,08%
Life	116.116.658	6,58%	1.407	5,75%	4,84	14,73	92,05%
Linear	1.910.729	0,11%	44	0,18%	4,41	22,62	93,25%
Savings	637.607.102	36,13%	9.813	40,11%	5,52	16,17	83,80%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value



3. Outstanding Current Loan Amount								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current	Notional Amount (EUR)			(%)	(yrs)	
<	25.000		4.371.734	0,25%	230	2,19%	5,18	31,69%
25.000	50.000		32.546.777	1,84%	838	7,99%	5,75	46,79%
50.000	75.000		64.068.590	3,63%	1.019	9,72%	5,69	58,96%
75.000	100.000		88.110.238	4,99%	1.010	9,63%	5,48	66,34%
100.000	150.000		277.285.515	15,71%	2.210	21,07%	5,18	80,81%
150.000	200.000		344.229.138	19,50%	1.973	18,81%	4,94	93,22%
200.000	250.000		292.898.728	16,59%	1.309	12,48%	4,96	97,13%
250.000	300.000		221.736.017	12,56%	813	7,75%	4,96	98,20%
300.000	350.000		134.884.255	7,64%	418	3,99%	4,96	97,36%
350.000	400.000		101.468.893	5,75%	272	2,59%	5,02	94,58%
400.000	450.000		61.053.821	3,46%	144	1,37%	5,07	94,95%
450.000	500.000		39.333.224	2,23%	83	0,79%	5,04	90,33%
500.000	550.000		28.950.224	1,64%	55	0,52%	4,92	96,12%
550.000	600.000		24.726.044	1,40%	43	0,41%	5,02	96,56%
600.000	650.000		17.457.596	0,99%	28	0,27%	5,04	98,04%
650.000	700.000		9.375.657	0,53%	14	0,13%	5,02	93,58%
700.000	750.000		8.009.536	0,45%	11	0,10%	5,04	99,26%
750.000	800.000		7.705.172	0,44%	10	0,10%	4,84	107,46%
800.000	850.000		4.166.147	0,24%	5	0,05%	5,08	110,32%
850.000	900.000		1.722.613	0,10%	2	0,02%	3,94	97,86%
900.000	950.000		900.082	0,05%	1	0,01%	3,96	80,08%
950.000	1.000.000		-	-	-	-	-	-
1.000.000	>		-	-	-	-	-	-
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
<b>Weighted Average</b>		<b>168.288</b>						
<b>Minimum</b>		<b>4.823</b>						
<b>Maximum</b>		<b>900.082</b>						

4. Origination Year								
From (>=)	Until (<)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
		Current Notional Amount (EUR)	% of Total					
<	1995	52.658.081	2,98%	1.392	5,69%	6,22	12,44	60,01%
1995	1996	25.740.166	1,46%	645	2,64%	6,04	15,87	64,68%
1996	1997	39.460.491	2,24%	946	3,87%	5,93	18,31	64,47%
1997	1998	43.926.710	2,49%	1.025	4,19%	5,83	20,38	71,50%
1998	1999	48.685.996	2,76%	1.046	4,28%	5,69	22,27	74,14%
1999	2000	74.931.316	4,25%	1.397	5,71%	5,59	25,00	78,20%
2000	2001	83.290.126	4,72%	1.290	5,27%	5,83	25,17	79,88%
2001	2002	59.537.030	3,37%	949	3,88%	5,66	26,84	82,30%
2002	2003	53.267.201	3,02%	858	3,51%	5,21	28,55	85,89%
2003	2004	135.359.537	7,67%	1.631	6,67%	5,05	30,83	92,11%
2004	2005	153.939.530	8,72%	1.985	8,11%	4,98	32,72	91,52%
2005	2006	159.275.036	9,02%	2.067	8,45%	4,37	35,12	93,20%
2006	2007	142.905.612	8,10%	1.645	6,72%	4,48	33,34	94,21%
2007	2008	45.439.294	2,57%	640	2,62%	4,79	34,99	91,38%
2008	2009	129.641.255	7,35%	1.471	6,01%	5,36	40,20	89,72%
2009	2010	67.866.958	3,85%	853	3,49%	5,43	36,95	88,12%
2010	2011	38.123.309	2,16%	512	2,09%	4,97	35,36	86,67%
2011	2012	71.623.468	4,06%	802	3,28%	4,61	36,26	92,69%
2012	2013	46.827.950	2,65%	582	2,38%	4,71	33,00	94,30%
2013	>	292.500.933	16,57%	2.728	11,15%	4,66	27,79	106,22%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

Weighted Average	-
Minimum	1 January 1992
Maximum	27 May 2013

5. Seasoning								
From (>=)	Until (<)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
		Current Notional Amount (EUR)	% of Total					
<	1 year	318.859.462	18,07%	3.068	12,54%	4,67	28,05	105,17%
1 years	2 years	49.374.246	2,80%	627	2,56%	4,88	34,73	95,34%
2 years	3 years	66.601.742	3,77%	735	3,00%	4,53	36,98	89,40%
3 years	4 years	40.609.982	2,30%	572	2,34%	5,37	36,38	86,51%
4 years	5 years	150.812.252	8,54%	1.663	6,80%	5,41	39,72	89,98%
5 years	6 years	31.378.368	1,78%	529	2,16%	5,02	38,60	85,08%
6 years	7 years	96.536.018	5,47%	1.218	4,98%	4,70	35,33	91,99%
7 years	8 years	165.665.973	9,39%	1.974	8,07%	4,30	33,72	94,77%
8 years	9 years	165.064.746	9,35%	2.134	8,72%	4,77	33,49	92,43%
9 years	10 years	144.684.025	8,20%	1.754	7,17%	5,05	31,48	91,81%
10 years	11 years	86.163.753	4,88%	1.153	4,71%	5,08	29,74	90,35%
11 years	12 years	50.501.365	2,86%	852	3,48%	5,41	27,28	83,25%
12 years	13 years	86.103.119	4,88%	1.266	5,17%	5,78	25,57	79,70%
13 years	14 years	74.353.251	4,21%	1.339	5,47%	5,71	25,58	80,23%
14 years	15 years	57.933.188	3,28%	1.138	4,65%	5,60	23,06	76,79%
15 years	16 years	44.743.460	2,54%	1.028	4,20%	5,78	21,44	72,24%
16 years	17 years	44.344.174	2,51%	1.060	4,33%	5,85	18,86	66,75%
17 years	18 years	30.119.215	1,71%	748	3,06%	5,96	17,36	64,45%
18 years	19 years	25.857.190	1,46%	642	2,62%	6,24	13,77	63,77%
19 years	20 years	22.934.159	1,30%	617	2,52%	6,55	12,91	59,29%
20 years	>	12.360.313	0,70%	347	1,42%	5,43	10,11	55,62%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

Weighted Average	7,61
Minimum	-
Maximum	21,33

6. Legal Maturity								
Aggregate Outstanding								
From (>=)	Until (<)	Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
<	2013	-	-	-	-	-	-	-
2013	2014	865.265	0,05%	97	0,40,%	6,08	0,35	66,78%
2014	2015	3.007.590	0,17%	237	0,97,%	5,80	1,24	60,33%
2015	2016	5.919.974	0,34%	225	0,92,%	5,99	2,15	65,82%
2016	2017	9.342.321	0,53%	285	1,16,%	6,05	3,19	62,42%
2017	2018	13.177.565	0,75%	356	1,46,%	5,76	4,16	63,01%
2018	2019	14.096.107	0,80%	403	1,65,%	5,82	5,17	62,69%
2019	2020	17.126.380	0,97%	432	1,77,%	5,90	6,19	63,91%
2020	2025	126.400.881	7,16%	2.423	9,90,%	5,91	9,64	71,37%
2025	2030	221.583.734	12,55%	3.290	13,45,%	5,56	14,30	80,42%
2030	2035	276.269.748	15,65%	2.923	11,95,%	5,12	19,31	94,03%
2035	2040	226.346.524	12,82%	2.011	8,22,%	4,63	23,39	101,58%
2040	2045	259.152.219	14,68%	2.461	10,06,%	4,62	29,54	106,26%
2045	2050	31.393.119	1,78%	518	2,12,%	5,00	34,48	67,33%
2050	>	560.318.573	31,75%	8.803	35,98,%	4,95	52,33	86,88%
Total		1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
** Interest only mortgage loans without a legal maturity date were assigned a tenor of 100-X where X equals the age of the borrower at origination date.								
Weighted Average	-							
Minimum	1 June 2013							
Maximum	12 December 2090							

7. Remaining Tenor									
From (>=)	Until (<)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *	
		Current Notional Amount (EUR)	% of Total						
<	1 year	1.499.290	0,08%	151	0,62%	5,89	0,54	67,80%	
1 years	2 years	4.279.749	0,24%	260	1,06%	5,96	1,57	61,87%	
2 years	3 years	6.405.627	0,36%	226	0,92%	5,90	2,49	64,36%	
3 years	4 years	10.503.657	0,60%	310	1,27%	6,08	3,48	61,68%	
4 years	5 years	13.674.934	0,77%	366	1,50%	5,60	4,45	64,08%	
5 years	6 years	14.296.312	0,81%	399	1,63%	5,87	5,46	63,03%	
6 years	7 years	18.765.740	1,06%	449	1,84%	5,95	6,47	63,78%	
7 years	8 years	16.268.004	0,92%	347	1,42%	6,11	7,42	67,12%	
8 years	9 years	19.110.738	1,08%	371	1,52%	5,87	8,46	72,18%	
9 years	10 years	20.715.917	1,17%	405	1,66%	5,79	9,50	69,18%	
10 years	11 years	36.372.252	2,06%	674	2,76%	5,87	10,51	73,52%	
11 years	12 years	38.560.606	2,18%	677	2,77%	5,88	11,43	74,24%	
12 years	13 years	38.086.699	2,16%	613	2,51%	5,68	12,47	74,89%	
13 years	14 years	46.830.992	2,65%	737	3,01%	5,56	13,43	77,65%	
14 years	15 years	42.333.350	2,40%	640	2,62%	5,57	14,48	81,46%	
15 years	16 years	48.626.392	2,76%	658	2,69%	5,47	15,51	82,86%	
16 years	17 years	49.727.727	2,82%	639	2,61%	5,48	16,45	88,36%	
17 years	18 years	61.617.596	3,49%	709	2,90%	5,37	17,49	88,35%	
18 years	19 years	37.625.288	2,13%	426	1,74%	5,14	18,44	91,33%	
19 years	20 years	54.289.056	3,08%	558	2,28%	4,95	19,62	95,35%	
20 years	21 years	67.319.490	3,81%	631	2,58%	5,01	20,56	98,17%	
21 years	22 years	73.505.407	4,16%	701	2,87%	4,76	21,52	100,58%	
22 years	23 years	86.229.036	4,89%	725	2,96%	4,31	22,55	101,84%	
23 years	24 years	44.266.631	2,51%	388	1,59%	4,64	23,48	103,02%	
24 years	25 years	17.141.802	0,97%	160	0,65%	4,69	24,66	100,17%	
25 years	26 years	41.424.195	2,35%	403	1,65%	5,28	25,45	98,40%	
26 years	27 years	10.015.945	0,57%	106	0,43%	5,18	26,54	97,17%	
27 years	28 years	14.105.952	0,80%	121	0,49%	4,34	27,69	101,83%	
28 years	29 years	8.803.609	0,50%	100	0,41%	4,88	28,49	101,01%	
29 years	30 years	225.829.534	12,79%	2.108	8,62%	4,63	29,74	107,51%	
30 years	>	596.768.475	33,81%	9.406	38,45%	4,95	51,20	85,78%	
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>	

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

\*\* Interest Only mortgage loans without a legal maturity date were assigned a tenor of 100-X where X equals the age of the borrower at origination date.

Weighted Average	30,23
Minimum	0,08
Maximum	77,58

8a. Original Loan to Original Foreclosure Value								
From (>)	Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
Data not recorded in source systems								

8b. Original Loan to Original Foreclosure Value								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
		Current Notional Amount (EUR)	% of Total					
Data not recorded in source systems								

9a. Current Loan to Original Foreclosure Value								
From (>)	Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
<	10%	-	-	-	-	-	-	-
10%	20%	2.959.002	0,17%	110	1,05%	4,34	29,82	15,88%
20%	30%	13.874.709	0,79%	281	2,68%	5,28	22,42	27,14%
30%	40%	48.869.806	2,77%	670	6,39%	5,56	23,00	35,29%
40%	50%	70.906.186	4,02%	789	7,52%	5,42	25,11	45,19%
50%	60%	108.500.450	6,15%	911	8,69%	5,35	26,57	55,15%
60%	70%	149.107.058	8,45%	1.049	10,00%	5,27	28,31	65,32%
70%	80%	178.068.694	10,09%	1.097	10,46%	5,22	28,75	75,13%
80%	90%	213.762.450	12,11%	1.122	10,70%	5,09	30,51	85,12%
90%	100%	258.608.398	14,65%	1.219	11,62%	5,08	30,85	95,36%
100%	110%	295.920.960	16,77%	1.321	12,60%	5,00	32,96	105,32%
110%	120%	309.400.361	17,53%	1.386	13,22%	4,80	32,68	114,79%
120%	130%	115.021.926	6,52%	533	5,08%	4,67	30,11	123,19%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

<b>Weighted Average</b>	<b>89,61%</b>
<b>Minimum</b>	<b>10,03%</b>
<b>Maximum</b>	<b>130,00%</b>

9b. Current Loan to Original Foreclosure Value								
From (>)	Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
NHG Guarantee		379.349.892	21,49%	2.443	23,29%	4,75	30,20	102,50%
<	10%	-	-	-	-	-	-	-
10%	20%	2.868.835	0,16%	106	1,01%	4,34	29,81	15,94%
20%	30%	12.984.722	0,74%	262	2,50%	5,26	22,42	27,11%
30%	40%	46.141.061	2,61%	625	5,96%	5,59	22,88	35,25%
40%	50%	66.364.195	3,76%	724	6,90%	5,45	25,07	45,22%
50%	60%	99.891.054	5,66%	825	7,87%	5,38	26,60	55,14%
60%	70%	133.265.799	7,55%	899	8,57%	5,30	28,52	65,28%
70%	80%	155.754.057	8,82%	906	8,64%	5,26	29,01	75,10%
80%	90%	183.479.906	10,40%	879	8,38%	5,10	30,82	85,08%
90%	100%	215.511.327	12,21%	933	8,90%	5,14	30,97	95,35%
100%	110%	227.662.567	12,90%	921	8,78%	5,07	33,40	105,24%
110%	120%	178.559.987	10,12%	700	6,67%	4,94	33,47	114,46%
120%	130%	63.166.598	3,58%	265	2,53%	4,73	30,42	123,41%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

<b>Weighted Average</b>	<b>89,61%</b>
<b>Minimum</b>	<b>10,03%</b>
<b>Maximum</b>	<b>130,00%</b>

10a. Current Loan to Indexed Foreclosure Value								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
<	10%	1.249.863	0,07%	61	0,58%	5,21	18,51	16,65%
10%	20%	25.453.410	1,44%	624	5,95%	5,89	16,65	34,70%
20%	30%	58.469.356	3,31%	895	8,53%	5,74	19,58	49,25%
30%	40%	80.650.943	4,57%	886	8,45%	5,62	22,97	57,13%
40%	50%	92.405.501	5,24%	835	7,96%	5,52	24,81	65,93%
50%	60%	103.512.604	5,86%	755	7,20%	5,42	26,87	68,75%
60%	70%	122.555.198	6,94%	751	7,16%	5,24	28,74	72,31%
70%	80%	141.829.218	8,04%	760	7,25%	5,20	29,47	76,97%
80%	90%	153.463.872	8,69%	720	6,86%	5,10	30,41	83,14%
90%	100%	183.390.984	10,39%	773	7,37%	4,92	31,41	90,66%
100%	110%	200.286.053	11,35%	834	7,95%	4,89	32,03	98,89%
110%	120%	255.624.295	14,48%	1.090	10,39%	4,81	32,08	108,58%
120%	130%	253.917.213	14,39%	1.105	10,54%	4,75	34,28	114,49%
130%	140%	90.846.085	5,15%	394	3,76%	4,85	36,84	116,66%
140%	150%	1.345.405	0,08%	5	0,05%	5,28	29,78	123,95%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
<b>Weighted Average</b>		<b>89,59%</b>						
<b>Minimum</b>		<b>4,20%</b>						
<b>Maximum</b>		<b>144,99%</b>						

10b. Current Loan to Indexed Foreclosure Value									
		Aggregate Outstanding				WA Coupon	WA Maturity		
From (>)	Until (<=)	Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	(%)	(yrs)	WA LTFV *	
NHG Guarantee		379.349.892	21,49%	2.443	23,29%	4,75	30,20	102,50%	
<	10%	1.222.858	0,07%	59	0,56%	5,14	18,84	16,62%	
10%	20%	24.419.817	1,38%	593	5,65%	5,89	16,75	34,71%	
20%	30%	55.077.320	3,12%	824	7,86%	5,72	19,78	49,18%	
30%	40%	74.165.805	4,20%	785	7,48%	5,61	23,30	56,78%	
40%	50%	83.475.185	4,73%	719	6,86%	5,54	24,98	65,74%	
50%	60%	94.642.597	5,36%	665	6,34%	5,43	26,85	68,16%	
60%	70%	107.979.792	6,12%	625	5,96%	5,27	29,13	72,38%	
70%	80%	123.538.124	7,00%	617	5,88%	5,25	29,79	77,19%	
80%	90%	134.036.810	7,59%	586	5,59%	5,12	30,56	83,21%	
90%	100%	154.044.583	8,73%	589	5,62%	4,96	31,75	90,63%	
100%	110%	157.800.650	8,94%	583	5,56%	4,95	32,56	98,31%	
110%	120%	153.573.105	8,70%	544	5,19%	4,93	33,07	106,69%	
120%	130%	154.149.049	8,73%	582	5,55%	4,86	35,47	112,40%	
130%	140%	66.968.063	3,79%	272	2,59%	4,86	37,48	116,43%	
140%	150%	556.350	0,03%	2	0,02%	5,40	32,60	124,19%	
Total		1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%	
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value									
Weighted Average		89,59%							
Minimum		4,20%							
Maximum		144,99%							

11a. Original Loan to Original Market Value								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
Data not recorded in source systems								

11b. Original Loan to Original Market Value											
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV			
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)				
Data not recorded in source systems											

12a. Current Loan to Original Market Value								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV %
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
<	10%	329.233	0,02%	21	0,20%	4,36	29,45	11,09%
10%	20%	3.873.409	0,22%	120	1,14%	4,43	27,28	18,19%
20%	30%	29.441.819	1,67%	507	4,83%	5,41	22,48	30,26%
30%	40%	68.372.445	3,87%	832	7,93%	5,49	23,89	40,17%
40%	50%	103.935.034	5,89%	973	9,28%	5,38	26,22	51,78%
50%	60%	150.147.827	8,51%	1.106	10,55%	5,32	27,72	62,68%
60%	70%	196.693.015	11,14%	1.247	11,89%	5,22	28,76	73,49%
70%	80%	229.319.282	12,99%	1.223	11,66%	5,12	30,15	84,65%
80%	90%	291.276.926	16,50%	1.367	13,03%	5,05	31,03	96,01%
90%	100%	346.920.648	19,66%	1.540	14,68%	4,97	32,95	107,09%
100%	110%	316.965.591	17,96%	1.414	13,48%	4,75	32,07	117,42%
110%	120%	27.668.565	1,57%	137	1,31%	4,57	30,91	124,63%
120%	130%	56.206	-	1	0,01%	7,90	1,47	123,86%
Total	-	1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

<b>Weighted Average</b>	<b>79,50%</b>
<b>Minimum</b>	<b>8,29%</b>
<b>Maximum</b>	<b>123,86%</b>

12b. Current Loan to Original Market Value								
		Aggregate Outstanding				WA Coupon	WA Maturity	
From (>)	Until (<=)	Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	(%)	(yrs)	WA LTFV *
NHG Guarantee		379.349.892	21,49%	2.443	23,29%	4,75	30,20	102,50%
<	10%	272.412	0,02%	18	0,17%	4,38	28,87	11,14%
10%	20%	3.819.879	0,22%	118	1,13%	4,41	27,42	18,17%
20%	30%	27.853.474	1,58%	475	4,53%	5,41	22,33	30,29%
30%	40%	64.033.257	3,63%	767	7,31%	5,52	23,83	40,19%
40%	50%	96.740.544	5,48%	889	8,48%	5,41	26,23	51,78%
50%	60%	135.662.412	7,69%	964	9,19%	5,35	27,88	62,68%
60%	70%	171.500.445	9,72%	1.031	9,83%	5,25	29,03	73,46%
70%	80%	196.423.928	11,13%	961	9,16%	5,15	30,47	84,55%
80%	90%	237.949.377	13,48%	1.022	9,74%	5,10	31,15	95,77%
90%	100%	259.667.321	14,71%	1.033	9,85%	5,07	33,36	106,60%
100%	110%	165.996.579	9,40%	641	6,11%	4,88	33,00	116,86%
110%	120%	25.674.274	1,45%	125	1,19%	4,64	31,28	124,55%
120%	130%	56.206	-	1	0,01%	7,90	1,47	123,86%
Total	-	1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

<b>Weighted Average</b>	<b>79,50%</b>
<b>Minimum</b>	<b>8,29%</b>
<b>Maximum</b>	<b>123,86%</b>

13a. Current Loan to Indexed Market Value								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
<	10%	2.533.402	0,14%	103	0,98%	5,53	17,67	20,63%
10%	20%	38.107.887	2,16%	819	7,81%	5,81	17,52	38,61%
20%	30%	75.547.422	4,28%	1.042	9,94%	5,71	20,57	52,97%
30%	40%	97.547.116	5,53%	965	9,20%	5,54	23,99	60,74%
40%	50%	113.322.504	6,42%	878	8,37%	5,48	26,31	67,98%
50%	60%	125.229.229	7,10%	814	7,76%	5,28	28,06	71,23%
60%	70%	156.846.136	8,89%	858	8,18%	5,21	29,40	76,13%
70%	80%	166.561.947	9,44%	802	7,65%	5,08	30,47	82,61%
80%	90%	216.603.890	12,27%	901	8,59%	4,93	31,36	91,67%
90%	100%	227.830.530	12,91%	944	9,00%	4,89	31,78	101,04%
100%	110%	333.595.826	18,90%	1.468	14,00%	4,76	32,25	112,37%
110%	120%	189.247.047	10,72%	792	7,55%	4,82	36,55	113,41%
120%	130%	22.027.063	1,25%	102	0,97%	4,90	38,90	116,47%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
<b>Weighted Average</b>		<b>79,49%</b>						
<b>Minimum</b>		<b>3,69%</b>						
<b>Maximum</b>		<b>121,49%</b>						

13b. Current Loan to Indexed Market Value								
		Aggregate Outstanding				WA Coupon	WA Maturity	
From (>)	Until (<=)	Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	(%)	(yrs)	WA LTFV *
NHG Guarantee		379.349.892	21,49%	2.443	23,29%	4,75	30,20	102,50%
<	10%	2.456.795	0,14%	99	0,94%	5,50	18,13	20,53%
10%	20%	36.628.040	2,08%	778	7,42%	5,80	17,63	38,60%
20%	30%	70.480.977	3,99%	945	9,01%	5,70	20,72	52,83%
30%	40%	88.578.605	5,02%	839	8,00%	5,54	24,40	60,35%
40%	50%	103.288.707	5,85%	765	7,29%	5,50	26,34	67,66%
50%	60%	112.082.577	6,35%	693	6,61%	5,30	28,35	71,09%
60%	70%	136.285.143	7,72%	698	6,66%	5,27	29,68	76,31%
70%	80%	143.451.145	8,13%	639	6,09%	5,11	30,63	82,61%
80%	90%	181.359.327	10,28%	686	6,54%	4,97	31,78	91,48%
90%	100%	172.311.614	9,76%	624	5,95%	4,96	32,31	100,01%
100%	110%	172.271.533	9,76%	624	5,95%	4,89	33,75	109,12%
110%	120%	149.245.001	8,46%	579	5,52%	4,87	36,39	113,30%
120%	130%	17.210.643	0,98%	76	0,72%	4,86	39,17	116,85%
Total		1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
Weighted Average		79,49%						
Minimum		3,69%						
Maximum		121,49%						



14. Loanpart Coupon (interest rate bucket)								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
2,00%	2,50%	446.328	0,03%	5	0,02%	2,41	23,23	108,93%
2,50%	3,00%	691.550	0,04%	5	0,02%	2,76	45,27	109,36%
3,00%	3,50%	21.771.329	1,23%	217	0,89%	3,41	32,42	95,06%
3,50%	4,00%	223.231.373	12,65%	2.526	10,33%	3,83	32,84	92,31%
4,00%	4,50%	280.637.140	15,90%	3.777	15,44%	4,31	34,04	92,90%
4,50%	5,00%	363.062.699	20,57%	4.651	19,01%	4,79	32,13	95,75%
5,00%	5,50%	389.352.848	22,06%	5.198	21,25%	5,28	30,44	90,09%
5,50%	6,00%	266.414.233	15,09%	4.028	16,47%	5,74	28,96	84,85%
6,00%	6,50%	106.412.809	6,03%	1.852	7,57%	6,27	24,54	83,15%
6,50%	7,00%	59.429.125	3,37%	983	4,02%	6,76	20,47	76,23%
7,00%	>	53.550.566	3,03%	1.222	5,00%	7,61	12,38	64,81%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

Weighted Average	5,07
Minimum	2,11
Maximum	9,40

15. Remaining Fixed Interest Rate Period								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
<	1 year	275.276.519	15,60%	4.016	16,42%	4,47	33,44	87,96%
1 years	2 years	114.536.321	6,49%	1.986	8,12%	5,19	29,81	84,39%
2 years	3 years	133.339.074	7,55%	2.123	8,68%	4,57	33,49	86,82%
3 years	4 years	100.759.499	5,71%	1.755	7,17%	5,18	31,70	83,97%
4 years	5 years	212.816.918	12,06%	2.671	10,92%	4,52	28,84	93,96%
5 years	6 years	139.651.505	7,91%	1.924	7,86%	5,52	34,31	88,09%
6 years	7 years	112.772.752	6,39%	1.764	7,21%	5,74	25,49	82,13%
7 years	8 years	84.587.108	4,79%	1.214	4,96%	5,86	26,77	81,58%
8 years	9 years	45.647.590	2,59%	737	3,01%	5,80	26,12	86,49%
9 years	10 years	194.251.407	11,01%	2.041	8,34%	5,06	28,07	102,82%
10 years	11 years	57.728.343	3,27%	648	2,65%	5,45	24,47	87,58%
11 years	12 years	29.568.218	1,68%	378	1,55%	5,55	22,76	85,49%
12 years	13 years	44.785.911	2,54%	594	2,43%	4,78	28,86	86,20%
13 years	14 years	69.054.291	3,91%	932	3,81%	4,91	34,03	89,32%
14 years	15 years	29.946.875	1,70%	455	1,86%	5,37	30,31	89,55%
15 years	16 years	38.686.165	2,19%	404	1,65%	5,74	37,24	86,84%
16 years	17 years	4.713.578	0,27%	70	0,29%	6,28	26,29	84,39%
17 years	18 years	11.926.402	0,68%	159	0,65%	5,71	27,30	87,72%
18 years	19 years	7.682.544	0,44%	92	0,38%	5,90	33,83	90,13%
19 years	20 years	57.268.983	3,24%	501	2,05%	5,33	27,51	106,10%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

Weighted Average	6,51
Minimum	0,08
Maximum	20,00

16. Interest Payment Type							
Description	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon	WA Maturity	WA LTFV *
	Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
Fixed Rate	1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

17. Property Description							
Property	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total					
Bungalow	1.968.619	0,11%	14	0,13%	5,00	29,53	76,13%
Flat / Apartment	187.894.954	10,65%	1.316	12,55%	4,90	30,97	96,79%
House	1.569.361.698	88,92%	9.117	86,93%	5,08	30,16	88,85%
Shop/ House	5.774.730	0,33%	41	0,39%	5,59	25,19	68,27%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value							

18. Geographical Distribution (by province)							
Province	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total					
Drenthe	30.837.265	1,75%	217	2,07%	4,93	30,42	89,01%
Flevoland	28.628.444	1,62%	168	1,60%	5,00	30,69	94,58%
Friesland	29.977.298	1,70%	202	1,93%	4,78	31,27	91,20%
Gelderland	147.914.340	8,38%	828	7,89%	5,01	30,57	89,77%
Groningen	47.995.849	2,72%	392	3,74%	5,12	31,08	86,24%
Limburg	81.523.811	4,62%	545	5,20%	5,05	29,60	89,11%
Noord-Brabant	265.291.158	15,03%	1.637	15,61%	5,07	30,50	87,33%
Noord-Holland	238.257.334	13,50%	1.253	11,95%	4,97	31,43	91,20%
Overijssel	75.519.251	4,28%	476	4,54%	4,92	31,97	92,66%
Utrecht	145.158.692	8,22%	712	6,79%	5,11	29,37	89,60%
Zeeland	47.151.604	2,67%	365	3,48%	5,19	28,62	87,65%
Zuid-Holland	626.744.955	35,51%	3.693	35,21%	5,13	29,63	89,77%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value							

19. Geographical distribution (by economic region)							
Economic region	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
	Current	Notional Amount (EUR)			(%)	(yrs)	
NL111 Oost-Groningen	8.789.536	0,50%	76	0,72%	4,85	32,01	90,53%
NL112 Delfzijl en omgeving	4.900.366	0,28%	39	0,37%	5,18	31,51	92,95%
NL113 Overig Groningen	34.305.947	1,94%	277	2,64%	5,18	30,78	84,18%
NL121 Noord-Friesland	14.480.762	0,82%	98	0,93%	4,76	26,91	95,21%
NL122 Zuidwest-Friesland	6.102.996	0,35%	44	0,42%	4,73	34,44	85,63%
NL123 Zuidoost-Friesland	9.393.540	0,53%	60	0,57%	4,85	35,93	88,65%
NL131 Noord-Drenthe	16.035.804	0,91%	111	1,06%	5,14	30,73	83,04%
NL132 Zuidoost-Drenthe	7.538.157	0,43%	58	0,55%	4,78	29,48	95,21%
NL133 Zuidwest-Drenthe	7.263.304	0,41%	48	0,46%	4,63	30,69	95,74%
NL211 Noord-Overijssel	22.045.264	1,25%	152	1,45%	4,98	30,53	90,55%
NL212 Zuidwest-Overijssel	16.375.683	0,93%	94	0,90%	4,83	33,97	93,43%
NL213 Twente	37.098.304	2,10%	230	2,19%	4,91	31,94	93,57%
NL221 Veluwe	52.128.274	2,95%	299	2,85%	5,09	30,55	87,24%
NL224 Zuidwest-Gelderland	21.784.353	1,23%	118	1,13%	4,95	29,95	88,87%
NL225 Achterhoek	22.926.876	1,30%	137	1,31%	4,96	30,95	91,84%
NL226 Arnhem/Nijmegen	51.332.362	2,91%	275	2,62%	4,98	30,84	91,89%
NL230 Flevoland	28.628.444	1,62%	168	1,60%	5,00	30,69	94,58%
NL310 Utrecht	144.901.165	8,21%	711	6,78%	5,11	29,31	89,57%
NL321 Kop van Noord-Holland	25.415.431	1,44%	152	1,45%	5,00	33,40	92,54%
NL322 Alkmaar en omgeving	23.264.876	1,32%	136	1,30%	5,07	30,65	91,14%
NL323 IJmond	13.902.656	0,79%	93	0,89%	5,20	29,33	88,36%
NL324 Agglomeratie Haarlem	25.672.162	1,45%	115	1,10%	5,06	31,43	87,49%
NL325 Zaanstreek	7.054.479	0,40%	46	0,44%	4,88	31,61	94,26%
NL326 Groot-Amsterdam	110.973.952	6,29%	564	5,38%	4,85	31,92	93,54%
NL327 Het Gooi en Vechtstreek	31.973.778	1,81%	147	1,40%	5,16	29,58	85,60%
NL331 Agglomeratie Leiden en Bollen	67.008.167	3,80%	371	3,54%	5,23	29,35	85,36%
NL332 Agglomeratie 's-Gravenhage	143.145.886	8,11%	761	7,26%	5,11	29,23	90,51%
NL333 Delft en Westland	40.223.683	2,28%	219	2,09%	5,16	30,02	87,96%
NL334 Oost-Zuid-Holland	39.515.292	2,24%	226	2,15%	5,12	28,39	86,61%
NL335 Groot-Rijnmond	283.245.712	16,05%	1.777	16,94%	5,12	29,95	90,81%
NL336 Zuidoost-Zuid-Holland	53.606.213	3,04%	339	3,23%	5,15	29,99	91,46%
NL341 Zeeuwsch-Vlaanderen	13.170.467	0,75%	127	1,21%	5,38	25,61	86,22%
NL342 Overig Zeeland	33.981.138	1,93%	238	2,27%	5,11	29,79	88,21%
NL411 West-Noord-Brabant	109.405.501	6,20%	693	6,61%	5,17	30,01	85,98%
NL412 Midden-Noord-Brabant	54.457.683	3,09%	355	3,38%	5,05	30,32	90,76%
NL413 Noordoost-Noord-Brabant	48.718.432	2,76%	285	2,72%	4,94	32,39	86,95%
NL414 Zuidoost-Noord-Brabant	52.709.542	2,99%	304	2,90%	5,01	29,95	86,93%
NL421 Noord-Limburg	20.379.821	1,15%	137	1,31%	4,99	31,65	87,90%
NL422 Midden-Limburg	19.249.319	1,09%	126	1,20%	5,04	30,15	92,04%
NL423 Zuid-Limburg	41.894.671	2,37%	282	2,69%	5,09	28,35	88,36%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

20. Construction Deposits (as percentage of net principal outstanding amount)								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
		Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
0,00%	0,00%	1.684.880.030	95,46%	10.135	96,63%	5,09	30,33	88,81%
0,00%	5,00%	53.949.438	3,06%	244	2,33%	4,69	27,92	108,66%
5,00%	10,00%	9.879.139	0,56%	44	0,42%	4,70	28,66	106,26%
10,00%	15,00%	5.127.055	0,29%	24	0,23%	4,65	27,77	107,13%
15,00%	20,00%	1.810.623	0,10%	11	0,10%	4,48	29,01	105,27%
20,00%	25,00%	1.183.817	0,07%	4	0,04%	4,56	28,57	108,22%
25,00%	30,00%	1.478.973	0,08%	7	0,07%	4,84	29,38	109,88%
30,00%	35,00%	593.608	0,03%	1	0,01%	4,19	29,75	94,22%
35,00%	40,00%	1.216.691	0,07%	4	0,04%	4,89	25,09	99,53%
40,00%	45,00%	493.940	0,03%	3	0,03%	4,96	25,47	72,51%
45,00%	50,00%	356.481	0,02%	1	0,01%	5,05	26,94	88,02%
50,00%	55,00%	349.269	0,02%	1	0,01%	4,95	29,83	95,82%
60,00%	>	3.680.937	0,21%	9	0,09%	4,35	28,92	85,66%
<b>Total</b>		<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

<b>Average</b>	<b>19.717,88</b>
<b>Minimum</b>	<b>1,00</b>
<b>Maximum</b>	<b>746.306,85</b>

21. Occupancy								
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *	
	Current Notional Amount (EUR)	% of Total			(%)	(yrs)		
Owner Occupied	1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%	
Total	1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%	

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

22. Employment Status Borrower							
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA LTFV *
	Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
Employee	1.435.771.313	81,35%	8.680	82,76%	5,09	30,01	89,94%
Other	43.311.158	2,45%	297	2,83%	5,06	30,76	85,07%
Pensioner	19.466.543	1,10%	155	1,48%	4,60	26,76	69,49%
Self-Employed	162.253.165	9,19%	772	7,36%	5,01	30,73	83,56%
Temporary Employment	104.197.822	5,90%	584	5,57%	4,94	32,85	100,22%
Total	1.765.000.000	100,00%	10.488	100,00%	5,07	30,23	89,61%

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

23. Loan to Income								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
		Current Notional Amount (EUR)	% of Total					
Unknown n**		49.219.219	2,79%	277	2,64%	5,05	30,23	92,00%
<	0,50	2.995.632	0,17%	82	0,78%	5,34	22,17	44,62%
0,50	1,00	27.982.845	1,59%	570	5,43%	5,77	19,25	45,29%
1,00	1,50	78.772.278	4,46%	1.021	9,73%	5,66	21,40	57,54%
1,50	2,00	126.464.046	7,17%	1.207	11,51%	5,49	24,08	66,44%
2,00	2,50	178.979.874	10,14%	1.262	12,03%	5,38	27,04	76,06%
2,50	3,00	201.058.166	11,39%	1.202	11,46%	5,18	28,67	84,19%
3,00	3,50	258.079.912	14,62%	1.278	12,19%	5,07	30,38	92,69%
3,50	4,00	252.009.686	14,28%	1.156	11,02%	4,94	32,59	98,33%
4,00	4,50	264.158.308	14,97%	1.176	11,21%	4,83	33,46	101,36%
4,50	5,00	153.932.033	8,72%	614	5,85%	4,79	34,51	102,31%
5,00	5,50	83.602.555	4,74%	317	3,02%	4,77	35,51	101,24%
5,50	6,00	37.554.916	2,13%	142	1,35%	4,65	32,03	101,54%
6,00	6,50	20.921.551	1,19%	80	0,76%	4,69	33,69	102,24%
6,50	7,00	19.329.305	1,10%	68	0,65%	4,61	29,83	108,57%
7,00	>	9.939.674	0,56%	36	0,34%	4,31	27,15	102,87%
<b>Total</b>	<b>-</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
** Mortgage loans of which no borrower income information is available in the source systems are classified as Unknown								
<b>Weighted Average</b>	<b>3,45</b>							
<b>Minimum</b>	<b>0,09</b>							
<b>Maximum</b>	<b>7,47</b>							

24. Debt Service to Income								
From (>)	Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
		Current Notional Amount (EUR)	% of Total					
Unknown n**		49.219.219	2,79%	277	2,64%	5,05	30,23	92,0%
<	0,05	6.310.100	0,36%	145	1,38%	4,27	34,36	50,4%
0,05	0,10	30.568.756	1,73%	344	3,28%	4,60	30,39	61,0%
0,10	0,15	120.616.493	6,83%	1.139	10,86%	4,95	29,27	70,5%
0,15	0,20	328.980.337	18,64%	2.346	22,37%	4,98	29,53	83,9%
0,20	0,25	463.271.760	26,25%	2.705	25,79%	4,99	30,60	92,7%
0,25	0,30	404.917.892	22,94%	2.013	19,19%	5,13	31,65	95,4%
0,30	0,35	200.422.187	11,36%	889	8,48%	5,25	30,44	93,6%
0,35	0,40	89.910.066	5,09%	353	3,37%	5,25	27,34	95,0%
0,40	0,45	44.693.426	2,53%	171	1,63%	5,27	27,46	93,2%
0,45	0,50	14.258.486	0,81%	51	0,49%	5,38	28,18	88,3%
0,50	0,55	7.184.800	0,41%	26	0,25%	5,38	26,06	93,2%
0,55	0,60	2.318.335	0,13%	11	0,10%	5,31	25,56	90,8%
0,60	0,65	1.369.717	0,08%	7	0,07%	5,57	25,32	77,0%
0,65	0,70	457.919	0,03%	4	0,04%	6,44	17,01	60,8%
0,70	>	500.508	0,03%	7	0,07%	5,39	15,27	51,1%
<b>Total</b>	<b>-</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>10.488</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value								
** Mortgage loans of which no borrower income information is available in the source systems are classified as Unknown								
<b>Weighted Average</b>	<b>0,25</b>							
<b>Minimum</b>	<b>0,01</b>							
<b>Maximum</b>	<b>1,24</b>							

25. Loanpart Payment Frequency							
Description	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon	WA Maturity	WA LTFV *
	Current Notional Amount (EUR)	% of Total			(%)	(yrs)	
Monthly	1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
Total	1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value							

26. Guarantee Type (NHG / Non NHG)							
Description	Aggregate Outstanding			% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total	Nr of Loanparts				
NHG Guarantee	379.349.892	21,49%	4.691	19,18%	4,75	30,20	102,50%
No Guarantee	1.385.650.108	78,51%	19.773	80,82%	5,15	30,24	86,08%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

27. Originator							
Description	Aggregate Outstanding			% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total	Nr of Loanparts				
Nationale-Nederlanden	1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
Levensverzekering Maatschappij							
Nationale-Nederlanden Bank	-	-	-	-	-	-	-
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

28. Servicer							
Description	Aggregate Outstanding			% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total	Nr of Loanparts				
ING Bank**	1.765.000.000	100,00%	24.464	100,00%	5,07	30,23	89,61%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

\*\* Nationale-Nederlanden Bank will act as Sub-Servicer

29. Capital Insurance Policy Provider							
Description	Aggregate Outstanding			% of Total	WA Coupon (%)	WA Maturity (yrs)	WA LTFV *
	Current Notional Amount (EUR)	% of Total	Nr of Loanparts				
No Life Insurance	1.648.883.342	93,42%	23.057	94,25%	5,08	31,32	89,44%
AEGON	492.699	0,03%	5	0,02%	3,67	25,50	113,26%
ALLIANZ	110.000	0,01%	1	-	4,99	16,17	97,07%
AMERSFOORTSE	63.090	-	2	0,01%	4,40	17,92	112,97%
ASR	97.265	0,01%	1	-	3,75	17,42	116,34%
CONSERVATRIX N.V.	202.621	0,01%	2	0,01%	4,17	18,92	100,98%
DAZURE	156.000	0,01%	1	-	4,40	19,92	120,78%
ERASMUS	291.169	0,02%	3	0,01%	3,80	18,78	108,38%
EXTERNE MY	3.895.728	0,22%	46	0,19%	5,46	13,50	88,25%
GENERALI	78.688	-	1	-	3,40	21,83	103,91%
GRAVENHAGE	42.625	-	2	0,01%	5,32	15,67	52,50%
ING	181.500	0,01%	1	-	4,01	5,33	88,24%
LEGAL	346.350	0,02%	3	0,01%	4,56	25,47	114,21%
NN	306.134	0,02%	3	0,01%	3,90	18,40	118,73%
NN LEVEN	96.902.790	5,49%	1.123	4,59%	4,86	14,40	91,99%
NN LEVEN NNFD	32.500	-	1	-	4,50	5,83	79,73%
REAAL	57.045	-	1	-	5,15	6,75	56,43%
RVS LEVEN	12.440.310	0,70%	205	0,84%	4,62	16,67	90,85%
TAF	209.496	0,01%	3	0,01%	4,60	16,90	91,91%
TU VERZ SP	110.847	0,01%	2	0,01%	6,50	15,55	81,12%
WESTLANDUTRECHT	99.800	0,01%	1	-	5,15	13,17	91,54%
<b>Total</b>	<b>1.765.000.000</b>	<b>100,00%</b>	<b>24.464</b>	<b>100,00%</b>	<b>5,07</b>	<b>30,23</b>	<b>89,61%</b>

\* WA LTFV = Weighted Average Current Loan to Original Foreclosure Value

## 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
- (c) Bank Savings Mortgage Loans ("*bankspaarhypotheken*");
- (d) Life Mortgage Loans ("*levenhypotheken*");
- (e) Revolving Credit Mortgage Loans ("*krediet in rekening-courant*");
- (f) Investment Mortgage Loans ("*beleggingshypotheken*");
- (g) Linear Mortgage Loans ("*lineaire hypotheken*");
- (h) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
- (i) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
- (j) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

Mortgage Loan Type	Description
<b>Savings Mortgage Loans:</b>	<p>A portion of the Mortgage Loans (or parts thereof) 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 with the Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Savings Participant 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/insured 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 Insurance Savings Participant 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.</p> <p>The Savings Mortgage Loans are combined with a Savings Insurance Policy taken out with NN Leven.</p>
<b>Switch Mortgage Loans:</b>	<p>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 with the Insurance Savings Participant 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 ("<i>omzetten</i>") 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.</p>

**Bank Savings Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Bank Savings Mortgage Loans. Under a Bank Savings Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead makes a deposit into the relevant blocked Bank Savings Account on a monthly basis. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the relevant Originator at maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the relevant Originator as security for repayment of the relevant Bank Savings Mortgage Loan.

Subject to the terms and conditions of the Bank Savings Mortgage Loans, on each of the "*Drempeldatums*" (as defined in the terms and conditions of the Bank Savings Mortgage Loans), the Borrower is entitled to a bonus amount, the aggregate of which is payable upon repayment of the Bank Savings Mortgage Loan.

**Life Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) 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.

The Borrower has the choice between (i) the Traditional Alternative (as defined hereafter), (ii) the Unit-Linked Alternative (as defined hereafter) or (iii) a combination of (i) and (ii). **Traditional Alternative** means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain (bond) investments chosen by the relevant Insurance Company with a guaranteed minimum yield of 3 per cent. per year (lowered from a guaranteed minimum yield of 4 per cent per September 1999). **Unit-Linked Alternative** means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower.

**Revolving Credit Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Revolving Credit Mortgage Loans. A Revolving Credit Mortgage Loan is a revolving credit facility administered in an account ("*krediet in rekening courant*") under which the Borrower has the right, subject to certain conditions, to draw amounts up to the Revolving Credit Mortgage Loan Limit.

**Investment Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) 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 Seller has represented that under the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the relevant Originator for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises (*Nadere regeling gedragstoezicht financiële ondernemingen Wft*). The rights under these investments are pledged to the relevant Originator as security for repayment of the relevant



Investment Mortgage Loan, save in case of investments held with Stichting WestlandUtrecht Effectenbank Beleggersgiro (previously held by Nationale-Nederlanden Beleggingsrekening N.V. and Stichting Beleggingsgiro ING).

**Linear Mortgage Loans:**

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

**Annuity Mortgage Loans:**

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

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan. 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 90 per cent. of the Foreclosure Value of the Mortgaged Asset at origination.

## 6.3 ORIGINATION AND SERVICING

### Origination

#### *General*

The Mortgage Loans have been originated, prior to the Closing Date, by NN Leven (including former RVS (which entity merged with NN Leven on 1 January 2011)) and as of 1 July 2013 by NN Bank, each currently a subsidiary of ING Group, which is supervised by the Dutch Central Bank. The Mortgage Loans are serviced – both regular and special servicing - by NN Bank.

#### *Introduction*

The Mortgage Loans are distributed through independent intermediaries. This distribution process is currently managed by NN Bank. Mortgage Loans originated by former RVS were distributed through former RVS broker agents.

New mortgage loans are accepted on the basis of standard underwriting procedures. These procedures will not change once NN Bank takes over the role of originator. The principal items in the underwriting protocol are:

#### *Code of Conduct ("Gedragscode Hypothecaire Financieringen")*

The Code of Conduct has been a guideline since January 2007 for all Dutch financial institutions offering mortgage loans for the purchase, construction, refurbishment or refinancing of the borrower's property. Since 2011 the Code of Conduct has become obligatory. The Code of Conduct stipulates how to determine the maximum loan capacity of the borrower, and operates on a 'comply or explain' basis. This means that each mortgage loan provided needs to comply with the Code of Conduct or an appropriate explanation needs to be provided. The calculation of the maximum loan capacity is based on an annuity calculation (assuming an amortising notional schedule), an interest rate determined quarterly by the 'Contactorgaan Hypothecair Financiers (Dutch Association of Banks, NVB) and the maximum debt-to-income ratios (housing ratios), which depends on the income of the borrower. Currently, a minimum interest rate of 5.3 per cent applies to mortgage loans with a fixed rate of interest of up to a term of 10 years. For mortgage loans with longer fixed rate terms, the actual mortgage loan rates are to be used. Based on this interest rate and the duration of the loan a monthly payment is calculated. The total payments per year should be less than the maximum housing ratio.

#### *Income*

A vast majority of borrowers receives income from paid employment. For most other borrowers the income is generated from self-employed activity, pensions, social benefits or alimony. A check on the income is conducted by the relevant underwriter by requesting salary statements and a recent employer's declaration. Self-employed persons have to comply with predefined ratings from an internal rating model set forth in the standard underwriting procedures and/or have to submit full annual accounts (including an auditor's report or sign-off and definitive tax assessments) for the business over the past three years and forecast and orders for the current year. A director/majority shareholder is regarded as self-employed.

#### *National Credit Register (BKR)*

A check is completed on every borrower with the BKR. A negative credit registration on the borrower's name will, in principle, lead to a rejection of the mortgage loan request. However, such registration may be accepted in exceptional cases, when the cause of such registration proves to have been solved since more than two years and was of minimal importance.

#### *Collateral*

To determine the foreclosure / market value of the property securing the mortgage loan either a WOZ value statement or a valuation report by an independent registered valuer is used.

The independent registered valuer has to be known to the relevant intermediary of NN Leven and/or NN Bank and has to be a member of a selected organisation, being either the Dutch Association of Real Estate Brokers ("*Nederlandse Vereniging van Makelaars*"), the National Real Estate Brokers Association ("*Landelijke Makelaars Vereniging*"), the "*Vereniging van Registrervastgoed Taxateurs*", the "*Vereniging Bemiddeling Onroerend Goed*", the "*Registratie Makelaars-taxateurs*", or which is registered with either "*Stichting VastgoedCert, kamer Wonen*", with "*Stichting Certificering VBO-Makelaars*" or with "*Stichting Nederlands Register van Vastgoed Taxateurs*".

The independent registered valuer must be independent and may therefore not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located. In general, the market value of a property is usually the purchase price (see below for market values derived from WOZ valuations). NN Leven and NN Bank do not grant a mortgage loan when the purchase price is lower than € 90,000. The maximum principal amount outstanding under a mortgage loan varies between 90 per cent and 112.5 per cent of the market value of the property. The applicable percentage will depend on the type of a borrower's employment, the type of property, the use of the property and the type of the mortgage loan.

Valuations under NHG-guarantee are always subject to approval by an approved NHG validating institute, for example the NWWI ("*Nederlands Woning Waarde Instituut*").

Note that (i) before January 2008, NN Leven did not accept the WOZ value statement and always requested a valuation report, (ii) since January 2008, NN Leven accepts the WOZ value statement with a market value being 100 per cent. of the WOZ and (iii) since January 2013, NN Leven and NN Bank accept the WOZ value statement with a market value being 90 per cent. of the WOZ. The WOZ value statement has to meet the above mentioned criteria and is supplemented by a marketability declaration signed by the borrower.

#### *Mortgage Analysis Program (Hypotheek BeoordelingsSysteem, 'HBS')*

First checks are performed by the relevant underwriters (e.g. NN Leven and NN Bank) against the BKR and the SFH ("*Stichting Fraudebestrijding Hypotheken*") database verifying the amount of other outstanding credit lines in the name of the borrower and whether the borrower has been registered on a fraud list (including *Externe Verwijzings Applicatie* (EVA) and *Verificatie Informatie Systeem* (VIS)). The mortgage loan calculations are processed through a proprietary software mortgage analysis tool called "*Hypotheek BeoordelingsSysteem*" (HBS), which also calculates the maximum mortgage loan amounts that can be advanced. Once the mortgage loans have been approved, the software programme 'House' will generate the approved mortgage loan offer. Certain mortgage loans that are not approved in first instance (e.g. due to the loan amount requested or applications that do not comply with the standard protocols) can be approved manually at two levels by management or by Credit Risk Management (CRM), depending, among other things, on the amount of the mortgage loan requested. Periodically, internal audit checks are conducted to determine whether the mortgage loans are granted in conformity with the relevant underwriters's origination criteria. Approved and accepted mortgage loans are administered in the mortgage loan administration system, i.e. Homes.

#### *Acceptance*

Before final acceptance of a mortgage loan by a borrower, a check is performed by the underwriter on whether or not the borrower has met all the pre-conditions stated in the mortgage loan offer. After acceptance, the final terms of the mortgage deed are sent to the civil law notary. The civil law notary can only make the relevant advances to the borrower after the mortgage deed has been signed.

#### *Insurance*

Depending on the mortgage loan type, the full mortgage loan amount or the mortgage loan amount above 80 per cent of the market value has to be covered by a life insurance of the borrower whose income was taken into account for the loan acceptance.

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

#### *Security*

Each mortgage loan is secured by a first priority right (*eerste in rang*) or a first and sequentially lower priority right of mortgage in the form of a notarial deed, which is duly registered at the land register (*Kadaster*). When a mortgage deed is first presented for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. Each of NN Leven and NN Bank accepts in principle a second mortgage right if the first entry of a mortgage right is made in its name.

## Servicing

### *Introduction*

Until November 2010, ING Service Center Hypotheken B.V. ("**ING SCH**") was responsible for the mortgage loan administration of the Dutch business units of ING Group, including the non-commercial contacts with the clients. ING SCH is a 100 per cent subsidiary of ING Support Holding B.V., which in turn is a 100 per cent subsidiary of ING Group. ING SCH started its activities on 1 January 2002.

Since November 2010 WestlandUtrecht Bank N.V. has been responsible for the servicing and administration of the mortgage loans originated by WestlandUtrecht Bank N.V. and NN Leven (RVS). Currently NN Bank has taken over the role of servicing and arrears management. With this transfer, all servicing and special servicing related systems, staff and policies have moved to NN Bank.

### *Mortgage loan administration*

Following the granting of the loan and the creation of the mortgage loan, the regular administration of the mortgage loan in Homes commences. The portfolio administrative control is divided into collection procedure, administration, administrative control of arrears, technical administrative control, interest rate reviews and file creation.

### *Interest collection*

Interest is collected by direct debit. Each month the collection ("*incasso*") system in Homes automatically calculates the amount of interest (and redemption) due. The interest on mortgage loans originated by the relevant Originator is collected in arrears on the first business day of each month. The interest received is recorded in each borrower's ledger account, held by ING Insurance Eurasia at ING Bank. From then on, all payments per borrower are automatically recorded under each operating entity. This automated process has a very low fail rate. Failure can be caused by a change in bank account of the borrower (i.e. return of payments) without NN Leven and NN Bank being notified of an insufficient balance on the bank account to satisfy the payment. The Originators have no recollection facilities, i.e. the capability to retry to collect the amounts due with the client. The borrower will receive a first reminder on the ninth day following an unsuccessful automatic collection.

### *Special servicing / Arrears management*

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

- (i) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first, premium (insurance, investment and/or savings), second, penalty payment, third, interest and finally, repayment.
- (ii) After seven (7), fifteen (15), twenty-three (23) and thirty-seven (37) days, the borrower receives an automatically produced letter with a payment form attached.
- (iii) If, forty-five (45) days after the due date, payment has still not been received, the file is transferred to the arrears management department. A notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. The borrower receives a first manually prepared letter which announces that he will be subjected to a test in BKR to check for other outstanding debts. Depending on the outcome of this test, arrears management

can decide to speed-up the process. At this stage an arrears management employee becomes directly involved and enters into telephone contact with the borrower.

- (iv) If, more than ninety (90) days after the due date payment still has not been received, the arrears management employee calls the borrower, request that a budget survey is completed, and considers to make an attachment of earnings.
- (v) If no payment has been received one hundred and ten (110) to one hundred and thirty (130) days after the due date, a stronger letter is sent, the borrower is reported to the BKR and the mortgage loan is accelerated seven (7) days after notification thereof.
- (vi) After one hundred and twenty-seven (127) days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for each borrower. The file is transferred to a senior arrears management employee. Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimizing the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.
- (vii) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and the relevant Originator. This typically happens within the notice period of a maximum of 14 months delinquency.

#### *Foreclosure procedures*

If a borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the borrower's file is handed over to the intensive arrears management department of NN Bank to initiate foreclosure. This does not take place later than fourteen months after the date of the first monthly payment in arrear; however foreclosure may be initiated as soon as 4 months after such date if the arrears management department determines an accelerated foreclosure is in the relevant underwriter's best interest. An effort is always undertaken to try to find an agreed solution with the borrower, so foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no prospect of a foreseeable solution. Each of the Originators has the right to publicly sell (auction) the mortgaged property if the borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, the relevant Originator does not have to obtain court permission prior to foreclosing on the mortgaged property. However, after giving such notification, Dutch law requires that before a lender can foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and must be given reasonable time to comply with the lender's claims. Note that if the proceeds from the sale (auction) of the mortgaged property do not fully cover the claim of the relevant Originator, such Originator will outsource the collection of the remaining amount to a collection agency. In the case of a borrower's bankruptcy, the relevant Originator may foreclose on the borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time.

If NN Leven or NN Bank decides to sell the property, it is required to notify the parties directly involved, including the borrower as well as the person owning the property securing the mortgage loan (in the event that these are not the same parties). The notification must include the amount outstanding and the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale. Prior to foreclosure, the relevant Originator will request a new valuation report (or will index the most recent one when it is less than three months old). Based on this calculation, the relevant Originator may decide that the property should be sold either in a private sale or by public auction in order to maximise the sale value of the mortgaged property. A private sale can, and often does, replace a public auction, provided that the legal requirements are fulfilled (which include obtaining permission from the relevant district court for the private sale). In this case, the borrower offers the property for sale with the help of an estate agent and in close coordination with the arrears management department. Such procedure usually takes on average four to six months (but up to nine months, depending on the type of property and the location thereof). A public auction is envisaged as a last resort. In this case, when notification of foreclosure is made by the relevant Originator, formal instructions are given to a (dedicated) civil law notary. The date of the sale will be set by the civil law notary. Such procedure takes three months on average (depending on the region and the number of other foreclosures being handled by the relevant district court at the time). In the auction employees from arrears management are present. Their goal is to ensure that the beforehand determined minimum price is achieved. The distribution of the foreclosure proceeds depends on

whether there is only one mortgage holder or whether there are several. If there is one mortgage holder, the proceeds will be distributed to the mortgage holder after deducting the costs of foreclosure. In the case of more than one mortgage holder, the distribution of proceeds takes place according to the priority of the mortgage rights. In general, it takes on average two to four months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, the relevant Originator follows the requirements set forth in Dutch law and its manual.

#### *Outstanding amounts*

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

#### *Fraud desk*

All banks in the Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks ("*Nederlandse Vereniging voor Banken*"). A national fraud desk ("*Counter Hypotheken Fraude*") has been established through which all the banks notify each other of possible fraud cases. Within each of NN Leven and NN Bank, a fraud desk has been established for all mortgage loans. All known fraud cases are registered in an internal and external verification system that identifies fraudulent borrowers. Each new mortgage loan application is automatically run through this register. Additionally, new names added to the register are automatically cross checked within the existing mortgage loans.

The fraud desk actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process. In addition, a fraud site has been created on the intranet within each of NN Leven and NN Bank. Employees are well trained on the different aspects of possible fraud. All suspicious applications are screened and if necessary sent to the special fraud desk.

In case of the detection of fraud in respect of an existing mortgage loan, the policy of NN Leven and NN Bank is to accelerate the mortgage loan concerned and report the borrower to the police.

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a range of mortgage loan products<sup>1</sup> and a high degree of competition between mortgage lenders. The latter has recently been questioned by consumer organisations. In their view margins have become too high due to government interference. Banks who received government support were restricted in the sense that they are not allowed to be a price leader. The Dutch competition authority concluded in 2011 that this was not the case.<sup>2</sup> Due to new complaints by consumer organisations, and the argument that the approach chosen in the research was not sufficient, a new evaluation is currently conducted. Historic practices, culture and most importantly tax legislation (especially those pertaining to the deductibility of mortgage interest) have also shaped the Dutch residential mortgage market in quite a unique way.

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

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

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

### Tax deductibility and regulation

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

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

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

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

<sup>2</sup> NMA, Sectorstudie Hypotheekmarkt, 30 May 2011.

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

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

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

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

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

### Recent changes in regulation

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

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

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

### Foreclosures

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

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

<sup>7</sup> 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.

<sup>8</sup> M.T. van der Molen, 2012, Aanschaffen woning is makkelijker, January 2012.

<sup>9</sup> Rijksoverheid, 2012, Stabiliteitsprogramma Nederland, april 2012 actualisatie..

<sup>10</sup> CPB, 2012, Analyse economische effecten financieel kader Regeerakkoord, 29 October 2012.

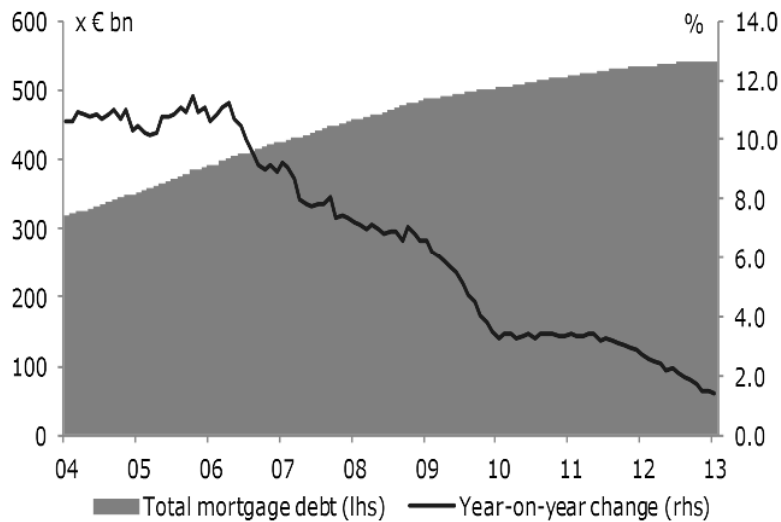
<sup>11</sup> Comparison of S&P 90+ day delinquency data,

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

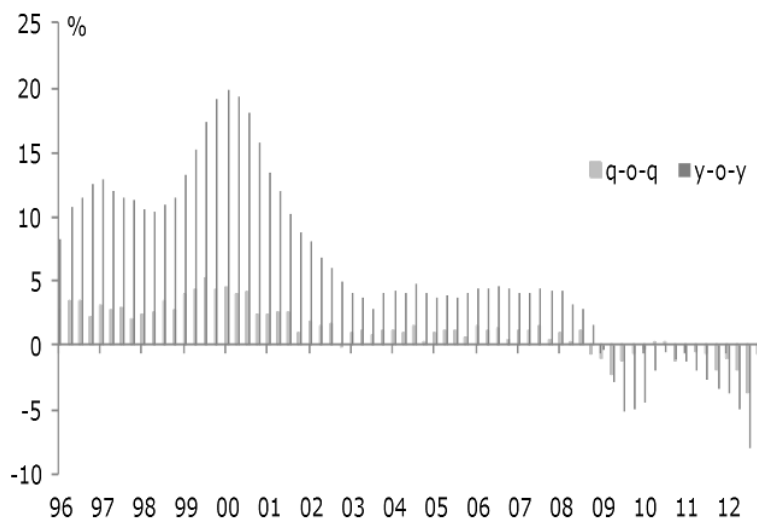


income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry (*Kadaster*) recorded 2,488 forced sales in 2012. In the fourth quarter of 2012 the number of foreclosures amounted to 669, compared to 891 in the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

**Chart 1: Total mortgage debt**

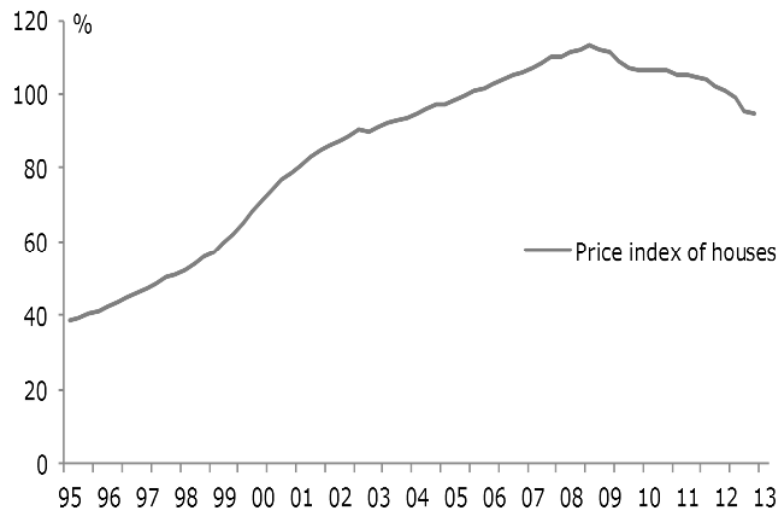


**Chart 2: Dutch property price development**



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

**Chart 3: Development house price index**



**Chart 4: Number of house sale transactions**

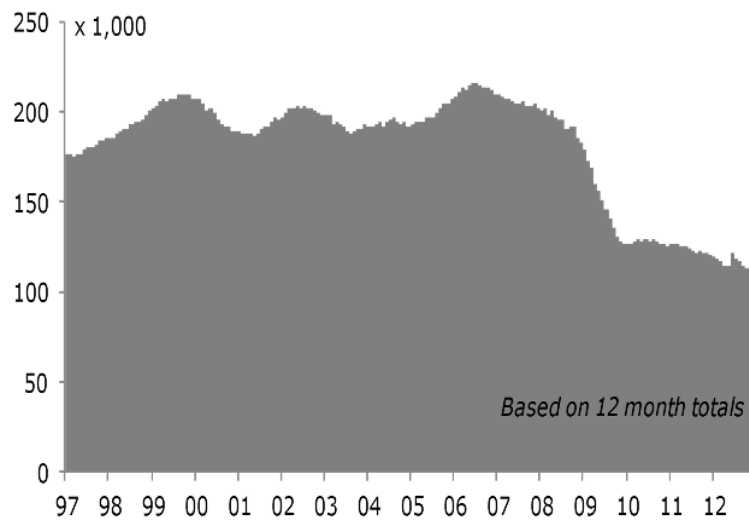
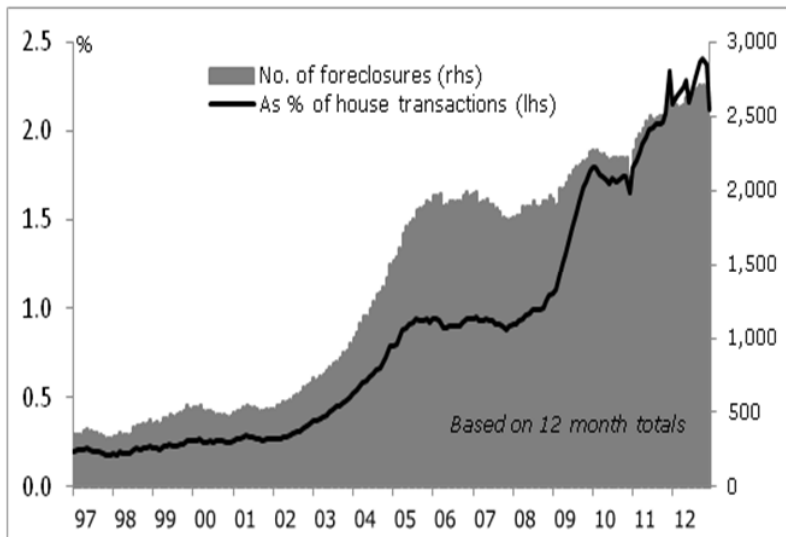


Chart 5: Number of foreclosures



## 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 will be 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.

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.

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a notarial Deed of Assignment and Pledge as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. In addition, pursuant to the Mortgage Receivables Purchase Agreement, on each Notes Payment Date, the Seller may, subject to the Replenishment Criteria being met, assign New Mortgage Receivables and Further Advance Receivables (including, as the case may be, Revolving Credit Mortgage Receivables) to the extent not previously assigned. This monthly (sale and) assignment will be effectuated by the Seller and the Issuer signing a Deed of Assignment and Pledge and by registering such deed (see Section 7.4 (*Portfolio Conditions*)). The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the Seller. The Seller will pay or procure payment to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

#### Purchase Price

The purchase price for the Mortgage Receivables shall consist of the Initial Purchase Price which shall be payable on the Closing Date or, in case of New Mortgage Receivables and Further Advance Receivables on the relevant Notes Payment Date and the Deferred Purchase Price. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 2,067,114,895.13, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-Off Date. An amount equal to EUR 6,960,410.84, being the Aggregate Construction Amount at Closing, will be withheld by the Issuer and will be deposited on the Construction Deposit Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

#### Repurchase

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable and the Beneficiary Rights relating thereto on the immediately succeeding Notes Payment Date if:

- (i) 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, provided that such matter is not being capable of being remedied or is not remedied within 14 days; or
- (ii) the Issuer does not purchase a Further Advance Receivable resulting from a Mortgage Loan in respect of which the relevant Originator has granted a Further Advance; or
- (iii) an Originator agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase such Mortgage Receivable; or
- (iv) the Insurance Savings Participant 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) in respect of Interest-Only Mortgage Loans, a third party assumes the debt of a Borrower under the relevant Interest-Only Mortgage Loan ("*overnemen van schuld*") or

- (vi) 50 per cent. or more of the aggregate Outstanding Principal Amount of all Mortgage Receivables at the Closing Date has been replenished and an independent accountant has conducted and completed an agreed-on procedures (AUP) review with respect to the Mortgage Receivables, which Mortgage Receivable results from a Mortgage Loan in respect of which a difference is observed between the information relating to such Mortgage Loan included in the sample and the information as included in the corresponding (scanned or hardcopy) mortgage file or present in the mortgage system for the Mortgage Loans as at the date of execution of the AUP; or
- (vii) (a) an NHG Mortgage Loan no longer has the benefit of an NHG Guarantee or (b) in respect of foreclosure of an NHG Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each time as a result of an action taken or omitted to be taken by an Originator or the Servicer.

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

#### **Clean-Up Call Option**

If on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables.

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

Under the terms of the Trust Deed, the Issuer may (i), on each Class A1 Optional Redemption Date, offer for sale (randomly selected) Mortgage Receivables having an aggregate Outstanding Principal Amount equal to the amount which is required to enable the Issuer to redeem the Class A1 Notes to the Seller, and on or after the Class A1 Pass-Through Payment Date, to a third party (which may also be the Seller), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Class A1 Notes (but not some only), at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a) and (ii), on each Class A2/A3/B/C Optional Redemption Date, offer for sale (randomly selected) Mortgage Receivables having an aggregate Outstanding Principal Amount equal to the amount which is required to enable the Issuer to redeem a Class or Subclass of Notes (other than the Class A1 Notes) to the Seller, and on or after the Class A2/A3/B/C Pass-Through Payment Date, to a third party (which may also be the Seller) (but not some only), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes (other than the Class A1 Notes), at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a).

Pursuant to the Trust Deed, the Issuer has the right to sell all (but not some only) of the Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(f)) or the Regulatory Call Option (in accordance with Condition 6(g)) is exercised, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, subject to Condition 9(a).

Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell all (but not some only) of the Mortgage Receivables if the Clean-Up Call Option is exercised by the Seller, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, in accordance with Condition 9(a).

If the Issuer decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or following the exercise of the Tax Call Option or the Regulatory Call Option, as described above, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to first offer such Mortgage Receivables to the Seller and if the Seller does not accept such offer within 14 Business Days, to instruct the Issuer Administrator to select within 30 calendar days one or more third parties to make a binding offer to purchase the Mortgage Receivables.

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer shall be at least equal to the



relevant Outstanding Principal Amount at such time, increased with interest due but not paid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings with the Mortgage Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) with respect to NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable up to the relevant date of such sale or repurchase.

#### **Assignment Notification Events**

if – *inter alia* –:

- (a) a default is made by an Originator in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) an Originator fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document (as defined in Condition 3) to which it is a party and such failure, if capable of being remedied, is not remedied within 20 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables, or under any of the Transaction Documents to which the Seller is a party or if any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) an Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of Wft as amended from time to time, or (preliminary) suspension of payments ("*voorlopige surseance van betaling*"), or for bankruptcy ("*faillissement*") or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) an Originator has taken any corporate action or other steps have been taken or legal proceedings have been instituted against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") or its assets are placed under administration ("*onder bewind gesteld*"); or
- (f) 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) a Pledge Notification Event has occurred,

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

- (i) notify or ensure that the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of the assignment of the Mortgage Receivables and Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself; and

- (ii) if so requested by the Security Trustee and/or the Issuer, make the appropriate entries in the relevant public registers ("*Dienst van het Kadaster en de Openbare Registers*") relating to the assignment of the Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller shall grant an irrevocable power of attorney to the Issuer and the Security Trustee,

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

**"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

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

- (a) the Mortgage Receivable and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of New Mortgage Receivables and/or Further Advance Receivables, the relevant Notes Payment Date;
- (b) the Mortgage Receivable was originated by the relevant Originator and the relevant Originator is entitled to collect ("*inningsbevoegd*") the Mortgage Receivable;
- (c) the Seller has full right and title to the Mortgage Receivables and the Beneficiary Rights relating thereto and it has power ("*is beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and transfer of the Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables are capable of being transferred or pledged;
- (d) the Seller has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) 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 a first ranking or first and sequential lower ranking mortgage right ("*hypotheekrecht*") on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands and governed by Dutch law;
- (g) each Mortgage Loan is denominated in euro;
- (h) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (i) each mortgage deed used by the relevant Originator in respect of a Mortgage Loan does not contain any specific wording to the extent that the mortgage right or right of pledge will not follow the receivable if it is assigned to a third party;
- (j) each Mortgaged Asset concerned was, at the time of initial underwriting, valued (i) by an independent qualified valuer, whereby valuations are not older than six months prior to the date of the mortgage application by the Borrower, (ii) in case the valuation of the Mortgage Loans was based on an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"), the original foreclosure value did not exceed 100% of such valuation by the Netherlands tax authorities, or (iii) in case of newly built Mortgaged Assets, the foreclosure value is based upon the construction costs, i.e. the sum of (a) purchase price of the land + building costs (the so-called "*koop/aanneemovereenkomst*") and (b) 50% of the additional works ("*meerwerk*"). In case of Further Advances or renewals, the valuation assessment of the Mortgaged Asset for purposes of underwriting was performed not more than six months prior to the date of the application by the Borrower for a Further Advance or renewal. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction;
- (k) each Mortgage Receivable and each mortgage right and right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;

- (l) all Mortgages and Borrower Pledges granted to secure the Mortgage Receivables, except for pledges in respect of an *effectengiro*, (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 rights of pledge respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority or first and sequentially lower ranking priority and (iii) 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 up to an amount equal to at least 40 per cent. of such Outstanding Principal Amount, therefore in total up to a maximum amount equal to 140 per cent. of the Outstanding Principal Amount of the Mortgage Receivable;
- (m) the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, originated in and after August 2011 did not at origination exceed 106 per cent. of the Original Market Value of the relevant Mortgaged Assets;
- (n) each of the Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and in the forms of mortgage deeds attached to the Mortgage Receivables Purchase Agreement;
- (o) each of the Mortgage Loans and each of the Insurance Policies offered by it has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, and with the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") 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;
- (p) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Originator, except for pledges in respect of an *effectengiro*, and the securities are purchased on behalf of the relevant Borrower by:
  - (i) an investment firm ("*beleggingsonderneming*") in the meaning ascribed thereto in the Wft, being either a broker ("*bemiddelaar*") or an asset manager ("*vermogensbeheerder*"), which is by law obliged to administer the securities in the name of the relevant Borrower through a bank (see the next paragraph) or a separate securities giro ("*effectengiro*"); or
  - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depository vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
- (q) with respect to Savings Mortgage Loans, the relevant Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Originator has been validly appointed as beneficiary ("*begunstigde*") under such policy which has been notified to the Savings Insurance Participant or (ii) the Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of such Savings Mortgage Loan;
- (r) each of the Life Mortgage Loans or Switch Mortgage Loans has the benefit of a valid right of pledge on the rights under a Life Insurance Policy and either (i) the relevant Originator has been validly appointed as beneficiary ("*begunstigde*") under such Life Insurance Policies upon the terms of such Life Mortgage Loans and Switch Mortgage Loans and the relevant Life Insurance Policies, 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 Life Mortgage Receivable or Switch Mortgage Receivable;
- (s) with respect to Life Mortgage Loans taken out with a Life Insurance Company other than NN Leven (i) the Life Mortgage Loan and the Life Insurance Policy are in the relevant Originator's or the Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (ii) the Borrower is not obliged to enter into the Life Insurance Policy with a Life Insurance Company which is a group company of the relevant Originator;

- (t) with respect to Bank Savings Mortgage Loans, the relevant Originator has the benefit of a valid right of pledge on the rights under the relevant Bank Savings Account;
- (u) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (v) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts ("*leningdelen*");
- (w) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (x) 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 due if the long lease terminates for whatever reason;
- (y) 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 buildings insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*");
- (z) the Mortgage Conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without any set-off;
- (aa) each Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (bb) the particulars as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and the Escrow List of Loans relating to the Mortgage Loans are correct and complete in all material respects;
- (cc) with respect to each Mortgage Loan or relevant loan part which has the benefit of an NHG Guarantee, (i) the NHG Guarantee is granted for the full amount of the Mortgage Loan or relevant loan part excluding, in general, a Further Advance, (ii) the NHG Guarantee was in compliance with all terms and conditions ("*voorwaarden en normen*") applicable to it at the time of origination of the Mortgage Loans or relevant loan part and (iii) the relevant Originator has not done anything or omitted to do anything which could compromise the enforceability of its claim nor is the relevant Originator aware of any reason why any claim under any NHG Guarantee granted by Stichting WEW in respect of the Mortgage Loan or relevant loan part should not be met in full and in a timely manner;
- (dd) other than the Construction Deposit, 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;
- (ee) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date is equal to the Initial Purchase Price;
- (ff) interest payments in respect of the Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
- (gg) the notarial Mortgage Deeds ("*minuut*") relating to the Mortgages are kept by a civil law 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 on behalf of it by the Servicer;
- (hh) the Loan Files contain evidence of (i) the existence and ranking of the Mortgages, (ii) the principal sum for which the Mortgages were vested and (iii) the valuation of the Mortgage Assets;
- (ii) it can be determined in its administration which Beneficiary Rights relate to which Mortgage Receivables; and

(jj) payments made under the Mortgage Receivables are not subject to withholding tax.

In the Mortgage Receivables Purchase Agreement, the Seller will undertake to, upon the occurrence of an Audit Trigger Event, instruct an independent auditor to audit the Loan Files with respect to the Defaulted Mortgage Loans on a monthly basis. Such audit shall relate to a potential breach of the representation and warranty set forth under item (hh). Should the audit establish that there is a breach of the representation and warranty set forth under item (hh), the Seller shall undertake to repurchase the Mortgage Receivables resulting from such Defaulted Mortgage Loans in accordance with the Mortgage Receivables Purchase Agreement.

### 7.3 MORTGAGE LOAN CRITERIA

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

- (i) the Mortgage Loans are either:
  - a) Savings Mortgage Loans ("*spaarhypotheken*");
  - b) Switch Mortgage Loans;
  - c) Bank Savings Mortgage Loans ("*bankspaarhypotheken*");
  - d) Life Mortgage Loans ("*levenhypotheken*");
  - e) Revolving Credit Mortgage Loans ("*krediet in rekening-courant*");
  - f) Investment Mortgage Loans ("*beleggingshypotheken*");
  - g) Linear Mortgage Loans ("*lineaire hypotheken*");
  - h) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
  - i) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"); or
  - j) Mortgage Loans which combine any of the above mentioned types of mortgage loans;
- (ii) the Borrower is a private individual, a resident of the Netherlands and not an employee of the Seller or any of its group companies;
- (iii) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking mortgage rights;
- (iv) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (v) interest payments are scheduled to be made monthly;
- (vi) the maximum Outstanding Principal Amount of each Mortgage Loan, or all such Mortgage Loans secured by the same Mortgaged Asset together, did not exceed 130 per cent. of the Original Foreclosure Value of the Mortgaged Asset upon origination or as determined in the most recent valuation report;
- (vii) no Mortgage Loan or part thereof qualifies as a bridge loan ("*overbruggingshypotheek*");
- (viii) each Mortgaged Asset is located in the Netherlands;
- (ix) on the Cut-Off Date or, in the case of New Mortgage Loans, the first day of the month wherein the Issuer purchased such New Mortgage Loans, no amounts due under any of the Mortgage Loans acquired on such date were overdue and unpaid;
- (x) each Mortgage Loan (or all Loan Parts in respect of a Mortgage Loan) has a fixed rate of interest;
- (xi) all Mortgaged Assets are used for residential purposes;
- (xii) the Outstanding Principal Amount of each Mortgage Loan or the aggregate Outstanding Principal Amount of all Mortgage Loans secured on the same Mortgaged Asset does not exceed EUR 1,000,000;
- (xiii) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
- (xiv) none of the Borrowers has a negative BKR registration ("*BKR codering*") upon origination;
- (xv) all Mortgage Loans have been executed on or after 1 January 1992;
- (xvi) each Mortgage Loan, save Interest-only Mortgage Loans in respect of which an offer is made prior to 24 September 2012, has a legal maturity of not more than thirty (30) years and one month; and

- (xvii) the Mortgage Receivable has not been based on a self-certified income statement or advisor-verified income statement of the Borrower.



## 7.4 PORTFOLIO CONDITIONS

### Replenishment

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment Date until (but excluding) the Replenishment End Date use the Replenishment Available Amount, subject to the satisfaction of the Replenishment Conditions, to purchase and accept the assignment of the New Mortgage Receivables and/or Further Advance Receivables from the Seller, if and to the extent offered by the Seller. On the first Notes Payment Date, the Replenishment Available Amount shall be increased with an amount equal to the aggregate amount of repayments and prepayments of principal under the Mortgage Receivables received or to be received by the relevant Originator between the Cut-Off Date and the Closing Date ( the "**Initial Purchase Price Overpaid Amount**").

The purchase price payable by the Issuer as consideration for any New Mortgage Receivables and Further Advance Receivables shall be equal to the Initial Purchase Price in respect thereof and the relevant part of the Deferred Purchase Price at the date of completion of the sale and purchase thereof.

### Replenishment Conditions

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

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the New Mortgage Receivables and/or Further Advance Receivables to be sold and assigned by the Seller to the Issuer;
- (b) no Notification Event has occurred and is continuing;
- (c) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Replenishment Available Amount is sufficient to pay the purchase price for the relevant New Mortgage Receivables and/or Further Advance Receivables;
- (e) as from (i) the Notes Payment Date on which the amount standing to the balance of the Reserve Account is at the Reserve Account Target Level for the first time or (ii) the Notes Payment Date falling in July 2014, whichever is earlier, the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
- (f) no drawing has been made or has been requested under the Cash Advance Facility Agreement;
- (g) there is no debit balance on the Class A Principal Deficiency Ledger;
- (h) not more than 2 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables is in Arrears for a period exceeding 60 days;
- (i) the aggregate of the Realised Loss incurred as from the Closing Date up to the relevant Notes Payment Date does not exceed 2 per cent. of the initial aggregate Outstanding Principal Amount of the Mortgage Loans at the Closing Date;
- (j) the weighted average Current Loan to Original Market Value Ratio of all Mortgage Loans shall not exceed 81 per cent.;
- (k) the aggregate Outstanding Principal Amount of the Mortgage Loans (i) having a Current Loan to Original Market Value Ratio less than 80 per cent. does not fall below 42 per cent. of the Outstanding Principal Amount of all Mortgage Loans; (ii) having a Current Loan to Original Market Value Ratio less than 100 per cent. does not fall below 78.5 per cent. of the Outstanding Principal Amount of all Mortgage Loans; (iii) having a Current Loan to Original Market Value Ratio less than 120 per cent. does not fall below 98 per cent. of the Outstanding Principal Amount of all Mortgage Loans;
- (l) the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans does not exceed 45 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (m) the aggregate Outstanding Principal Amount of all Life Mortgage Loans does not exceed 9 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (n) the aggregate Outstanding Principal Amount of all Savings Mortgage Loans does not exceed 40 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (o) the aggregate Outstanding Principal Amount of all Investment Mortgage Loans does not exceed 5.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;

- (p) the aggregate Outstanding Principal Amount of all Switch Mortgage Loans does not exceed 4 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (q) the aggregate Outstanding Principal Amount of all Revolving Credit Mortgage Loans does not exceed 1.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (r) the aggregate Outstanding Principal Amount of all Mortgage Loans which are self-employed does not exceed 11 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (s) the aggregate Outstanding Principal Amount of all Mortgage Loans with a Construction Deposit of more than EUR 2,500 does not exceed 4.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (t) the aggregate Outstanding Principal Amount of all NHG Mortgage Loans does not fall below 15 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (u) the weighted average interest rate on the Mortgage Loans does not fall below 4.25 per cent.;
- (v) the loan to income ratio of each of the Mortgage Loans does not exceed 7.5;
- (w) the aggregate Outstanding Principal Amount of all Mortgage Loans with a loan to income ratio of less than 4.5 does not fall below 70 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (x) the aggregate Outstanding Principal Amount of Mortgage Loans which have been valued upon origination of the basis of (i) a valuation report by an independent registered valuer or (ii) an at that time recent assessment by the tax authorities (WOZ) does not fall below 65 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (y) the aggregate Outstanding Principal Amount of all Mortgage Loans with a valuation type 'desktop' does not exceed 12 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans; and
- (z) for each New Mortgage Loan, no amounts have been overdue and unpaid at any time during a period of twelve months preceding the first day of the month immediately preceding the month wherein the Issuer purchased such New Mortgage Loan.

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

## Substitution

### *Substitution of Mortgage Receivables in view of weighted average interest rate on the Mortgage Loans*

Prior to notification to the Borrowers of the assignment of the Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement, the Seller shall determine and set the Mortgage Interest Rates in accordance with the Mortgage Conditions, irrespective whether it sets the Mortgage Interest Rates for itself or on behalf of the Issuer. The Seller shall (a) not at any time set the Mortgage Interest Rates at a level which at such time is materially below or above the then current market rates at such time as offered by the Reference Mortgage Lenders for loans which are comparable in all material respects to the Mortgage Loans and (b) will use its best efforts, subject to applicable law and regulations, including, without limitation, principles of reasonableness and fairness, to ensure that the weighted average interest rate of the Mortgage Receivables shall be at least 4.25 per cent. (the "**Mortgage Interest Rate Policy**"). Following notification to the Borrowers of the assignment and/or for as long as the Seller no longer determines and sets the Mortgage Interest Rates in accordance with the Mortgage Conditions, pursuant to the Trust Deed, the Issuer shall determine and set the Mortgage Interest Rates in accordance with the Mortgage Conditions and the Mortgage Interest Rate Policy. The Issuer has instructed the Servicer, in the Servicing Agreement, to, upon it becoming obliged to determine and set the Mortgage Interest Rates, determine and set the Mortgage Interest Rates in accordance with the Mortgage Conditions and the Mortgage Interest Rate Policy.

In the event that on any date the weighted average interest rate of the Mortgage Receivables falls below 4.25 per cent., on the immediately following Notes Payment Date, (i) the Seller shall repurchase and the Issuer will sell and assign such Mortgage Receivables and the Beneficiary Rights relating thereto having an interest rate lower than 4.25 per cent. at such time and (ii), the Seller shall sell and assign and the Issuer shall purchase New Mortgage Receivables and any Beneficiary Rights relating thereto having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time, such that following such repurchase and sale the weighted average interest rate of the Mortgage Receivables shall be at least 4.25 per cent.

*Substitution of Mortgage Receivables in view of a Set-Off Amount*

The Seller has the right, on each Notes Payment Date, to (i) repurchase Mortgage Receivables and the Beneficiary Rights relating thereto to which a Set-Off Amount relates and (ii) sell and assign New Mortgage Receivables and any Beneficiary Rights relating thereto which do not incur or incur a lower Set-Off Amount, having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time and the Issuer has the obligation to sell the Mortgage Receivables and Beneficiary Rights referred to under (i) and to purchase the New Mortgage Receivables and the Beneficiary Rights relating thereto under (ii).

*Substitution of Mortgage Receivables in view of an Other Claim*

The Seller has the right, on each Notes Payment Date, to (i) repurchase Mortgage Receivables and the Beneficiary Rights relating thereto to which an Other Claim relates and (ii) sell and assign New Mortgage Receivables and any Beneficiary Rights relating thereto in respect of which no or a lower Other Claim exists, having an aggregate outstanding principal amount equal to (but never in excess of) the Outstanding Principal Amount of the Mortgage Receivables repurchased by the Seller at such time and the Issuer has the obligation to sell the Mortgage Receivables and Beneficiary Rights referred to under (i) and to purchase the New Mortgage Receivables and the Beneficiary Rights relating thereto under (ii).

The Seller shall not repurchase from the Issuer and the Issuer shall not sell to the Seller, Mortgage Receivables which are in Arrears for a period exceeding 90 days. Any repurchase by the Seller and sale by the Issuer in view of (i) weighted average interest rate on the Mortgage Loan, (ii) a Set-Of Amount and (iii) an Other Claim ("**Substitution**"), shall be made in accordance with and subject to the Mortgage Receivables Purchase Agreement and any sale by the Seller and purchase by the Issuer in connection with Substitution shall be made in accordance with and subject to the Mortgage Receivables Purchase Agreement, including, without limitation, the Replenishment Conditions.

## 7.5 SERVICING AGREEMENT

### Servicing Agreement

In the Servicing Agreement the Servicer will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral (see further *Origination and Servicing* above) and (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 will, in accordance with the terms of the Servicing Agreement, initially appoint NN Bank as its Sub-Servicer to carry out (part of) the activities described above.

In the Servicing Agreement the Security Trustee and the Issuer will agree to use their best efforts to appoint a back-up servicer within forty (40) Business Days if at any time the rating of the Servicer's long-term unsecured, unsubordinated and unguaranteed debt obligations falls below Baa3 by Moody's or the Servicer's issuer default rating falls below BBB- by Fitch or such rating is withdrawn. The back-up servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or the Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder*") under the Wft. In addition the Servicing Agreement may be terminated by the Servicer 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 Agreement**

Under the Insurance Savings Participation Agreement the Issuer will grant to the Insurance Savings Participant 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.

### **Insurance Savings Participation**

In the Insurance Savings Participation Agreement, the Insurance Savings Participant will undertake to pay to the Issuer:

- (i) the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative at (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, the Closing Date or (b) thereafter in each case of the purchase and assignment of New Savings Mortgage Receivables and New Switch Mortgage Receivables with a Savings Alternative by the Issuer at the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative, the immediately succeeding Mortgage Collection Payment Date;
- (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 the 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 the Insurance Savings Participant described above, the Issuer will undertake to pay to the 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 Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (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 the Insurance Savings Participant or, for whatever reason, an 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 such 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 the Insurance Savings Participant may, and if so directed by the 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;
- (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 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 Insurance Savings Participant. If so requested by the relevant Insurance Savings Participant, 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 an Insurance Savings Participation Agreement with the Insurance Savings Participant in a form similar to the Insurance Savings Participation Agreement. Furthermore, 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 Insurance Savings Participant has received the Insurance Savings Participation in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable.

#### **Bank Savings Participation Agreement**

Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a Bank Savings Participation and a Bank Savings Bonus Amount Participation in the Bank Savings Mortgage Receivables.

#### **Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer:

- (i) the Initial Bank Savings Participation (a) at the Closing Date or (b) thereafter in each case of the purchase and assignment of New Mortgage Receivables which qualify as Bank Savings Mortgage Receivables at the relevant Notes Payment Date;
- (ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the Bank Savings Participant on the relevant Bank Savings Account in relation to the Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date,
- (iii) any Bank Savings Bonus Amount accrued during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date;

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

As a consequence of such payments, the Bank Savings Participant will acquire (i) a Bank Savings Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation in respect of the Bank Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Bank Savings Participation Increase and (ii) a Bank Savings Bonus Amount Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Bank Savings Bonus Amount, if applicable.

In consideration for the undertaking of the Bank Savings Participant described above, the Issuer will undertake to pay to the Bank Savings Participant on each Mortgage Collection Payment Date an amount equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (i) by means of repayment and prepayment under the Bank Savings Mortgage Receivables, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Bank Savings Mortgage Receivable, (ii) in connection with a repurchase of Bank Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Bank Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Bank Savings Mortgage Receivables to the extent such amounts relate to principal (the "**Bank Savings Participation Redemption Available Amount**").

#### **Reduction of 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 Bank Savings Mortgage Receivable or if, for whatever reason, the Bank Savings Participant does not pay the amounts due under the Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Bank Savings Mortgage Receivable, the sum of the Bank Savings Participation and the Bank Savings Bonus Amount Participation of the Bank Savings Participant in respect of such Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

#### **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 any Bank Savings Participant may, and if so directed by the Bank Savings Participant shall, by notice to the Issuer:

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

#### **Termination**

If one or more of the Bank Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Bank Savings Participation and the Bank Savings Bonus Amount Participation in such Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount and the Bank Savings Bonus Amount in respect of the Bank Savings Mortgage Receivables will be paid by the Issuer to the Bank Savings Participant. If so requested by the Bank Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the Bank Savings Mortgage Receivables will enter into a bank savings participation agreement with the Bank Savings Participant in a form similar to the Bank Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Bank Savings Participant has received the Bank Savings Participation and the Bank Savings Bonus Amount Participation in respect of the Bank Savings Mortgage Receivables.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on or about 1 July 2013.
2. Application has been made to list the Class A Notes on the Euronext Amsterdam. The estimated expenses relating to the admission to trading of the Class A Notes on the regulated market of Euronext Amsterdam are approximately EUR 18,000.
3. The Class A1 Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 094563208 and ISIN NL0010511093.
4. The Class A2 Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 094563291 and ISIN NL0010511101.
5. The Class A3 Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 094563330 and ISIN NL0010511119.
6. The Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 094563348 and ISIN NL0010511069.
7. The Class C Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 094563356 and ISIN NL0010511077.
8. The address of the clearing system is: Euroclear Netherlands, Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.
9. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 6 June 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 and Pledge;
  - (iv) the Notes Purchase Agreement;
  - (v) the Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Parallel Debt Agreement;
  - (viii) the Issuer Rights Pledge Agreement;
  - (ix) the Issuer Mortgage Receivables Pledge Agreement;
  - (x) the Servicing Agreement;
  - (xi) the Administration Agreement;
  - (xii) the Issuer Account Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Insurance Savings Participation Agreement;
  - (xv) the Bank Savings Participation Agreement;



- (xvi) the Cash Advance Facility Agreement;
  - (xvii) any Financial Collateral 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](http://www.dutchsecuritisation.nl).
- 13. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Notes are listed on Euronext Amsterdam 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 confirms that it will undertake that:
  - (A) it will disclose in the first Investor Report the amount of the Notes:
    - (I) privately-placed with investors which are not in the ING Group;
    - (II) retained by a member of the ING Group; and
    - (III) publicly-placed with investors which are not in the ING Group;
  - (B) in relation to any amount initially retained by a member of the ING Group, but subsequently placed with investors which are not in the ING Group, it will (to the extent permissible) disclose such placement in the next Investor Report.
- 16. The Issuer, or the Issuer Administrator on its behalf, will provide the following post-issuance transaction information on the transaction: (i) a monthly report on the performance of the Mortgage Receivables, including the arrears and the losses, and an Investor Report (available on each Notes Payment Date) on the Notes admitted to trading in each case to be obtained at: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl), (ii) the Issuer confirms that the transaction information under item (i) will remain available until redemption in full of the Notes on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). The Investor Report will contain a glossary of the defined terms used in such report.
- 17. NN Bank, as Issuer Administrator on behalf of the Issuer, will make available loan-by-loan information (i) on the Mortgage Receivables prior to the issue date which information can be obtained upon request from NN Bank and (ii) after the issue date, on a monthly basis, which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> within one month after the relevant Notes Payment Date.
- 18. NN Bank, as Issuer Administrator on behalf of the Issuer, will make available to investors from the issue date until redemption in full of the Notes a cash flow model of the transaction described in this Prospectus via Bloomberg.
- 19. The accountants at Ernst & Young Accountants LLP are registered accountants ("*registeraccountants*") and are a member of the Netherlands Institute for Registered Accountants ("*NIVRA*").
- 20. ING Bank is acting solely in its capacity as listing agent for the Issuer in connection with the Class A Notes and is not itself seeking admission of these Notes to the Official List of Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive.
- 21. 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 CRD, paragraph *Portfolio Information* in Section 1.6 (*Overview*), 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 is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

## GLOSSARY OF DEFINED TERMS

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

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

### 1 DEFINITIONS

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

+ **"Audit Trigger Event"** mean an event upon which the aggregate of the Realised Loss incurred as from the Closing Date up to the relevant Notes Payment Date exceeds 2 per cent. of the initial aggregate Outstanding Principal Amount of the Mortgage Loans at the Closing Date, which is continuing;

+ **"Actual Collected Transfer Amount"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

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

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

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

+ **"Agreement to Assign"** means the mortgage receivables purchase agreement between the Seller and NN Leven dated 1 July 2013;

**"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 NN Bank;

**"Arrears"** means an amount that is overdue exceeding EUR 1;

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

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

+ "**Assignment Notification Stop Instruction**" has the meaning ascribed thereto in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

+ "**Available Credit Facility**" means, in respect of Revolving Credit Mortgage Loans, the difference between the Revolving Credit Mortgage Loan Limit and the Outstanding Principal Amount or zero, if the facility is terminated pursuant to the terms of the Revolving Credit Mortgage Loan;

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

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

"**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(c) (*Definitions*);

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

"**Bank Savings Account**" means in respect of a Bank Savings Mortgage Loan, a blocked savings account in the name of a Borrower held with the Bank Savings Participant;

+ "**Bank Savings Bonus Amount**" means each bonus amount in respect of a Bank Savings Mortgage Loan to which the Borrower becomes entitled on a "*Drempeldatum*" (as defined in the terms and conditions of the Bank Savings Mortgage Loans), during the Mortgage Calculation Period immediately preceding the Mortgage Collection Payment Date;

+ "**Bank Savings Bonus Amount Participation**" means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to aggregate Bank Savings Bonus Amount, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

+ "**Bank Savings Bonus Amount Participation Fraction**" means in respect of each Bank Savings Mortgage Receivable, an amount equal to the Bank Savings Bonus Amount Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;

"**Bank Savings Deposit**" means, in relation to a Bank Savings Mortgage Loan, the balance standing to the credit of relevant Bank Savings Account;

"**Bank 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 makes a deposit into the relevant Bank Savings Account on a monthly basis;

"**Bank Savings Mortgage Receivable**" means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

"**Bank Savings Participant**" means the Seller;

"**Bank Savings Participation**" means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings

Mortgage Receivable increased with each Bank 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 Bank Savings Mortgage Receivable;

**"Bank Savings Participation Agreement"** means the bank savings participation agreement between the Issuer, the Bank Savings Participant and the Security Trustee dated the Signing Date;

**"Bank Savings Participation Increase"** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = Participation Fraction;

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

I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

**"Bank Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in Section 7.6 (*Participation Agreements*) of this Prospectus;

+ **"Bank Savings Participation Rights"** means any and all rights of the Issuer vis-à-vis the Bank Savings Participant under or in connection with the Bank Savings Participation Agreement;

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

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

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

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

**"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 ("*begunstigde*") in connection with the relevant Mortgage Receivable;

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

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

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

**"Borrower Insurance Pledge"** means a right of pledge ("*pandrecht*") created in favour of the 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) when used in the definition of Notes Payment Date 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 and London and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;

+ **"Capital Requirement Trigger"** means, the event upon which the Seller fails to meet the capital requirements under CRD in force at any date after the Closing Date, as evidenced by a certificate issued by the Seller to the Issuer and the Security Trustee two (2) Business Days prior to the Notes Payment Date falling in January and July of each year, for two consecutive dates on which a certificate is issued;

+ **"Cash Advance Facility"** means the cash advance facility under the Cash Advance Facility Agreement;

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

**"Cash Advance Facility Maximum Amount"** means an amount equal to 1.00 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date;

**"Cash Advance Facility Provider"** means BNG Bank;

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

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

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

**"Class A Notes"** means the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, collectively;

+ **"Class A1 First Optional Redemption Date"** means the Notes Payment Date falling in November 2017;

**"Class A1 Notes"** means the EUR 330,000,000 Class A1 Mortgage-Backed Notes 2013 due 2097;

+ **"Class A1 Optional Redemption Date"** means any Notes Payment Date from (and including) the Class A1 First Optional Redemption Date up to (and excluding) the Final Maturity Date;

+ **"Class A1 Pass-Through Payment Start Date"** means the Notes Payment Date falling in November 2018;

**"Class A2 Notes"** means the EUR 525,000,000 Class A2 Mortgage-Backed Notes 2013 due 2097;

+ **"Class A2/A3/B/C First Optional Redemption Date"** means the Notes Payment Date falling in November 2020;

+ "**Class A2/A3/B/C Optional Redemption Date**" means any Notes Payment Date from (and including) the Class A2/A3/B/C First Optional Redemption Date up to (and excluding) the Final Maturity Date;

+ "**Class A2/A3/B/C Pass-Through Payment Start Date**" means the Notes Payment Date falling in November 2023;

"**Class A3 Notes**" means the EUR 750,000,000 Class A3 Mortgage-Backed Notes 2013 due 2097;

"**Class B Notes**" means the EUR 100,000,000 Class B Mortgage-Backed Notes 2013 due 2097;

"**Class C Notes**" means the EUR 60,000,000 Class C Mortgage-Backed Notes 2013 due 2097;

"**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 aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;

"**Closing Date**" means 8 July 2013 or such later date as may be agreed between the Issuer and NN Bank;

"**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*);

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

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

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

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

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

+ "**CRA Regulation**" means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 513/2011 of 18 May 2011;

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

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

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

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "**confirmation**");

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

**"Current Loan to Original Foreclosure Value Ratio"** means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Foreclosure Value;

+ **"Current Loan to Original Market Value Ratio"** means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Market Value;

**"Cut-Off Date"** means 31 May 2013;

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

**"Defaulted Mortgage Loan"** means a Mortgage Loan that is in arrears for at least 90 days;

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

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

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

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

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

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

**"DSA"** means the Dutch Securitisation Association;

+ **"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, the Switch Mortgage Receivable with a Savings Alternative and the Bank Savings Mortgage Receivables, 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, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, including, without limitation, amounts recovered under or in connection with the trustee indemnification, but only to the extent such amounts exceed the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivable; 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, less a part *pro rata* to the proportion the aggregate Participation in all Insurance Savings Mortgage Receivables, Switch Mortgage Receivable with a Savings Alternative and Bank Savings Mortgage Receivables 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 the 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 Insurance Savings Mortgage Receivables, the Switch Mortgage Receivable with a Savings Alternative and Bank Savings Mortgage Receivables 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;

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

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

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

+ **"Estimated Collected Transfer Amount"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

**"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"** means the Euro Interbank Offered Rate for one month deposits in euros 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 (Brussels time) on any day, provided that if, on such date, such 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, the Reference Agent will (A) request the principal Euro-zone office of each of the Euribor Reference Banks selected by the Reference Agent to provide a quotation for the rate at which one month EUR deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Brussels time) on the relevant 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 (C) 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 (Brussels time) on the relevant date for one month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time;

+ **"Euribor Reference Banks"** means four major banks in the Euro-zone interbank market;

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

**"Euronext Amsterdam"** means NYSE Euronext in Amsterdam;

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

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

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

**"Extraordinary Resolution"** means a resolution passed at a Meeting 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 November 2097;

+ **"Financial Cash Collateral Account"** means the account created for the purpose of recording amounts pursuant to the Financial Collateral Agreement comprising two ledgers, the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Collateral Agreement, in accordance with the Administration Agreement;

+ **"Financial Collateral Agreement"** means a financial collateral agreement between the Issuer, the Seller and the Security Trustee which may be entered into after the Closing Date;

**"Fitch"** means Fitch Ratings Ltd., and includes any successor to its rating business;

**"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, as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge, including any Revolving Credit Mortgage Receivables;

**"Further Advance Receivable"** means the Mortgage Receivable resulting from a Further Advance;

**"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 Redemption Priority of Payments;

\* **"Indexed Foreclosure Value"** means, in respect of a sale of Mortgage Receivables by the Issuer in accordance with Clause 19 of the Trust Deed on any date, if the Foreclosure Value was assessed within one month prior to the such date, such Foreclosure Value or, if the Foreclosure Value was assessed more than one month prior to such date, such Foreclosure Value indexed to median price levels of the year in which the relevant Notes Payment Date falls as reported by the *"Kadaster"* or, in case no such report is available, as reported by any other authoritative organisation in this field;

+ **"ING Bank"** means ING Bank N.V., a public limited liability company organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"ING Group"** means ING Groep N.V. a public company incorporated under Dutch law and established in Amsterdam, the Netherlands;

+ **"ING Insurance"** means ING Verzekeringen N.V., a public company incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;

+ **"ING Insurance Eurasia"** means ING Insurance Eurasia N.V., a public company incorporated under Dutch law and established in Amsterdam, the Netherlands;

**"Initial Bank Savings Participation"** means, (a) in respect of Bank Savings Mortgage Receivables purchased on the Closing Date, or (b) thereafter in case of the purchase and assignment by the Issuer of New Mortgage Receivables which qualify as Bank Savings Mortgage Receivables, on the relevant Notes Payment Date, an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the first day of the month immediately preceding the month in which the relevant Mortgage Receivable is purchased or in which the relevant Mortgage Collection Payment Date falls;

**"Initial Insurance Savings Participation"** means, (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, purchased on the Closing Date, or (b) thereafter in case of the purchase and assignment by the Issuer of New Savings Mortgage Receivables and New Switch Mortgage Receivables with a Savings Alternative, on the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative, the next succeeding Mortgage Collection Payment 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 or in which the relevant Mortgage Collection Payment Date falls;

\* **"Initial Purchase Price"** means, in respect of any Mortgage Receivable, its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a New Mortgage Receivable or a Further Advance Receivable, the first day of the month immediately preceding the month wherein the relevant New Mortgage Receivable or Further Advance Receivable is purchased;

+ **"Initial Purchase Price Overpaid Amount"** has the meaning ascribed thereto in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

**"Initial Savings Participation"** means an Initial Bank Savings Participation and/or an Initial Insurance Savings Participation;

**"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 Participant"** means NN Leven;

**"Insurance Savings Participation"** means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable 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;

\* **"Insurance Savings Participation Agreement"** means the relevant insurance savings participation agreement between the Issuer, the Security Trustee and the Insurance Savings Participant respectively and dated the Signing Date;

**"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:  $(P \times I) + S$ , 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;

**"Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

**"Interest-only Mortgage Receivable"** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

**"Interest Period"** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in August 2013 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

**"Interest Rate"** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 (*Interest*);

+ **"Interest Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;

+ **"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 the investor report which will be published monthly by the Issuer Administrator on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) and which report will comply with the standard created by the DSA;

**"Issuer"** means Hypenn RMBS I B.V., a private company with limited liability incorporated under Dutch law and established in Amsterdam, the Netherlands;

**"Issuer Account Agreement"** means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;

**"Issuer Account Bank"** means BNG Bank;

**"Issuer Accounts"** means any of the Issuer Transaction Accounts, the Construction Deposit Account and the Financial Cash Collateral Account;

**"Issuer Administrator"** means NN Bank or, as the case may be, ATC Financial Services B.V.;

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

+ **"Issuer Director"** means ATC Management B.V.

**"Issuer Management Agreement"** means the issuer management agreement between the Issuer, ATC Management B.V. and the Security Trustee dated the Signing Date;

**"Issuer Mortgage Receivables Pledge Agreement"** means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

**"Issuer Rights"** means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement, the Issuer Account Agreement including the balance on the Issuer Accounts, the Servicing Agreement, the Participation Agreements, the Administration Agreement, the Cash Advance Facility Agreement and any Financial Collateral Agreement;

**"Issuer Rights Pledge Agreement"** means the pledge agreement between, among others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date;

+ **"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;

+ **"Lead Managers"** means ING Bank and NN Bank;

**"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 ING Bank;

**"Loan Files"** means the file or files relating to each Mortgage Loan containing, *inter alia*, (i) all material correspondence relating to that Mortgage Loan; and (ii) a certified copy of the Mortgage Deed;

**"Loan Parts"** means one or more of the loan parts ("*leningdelen*") of which a Mortgage Loan consists;

+ **"Local Business Day"** has the meaning ascribed thereto in Condition 5(c) (*Payment*);

**"Management Agreement"** means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

**"Market Value"** means (i) the market value ("*marktwaaarde*") of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset;

**"Master Definitions Agreement"** means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**"Moody's"** means Moody's Investors Service Ltd., and includes any successor to its rating business;

**"Mortgage"** means a mortgage right ("*hypotheekrecht*") securing the relevant Mortgage Receivables;

\* **"Mortgage Calculation Date"** means a Business Day after the last day of each Mortgage Calculation Period and before the Mortgage Collection Payment Date;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first mortgage calculation period which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of July 2013;

**"Mortgage Collection Payment Date"** means the 2nd 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 Rate Policy"** has the meaning ascribed thereto in Section 7.4 (*Portfolio Conditions*) of this Prospectus;

+ **"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 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 (i) the mortgage loans granted by the relevant Originator to the relevant borrowers which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and (ii), after any purchase and assignment of any New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Mortgage Loans and/or any Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivable"** means any and all rights of the relevant Originator (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the relevant Originator (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ **"Mortgage Report"** means the report to be prepared by the Servicer for the purpose of determining the amounts to be paid on the next succeeding Mortgage Collection Payment Date in accordance with the Servicing Agreement;

+ **"Mortgage Report Date"** means the 10th Business Day following the end of Mortgage Calculation Period;

+ **"Most Senior Class"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Revenue Priority of Payments;

**"Net Foreclosure Proceeds"** means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including any fire insurance policy and any 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;

**"New Mortgage Loan"** means a mortgage loan granted by the relevant Originator to the relevant borrower, which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

**"New Mortgage Receivable"** means the Mortgage Receivable resulting from a New Mortgage Loan;

+ **"New Savings Mortgage Loan"** means a savings mortgage loan granted by the relevant Originator to the relevant borrower, which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

+ **"New Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a New Savings Mortgage Loan;

+ **"New Switch Mortgage Loan"** means a switch mortgage loan granted by the relevant Originator to the relevant borrower, which may consist of one or more loan parts ("*leningdelen*") as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

+ **"New Switch Mortgage Receivable"** means the Mortgage Receivable resulting from a New Switch Mortgage Loan;

**"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;

+ **"NN Bank"** means Nationale-Nederlanden Bank N.V., a public company incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;

+ **"NN Leven"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V., a public company incorporated under Dutch law and established in Rotterdam, the Netherlands;

**"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 and the Class C Notes;

**"Notes Calculation Date"** means, in relation to a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;

**"Notes Calculation Period"** means, in relation to a Notes Calculation Date, each Mortgage Calculation Period immediately preceding such Notes Calculation Date, except for the first Notes Calculation Period which will commence on the Cut-Off Date and ends on and includes the last day of July 2013;

**"Notes Payment Date"** means the 17th day of each month (other than July 2013) or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

\* **"Notes Purchase Agreement"** means the notes purchase agreement relating to the Notes between NN Bank and the Issuer dated the Signing Date;

**"Original Foreclosure Value"** means the Foreclosure Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

**"Original Market Value"** means the Market Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

**"Originator"** means in respect of Mortgage Loans originated by NN Leven, NN Leven, and in respect of Mortgage Loans originated by NN Bank, the Seller;

**"Other Claim"** means any claim of the relevant Originator, as applicable, against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

+ **"Other Claim Amount"** means an amount equal to 50 per cent. of the aggregate of all Other Claims in respect of the Mortgage Receivables;

+ **"Other Claim Financial Cash Collateral Ledger"** means the ledger created for the purpose of crediting or debiting any Other Claim Amount in accordance with the Administration Agreement;

+ **"Other Claim Loss Amount"** means any Realised Loss as a result of a breach by an Originator of the Joint Security Right Arrangements;

**"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 (*Security*) of this Prospectus;

**"Parallel Debt Agreement"** means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;

\* **"Participants"** means each of the Bank Savings Participant and the Insurance Savings Participant;

**"Participation"** means, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;

**"Participation Agreement"** means the Bank Savings Participation Agreement and/or the Insurance Savings Participation Agreement;

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

- (a) amounts equal to the Participation in each Savings Mortgage Receivable, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivable, or if the amount recovered is less than the 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 Participation in all Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings



Alternative or Bank Savings Mortgage Receivables 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 Participants pursuant to the Parallel Debt Agreement and (ii) a part *pro rata* to the proportion the aggregate Participation in all Savings Mortgage Receivables, Switch Mortgage Receivable with a Savings Alternative and Bank Savings Mortgage Receivables 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;

**"Participation Fraction"** means in respect of each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Savings Mortgage Receivable, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;

+ **"Participation Increase"** means the Bank Savings Participation Increase and/or the Insurance Savings Participation Increase;

+ **"Participation Rights"** means the Bank Savings Participation Rights and/or the Insurance Savings Participation Rights;

**"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 ING Bank;

+ **"PCS Label"** means the Prime Collateralised Securities label;

**"Permanent Global Note"** means a permanent global note in respect of a Class of Notes;

**"Pledge Agreements"** means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

+ **"Pledged Assets"** means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;

\* **"Pledge Notification Event"** means any of the events specified in Clause 5.1 of the Issuer Rights Pledge Agreement;

**"Post-Enforcement Priority of Payments"** means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) of this Prospectus;

+ **"Potential Set-off Amount"** means on any Notes Payment Date an amount equal to:

- (i) prior to the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
  - (a) the aggregate deposits (other than Construction Deposits, savings value under a Savings Insurance Policy, and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by the Borrower of the Mortgage Receivable(s) with the relevant Originator on the last day of the immediately preceding Notes Calculation Period; and
  - (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period, and

- (ii) after the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
  - (a) the aggregate deposits (other than Construction Deposits, savings value under a Savings Insurance Policy and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by such Borrower with the relevant Originator on the last day of the immediately preceding Notes Calculation Period;
  - (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and
  - (c) the aggregate deposits (other than Construction Deposits, savings value under a Savings Insurance Policy and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by such Borrower with the relevant Originator on the date the relevant Borrower is notified of the assignment of the Mortgage Receivable(s) to the Issuer;

**"Prepayment Penalties"** means any prepayment penalties ("*boeterente*") to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

**"Principal Amount Outstanding"** has the meaning ascribed to it in Condition 6(c) (*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;

+ **"Principal Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;

**"Principal Shortfall"** means an amount equal to the balance of the Principal Deficiency Ledger of the relevant Class divided by the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

**"Priority of Payments"** means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement Priority of Payments;

**"Professional Market Party"** means a professional market party ("*professionele marktpartij*") as defined in the Wft;

**"Prospectus"** means this prospectus dated 4 July 2013 relating to the issue of the Notes;

**"Prospectus Directive"** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

**"Realised Loss"** has the meaning ascribed thereto in Section 5.3 (*Loss Allocation*) of this Prospectus;

+ **"Reconciliation Ledger"** means each of the Principal Reconciliation Ledger and the Interest Reconciliation Ledger;

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

**"Redemption Priority of Payments"** means the priority of payments set out as such in Section 5 (*Credit Structure*) in this Prospectus;

**"Reference Agent"** means ING Bank;

+ **"Reference Mortgage Lenders"** means five (5) leading mortgage lenders in the Dutch mortgage market selected by the Servicer in good faith;

**"Regulation S"** means Regulation S of the Securities Act;

+ **"Regulatory Call Option"** means the option of the Issuer, in accordance with Condition 6(g), to redeem the Notes upon the occurrence of a Regulatory Change;

+ **"Regulatory Change"** has the meaning ascribed thereto in Condition 6(g) (*Redemption*);

+ **"Relevant Class"** has the meaning ascribed thereto in Condition 10 (*Events of Default*);

+ **"Relevant First Optional Redemption Date"** means the Class A1 First Optional Redemption Date or the Class A2/A3/B/C First Optional Redemption Date, as applicable;

+ **"Relevant Optional Redemption Date"** means any Notes Payment Date from (and including) the Relevant First Optional Redemption Date, as applicable;

+ **"Relevant Pass-Through Payment Start Date"** means, in relation to the relevant Subclass of Notes, the Class A1 Pass-Through Payment Start Date or the Class A2/A3/B/C Pass-Through Payment Start Date, as applicable;

**"Relevant Remedy Period"** means (a) in case of a loss of the Requisite Credit Rating by Moody's, thirty (30) calendar days and/or (b) in case of a loss of the Requisite Credit Rating by Fitch, fourteen (14) calendar days;

+ **"Replenishment Available Amount"** means, at any Notes Payment Date up to, but excluding the Notes Calculation Date immediately preceding the Replenishment End Date the Available Principal Funds, less item (xvi) plus, with respect to the first Notes Payment Date, the Initial Purchase Price Overpaid Amount;

+ **"Replenishment Conditions"** means the conditions specified as such in Section 7.4 (*Portfolio Conditions*) of this Prospectus;

+ **"Replenishment End Date"** means the Class A1 Pass-Through Payment Start Date, the Notes Payment Date immediately succeeding the date of the Replenishment End Notice or the Notes Payment Date on which item (i) of the Replenishment Conditions could not be satisfied in connection with a purchase by the Issuer of New Mortgage Receivables and/or Further Advance Receivable, whichever occurs earlier;

+ **"Replenishment End Notice"** means, prior to the Class A1 Pass-Through Payment Start Date, the notice by the Seller to the Issuer pursuant to which the Seller notifies the Issuer that it is no longer willing or able to sell and assign New Mortgage Receivables to the Issuer;

+ **"Replenishment Released Reserved Amount"** means on any Notes Payment Date any part of the Replenishment Reserved Amount which may be released from the Replenishment Reserved Amount Ledger to form part of the Available Principal Funds;

+ **"Replenishment Reserved Amount"** means on any Notes Payment Date, any part of the Available Principal Funds, calculated on each Notes Calculation Date, which has not been or will not be applied towards the purchase of New Mortgage Receivables and/or Further Advance Receivables on the two (2) consecutive Notes Payment Dates immediately preceding such Notes Payment Date;

+ **"Replenishment Reserved Amount Ledger"** means the ledger created for the purpose of recording any Replenishment Reserved Amount in relation to principal in accordance with the Administration Agreement;

**"Requisite Credit Rating"** means the rating of (i) 'Prime-1' (short-term) by Moody's and (ii) 'F-1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch;

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

\* **"Reserve Account Target Level"** means on any Notes Calculation Date an amount equal to 1.00 per cent. of the Principal Amount Outstanding of the Notes at the Closing Date;

**"Revenue Priority of Payments"** means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) of this Prospectus;

+ **"Revolving Credit Mortgage Loans"** means a mortgage loan or part thereof with a Borrower in the form of a revolving credit facility administered in an account ("*krediet in rekening courant*") as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement or, in respect of Further Advances, as attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

+ **"Revolving Credit Mortgage Loan Limit"** means the maximum amount the relevant Borrower may be granted under the Revolving Credit Mortgage Loan as set out in the relevant revolving credit facility agreement with such Borrower;

+ **"Revolving Credit Mortgage Receivables"** means the Mortgage Receivables resulting from a Revolving Credit Mortgage Loan;

**"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;

+ **"Savings Alternative"** means the alternative whereby the premiums paid are deposited into an account held in the name of the relevant Insurance Company with the relevant Originator;

**"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 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 Insurance Savings Participant;

**"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 Savings Insurance Participant 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 Cash Advance Facility Provider, (vii) the Issuer Account Bank, (viii) the Noteholders, (ix) the Seller, (x) the Insurance Savings Participant, (xi) the Bank Savings Participant and (xii) the Seller;

**"Securities Act"** means the United States Securities Act of 1933 (as amended);

**"Security"** means any and all security interest created pursuant to the Pledge Agreements;

**"Security Trustee"** means Stichting Security Trustee Hypenn RMBS I, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"Security Trustee Director"** means ANT Securitisation Services B.V.;

**"Security Trustee Management Agreement"** means the security trustee management agreement between the Security Trustee, ANT Securitisation Services B.V. and the Issuer dated the Signing Date;

**"Seller"** means NN Bank;

**"Seller Collection Account"** means the bank account maintained by the Seller Collection Account Bank with the Seller Collection Account Bank Provider to which payment made by the relevant Borrowers under or in connection with the Mortgage Receivables will be paid;

**"Seller Collection Account Bank"** means ING Bank;

+ **"Seller Collection Account Holder"** means ING Insurance Eurasia;

**"Servicer"** means ING Bank;

+ **"Services"** means the Mortgage Loan Services and the Issuer Services;

**"Servicing Agreement"** means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;

+ **"Set-Off Amount"** means, in respect of any Mortgage Receivable, an amount equal to the full amount due in respect of such Mortgage Receivable in respect of the Notes Calculation Period immediately preceding such Notes Payment Date, if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the relevant Originator to it and the relevant Originator has not reimbursed the Issuer for such amount on the relevant Notes Payment Date, has not received such amount in respect of the Notes Calculation Period immediately preceding such Notes Payment Date;

+ **"Set-Off Financial Cash Collateral Ledger"** means the ledger created for the purpose of crediting or debiting any Potential Set-Off Amount in accordance with the Administration Agreement;

**"Shareholder"** means Stichting Holding Hypenn RMBS I, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"Shareholder Director"** means ATC Management B.V.;

**"Shareholder Management Agreement"** means the shareholder management agreement between the Shareholder, ATC Management B.V. and the Security Trustee dated the Signing Date;

**"Signing Date"** means 4 July 2013;

+ **"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;

**"Stichting WEW"** means Stichting Waarborgfonds Eigen Woningen;

+ **"Subclass"** means in respect of a Class of Notes a sub-class thereof;

\* **"Sub-Servicer"** means NN Bank;

+ **"Subordinated Notes"** means the Class B Notes and the Class C Notes;

+ **"Substitution"** has the meaning ascribed thereto in Section 7.4 (*Portfolio Conditions*) of this Prospectus;

**"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;

+ **"Tax Call Option"** means the option of the Issuer, in accordance with Conditions 6(f), to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Subordinated Notes, Condition 9(b);

**"Temporary Global Note"** means a temporary global note in respect of a Class of Notes;

+ **"Traditional Alternative"** has the meaning ascribed thereto in Section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**"Transaction Documents"** means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deeds of Assignment and Pledge, the Deposit Agreement, the Administration Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Servicing Agreement, the Insurance Savings Participation Agreement, the Bank Savings Participation Agreement, the Pledge Agreements, the Notes Purchase Agreements, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, any Financial Collateral Agreement and the Trust Deed;

**"Trust Deed"** means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Closing Date;

**"Unit-Linked Alternative"** has the meaning ascribed thereto in Section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**"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 or the Class C Notes, as applicable;

a **"Class A"**, **"Class B"** or **"Class C"** Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a

reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, Principal Shortfall or a Redemption pertaining to, as applicable, the relevant Class of Notes;

**"encumbrance"** includes any mortgage, charge or pledge or other limited right ("*beperkt recht*") securing any obligation of any person, or any other arrangement having a similar effect;

**"Euroclear Netherlands"** 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 Netherlands"** are to the records that each of Euroclear Netherlands holds for its customers which reflect the amount of such customers' interests in the Notes;

**"foreclosure"** includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

**"holder"** means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

**"including"** or **"include"** shall be construed as a reference to **"including without limitation"** or **"include without limitation"**, respectively;

**"indebtedness"** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a **"law"** shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

A **"month"** shall be construed as a reference to a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and **"months"** and **"monthly"** shall be construed accordingly;

the **"Notes"**, the **"Conditions"**, any **"Transaction Document"** or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a **"preliminary suspension of payments"**, **"suspension of payments"** or **"moratorium of payments"** shall, where applicable, be deemed to include a reference to the suspension of payments ("*voorlopige surseance van betaling*") as meant in the Dutch Bankruptcy Act ("*Faillissementswet*") or any emergency regulation ("*noodregeling*") on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme ("*schuldsanering natuurlijke personen*");

**"principal"** shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "*pro resto hoofdsom*" and, where applicable, shall include premium;

**"repay"**, **"redeem"** and **"pay"** shall each include both of the others and **"repaid"**, **"repayable"** and **"repayment"**, **"redeemed"**, **"redeemable"** and **"redemption"** and **"paid"**, **"payable"** and **"payment"** shall be construed accordingly;

a "**successor**" of any party shall be construed so as to include an assignee or successor in title (including after a novation) of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under a Transaction Document or to which, under such laws, such rights and obligations have been transferred;

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests; and

"**tax**" includes any present or future tax, levy, impost, duty or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same).

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*

**"Annuity Mortgage Receivable"**

**"Beneficiary Waiver Agreement"**

**"Manager"**

**"Optional Redemption Date"**

**"TARGET 2"**

**"TARGET 2 Settlement Date"**



## **REGISTERED OFFICES**

### **THE ISSUER**

Hypenn RMBS I B.V.  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

### **SELLER**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

### **ORIGINATORS**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

Nationale-Nederlanden Levensverzekering Maatschappij N.V.  
Weena 505  
3013 AL Rotterdam  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Hypenn RMBS I  
Claude Debussylaan 24  
1082 MD Amsterdam  
The Netherlands

### **SERVICER**

ING Bank N.V.  
Bijlmerplein 888  
1102 MG  
Amsterdam Zuidoost  
The Netherlands

### **ISSUER ADMINISTRATOR AND SUB-SERVICER**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

### **CASH ADVANCE FACILITY PROVIDER**

N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2  
2514 AA  
's-Gravenhage  
The Netherlands

**PAYING AGENT AND REFERENCE AGENT  
AND LISTING AGENT**

ING Bank N.V.  
Bijlmerplein 888  
1102 MG  
Amsterdam Zuidoost  
The Netherlands

**LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER**

NautaDutilh N.V.  
Strawinskylaan 1999  
1077 XV Amsterdam  
The Netherlands

**AUDITORS**

Ernst & Young Accountants LLP  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

**ISSUER ACCOUNT BANK**

N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2  
2514 AA  
's-Gravenhage  
The Netherlands

**EUROCLEAR NETHERLANDS**

Euroclear Netherlands  
Herengracht 459-469  
1017 BS Amsterdam  
The Netherlands

**LEAD MANAGERS**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

ING Bank N.V.  
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The Netherlands