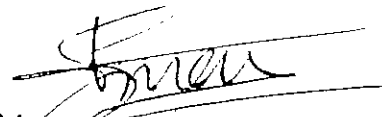


CITADEL 2011-I B.V.
(incorporated with limited liability in the Netherlands
with its statutory seat in Amsterdam, the Netherlands)



- EUR 324,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.
- EUR 801,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.
- EUR 120,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.
- EUR 135,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.
- EUR 120,000,000 floating rate Junior Class D Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.
- EUR 15,000,000 floating rate Subordinated Class E Notes 2011 due 2043, issue price 100 per cent.

This document constitutes a prospectus within the meaning of and is issued in compliance with the Directive 2003/71/EC (the "Prospectus Directive") and relevant implementing measures in Ireland for the purpose of giving information with regard to the issue of the Notes ("Prospectus").

This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange for the EUR 324,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2011 due 2043 (the "Senior Class A1 Notes"), the EUR 801,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2011 due 2043 (the "Senior Class A2 Notes" and together with the Senior Class A1 Notes, the "Senior Class A Notes"), the EUR 120,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2011 due 2043 (the "Mezzanine Class B Notes") and the EUR 135,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2011 due 2043 (the "Mezzanine Class C Notes") to be issued by Citadel 2011-I B.V. (the "Issuer"), to be admitted to the official list and trading on its regulated market. The Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes are expected to be issued and, to the extent applicable, admitted to trading on the regulated market of the Irish Stock Exchange on 10 February 2011 (the "Closing Date").

In addition, the Issuer will issue the EUR 120,000,000 floating rate Junior Class D Mortgage-Backed Notes 2011 due 2043 (the "Junior Class D Notes") and the EUR 15,000,000 floating rate Subordinated Class E Notes 2011 due 2043 (the "Subordinated Class E Notes", and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "Notes") on the Closing Date, which will not be listed.

The Notes will carry a floating rate of interest, payable quarterly in arrear, on each Quarterly Payment Date. The rate of interest for the Notes will be Euribor for three month deposits in euro (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for 2 and 3 months deposit in euro rounded if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin per annum, which will be for the Subordinated Class E Notes 0.00 per cent. and up to the Quarterly Payment Date falling in April 2016 (the "Step-Up Date") for the Senior Class A1 Notes 1.10 per cent., for the Senior Class A2 Notes 1.40 per cent., for the Mezzanine Class B Notes 0.00 per cent., for the Mezzanine Class C Notes 0.00 per cent. and for the Junior Class D Notes 0.00 per cent. If on the Step-Up Date the Notes of any Class, other than the Subordinated Class E Notes, will not have been redeemed in full in accordance with the terms and conditions of the Notes (the "Conditions"), the margin applicable to such Class of Notes will be reset, subject to and in accordance with the Conditions. The margin applicable to the Subordinated Class E Notes will not be reset. Where the withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

The Notes are scheduled to mature on the Quarterly Payment Date falling in April 2043 (the "Final Maturity Date"). On each Quarterly Payment Date (the first falling in April 2011) the Notes (other than the Subordinated Class E Notes) will be subject to mandatory redemption (in whole or in part) in the circumstances set out in and subject to and in accordance with the Conditions through the application of the Notes Redemption Available Amount on such date in the following order: (i) *firstly*, the Senior Class A1 Notes, until fully redeemed and sequentially, the Senior Class A2 Notes, until fully redeemed, (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed and (iv) *fourthly and finally*, the Junior Class D Notes, until fully redeemed.

As the Notes Redemption Available Amount is up to the Step-Up Date the amount of the Principal Available Amount remaining after the purchase of any Further Advance Receivables, the Notes Redemption Available Amount on any Quarterly Payment Date up to the Step-Up Date may be nil. On each Quarterly Payment Date (the first falling in April 2011) the Subordinated Class E Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, subject to and in accordance with Condition 6(c) through the application of the Class E Redemption Available Amount (being the amount remaining of the Notes Interest Available Amount after all payments ranking higher in priority in the Interest Priority of Payments have been made in full on such date). Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, other than the Subordinated Class E Notes, in whole or in part, on each Optional Redemption Date at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In the event of certain tax changes affecting the Notes, the Issuer has the option to redeem all of the Notes (other than the Subordinated Class E Notes) in whole but not in part subject to and in accordance with the Conditions. Finally, the Issuer will also redeem the Notes (other than the Subordinated Class E Notes) if the Seller exercises the Regulatory Call Option or the Clean-Up Call Option in accordance with and subject to Condition 6(b) and Condition 9(b). The Subordinated Class E Notes will subsequently be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

It is a condition precedent to issuance of the Notes that the Senior Class A1 Notes, on issue, be assigned a 'AAA' rating by Fitch Ratings Ltd ("**Fitch**") and a 'AAA(sf)' rating by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch, the "**Rating Agencies**"), the Senior Class A2 Notes, on issue, be assigned a 'AAA' rating by Fitch and a 'AAA(sf)' rating by S&P and the Mezzanine Class B Notes, on issue, be assigned an 'A' rating by Fitch and a 'AAA(sf)' rating by S&P. The Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not be assigned a rating.

The relevant rating of each of the Senior Class A1 Notes, the Senior Class A2 Notes and the Mezzanine Class B Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see under *Risk Factors* herein.

The Notes will be (indirectly) secured by a right of pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto vested by the Issuer in favour of Stichting Security Trustee Citadel 2011-I (the "**Security Trustee**") and a right of pledge vested by the Issuer in favour of the Security Trustee on all rights of the Issuer under or in connection with most of the Relevant Documents and in respect of the Transaction Accounts. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated and may be limited as more fully described in the Conditions.

The Notes of each Class will be represented by a permanent global note of the relevant Class in bearer form (each a "**Global Note**"), without coupons, which is expected to be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on or about the Closing Date. Interests in each Global Note will, in certain limited circumstances, be exchangeable for Notes in definitive form as described in the Conditions. The expression **Global Notes** means the Global Note of each Class.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Senior Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper and does not necessarily mean that the Senior Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Notes, other than the Senior Class A Notes, are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem.

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 Insurance Companies, the Listing Agent, the Security Trustee and the Secured Parties or any other person, in whatever capacity acting. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by the Security Trustee, the Insurance Companies, the Listing Agent and the Secured Parties, in whatever capacity acting. None of the Security Trustee, the Insurance Companies, the Listing Agent and the Secured Parties will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

The Seller will purchase the Notes on the Closing Date. The Seller may elect to dispose of any of such Notes at any time.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or delivered in the United States or to, or for the account of benefit of, U.S. persons.

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

The date of this Prospectus is 9 February 2011.

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph. 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, except for the information for which the Seller is responsible as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph, 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 Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Dutch Mortgage Market*, *F. van Lanschot Bankiers N.V.*, *Description of Mortgage Loans* and *Lending Principles and Processes*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as the Seller 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 not responsible for information contained in any other section, and consequently does not assume any liability in respect of the information contained in any other section.

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 or the Seller.

Neither this Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. 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 fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Purchase and Sale*. 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 to purchase 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 offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer 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 any party has any obligation to update this Prospectus, except when required by the listing rules of the Irish Stock Exchange and/or any applicable rules and regulations of Netherlands securities law.

Neither the Seller nor any other party undertakes to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

All references in this Prospectus to "EUR", "€" and "euro" refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam).

The Central Bank has approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes (other than the Junior Class D Notes and the Subordinated Class E Notes) which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

CONTENTS

OVERVIEW.....	6
RISK FACTORS.....	10
STRUCTURE DIAGRAM.....	28
OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION.....	29
CREDIT STRUCTURE	42
OVERVIEW OF THE DUTCH MORTGAGE MARKET.....	55
F. VAN LANSCHOT BANKIERS N.V.....	59
DESCRIPTION OF MORTGAGE LOANS.....	62
LENDING PRINCIPLES AND PROCESSES.....	70
MORTGAGE RECEIVABLES PURCHASE AGREEMENT.....	74
SERVICING AND ADMINISTRATION AGREEMENT.....	83
THE ISSUER.....	85
USE OF PROCEEDS.....	87
DESCRIPTION OF SECURITY.....	88
THE SECURITY TRUSTEE.....	90
TERMS AND CONDITIONS OF THE NOTES.....	92
THE GLOBAL NOTES.....	107
TAX TREATMENT IN THE NETHERLANDS.....	109
PURCHASE AND SALE.....	112
GENERAL INFORMATION.....	115
INDEX OF DEFINED TERMS.....	117
REGISTERED OFFICES.....	121

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 amendment and supplement thereto. Civil liability attaches to the Issuer, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

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

The transaction

The following is a limited overview of the transaction described in this Prospectus. Reference is also made to the indicative structure diagram herein.

The Issuer will purchase from the Seller the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans) and will, on the Closing Date, accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer.

Furthermore, the Issuer will on the Closing Date issue the Notes and use the proceeds thereof (other than the proceeds of the issue of the Subordinated Class E Notes, which will be deposited on the Reserve Account to provide credit enhancement for the other Classes of Notes) to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement. In addition, the Issuer will pay the Deferred Purchase Price to the Seller, which is to be paid on each Quarterly Payment Date in Deferred Purchase Price Instalments, if any (see under *Mortgage Receivables Purchase Agreement*). On the Closing Date, an amount equal to the aggregate Construction Amounts will be withheld from the funds to be utilised towards the payment of the (remaining part of) Initial Purchase Price and deposited on the Construction Account.

On each Quarterly Payment Date up to (but excluding) the Step-Up Date, the Issuer will apply the Substitution Available Amount to purchase from the Seller any Further Advance Receivables subject to the fulfilment of certain conditions and to the extent offered by the Seller. Any amounts of the Principal Available Amount not used by the Issuer to purchase Further Advance Receivables, if any, will be available as Notes Redemption Available Amount for the redemption of the Notes, other than the Subordinated Class E Notes, subject to and in accordance with Condition 6(b). On the relevant Quarterly Payment Date, the aggregate Construction Amount in respect of the relevant Further Advance Receivables will be withheld from the Initial Purchase Price in relation to the Further Advance Receivables and deposited on the Construction Account (*see further chapter Mortgage Receivables Purchase Agreement*).

The Issuer will use receipts of interest in respect of the Mortgage Receivables together with amounts it receives under the Liquidity Facility Agreement, the GIC, the Swap Agreement and drawings from the Reserve Account, to make payments of, *inter alia*, interest due in respect of the Notes and principal in respect of the Subordinated Class E Notes and the Issuer will use receipts of principal in respect of the Mortgage Receivables together with the amounts available on the Reserve Account to make payments of principal due in respect of the Notes, other than the Subordinated Class E Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see under *Credit Structure*) and (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and

limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*. The holders of the Subordinated Class E Notes do not have the right to receive any amounts pursuant to the Principal Priority of Payments.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if, without taking into account any drawing under the Liquidity Facility Agreement and after application of the amounts available on the Reserve Account, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see under *Credit Structure*).

Pursuant to the GIC, the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to the Euro OverNight Index Average ("EONIA") minus a margin on the balance standing from time to time to the credit of each of the Master Collection Account, the Financial Cash Collateral Account and the Swap Cash Collateral Account. In addition, the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to the Euribor for three month deposits in euro minus a margin on the balance standing from time to time to the credit of each of the Reserve Account and the Construction Account (see under *Credit Structure*).

Pursuant to the Servicing and Administration Agreement, (i) the Pool Servicer will agree (a) to provide administration and management services to the Issuer in relation to the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, (b) to direct amounts received by the Seller to the Master Collection Account, (c) to implement arrears procedures including the enforcement of the Mortgage and Borrower Pledges and the production of monthly reports in relation thereto, including any debits from the current account of the Borrower for delinquent amounts to the extent such amounts exceed the predefined current account limit (see under *Lending Principles and Processes*), (d) to make all calculations required to be made pursuant to the Financial Collateral Agreement and (e) to prepare and provide the Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities, and (ii) the Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, in relation to (a) drawings (if any) to be made by the Issuer from the Reserve Account and the Financial Collateral Accounts, (b) procuring that, if required, drawings are made by the Issuer under the Liquidity Facility Agreement, whether or not from the Master Collection Account as credited to the Liquidity Facility Stand-by Ledger, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) maintaining all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions, (g) payments to be made by the Issuer under the other Relevant Documents, (h) the preparation of the quarterly investor reports and (i) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Administrator and the Pool Servicer will provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement (see under *Servicing and Administration Agreement*).

To mitigate the risk of a difference between (a) the rates of interest to be received by the Issuer on the Mortgage Receivables and the interest received on the Master Collection Account (other than relating to any Liquidity Facility Stand-by Drawing) and (b) the rates of interest payable by the Issuer on the Notes, other than the Subordinated Class E Notes, until the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full, the Issuer will on or about the Closing Date, enter into the Swap Agreement so that the interest rate exposure on the Notes, other than the Subordinated Class E Notes, is hedged (see section *Interest Rate Hedging* under *Credit Structure*). From Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes are redeemed in full, the difference between the interest payable on the Mezzanine Class C Notes, the Junior Class D Notes and the rates of interest to be received on the Mortgage Receivables still outstanding by the Issuer will not be hedged. Furthermore, the difference between the interest payable on the Subordinated Class E Notes and the interest received on the Reserve Account will not be hedged.

The Issuer

Citadel 2011-I B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number B.V. 1616258 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue the Notes and to purchase and accept assignment of the Mortgage Receivables and accept the assignment of the Beneficiary Rights relating thereto.

Security

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed right of pledge vested by the Issuer in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) a first ranking disclosed right of pledge vested by the Issuer in favour of the Security Trustee on the Issuer's rights under or in connection with (most of) the Relevant Documents and in respect of the Transaction Accounts.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer shall undertake in the Parallel Debt Agreement to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Secured Parties pursuant to certain of the Relevant Documents.

The Trust Deed sets out the priority of the claims of the Secured Parties. See for a more detailed description under *Credit Structure and Description of Security*.

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 as set forth in the Trust Deed, as reflected under *Credit Structure*. The Noteholders and the other Secured Parties shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Beneficiary Rights, (ii) the balance standing to the credit of the Transaction Accounts and (iii) the amounts received by the Issuer under the Relevant 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 a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

The Notes

The Issuer will issue the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes on the Closing Date.

The Seller has agreed with the Issuer that it will purchase the Notes on the Closing Date. The Seller may elect to dispose of any of such Notes at any time.

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

Interest on the Notes

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date (the first falling in April 2011). The rate of interest for the Notes will be Euribor for three month deposits in euro (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for 2 and 3 months deposit in euro rounded if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin. On the Step-Up Date, the margin of the Notes, other than the Subordinated Class E Notes, will be reset subject to and in accordance with the Conditions. The margin of the Subordinated Class E Notes will not be reset. For the Interest Priority of Payments, see under *Credit Structure*.

Redemption of the Notes

Unless previously redeemed, the Issuer will redeem all of the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Notes other than the Senior Class A Notes and the Mezzanine Class B Notes, Condition 9(b).

Provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in April 2011 and on each Quarterly Payment Date falling thereafter, the Issuer will be obliged to apply the Notes Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Mortgage Receivables, or (ii) in connection with a repurchase

(unless applied towards the purchase of Further Advance Receivables as set out above up to the Step-Up Date) or sale of the Mortgage Receivables, to (partially) redeem the Notes, other than the Subordinated Class E Notes, in the following order: (i) *firstly*, the Senior Class A1 Notes, until fully redeemed and sequentially the Senior Class A2 Notes, until fully redeemed, (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed and (iv) *fourthly and finally*, the Junior Class D Notes, until fully redeemed.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date (the first falling in April 2011), the Issuer will be obliged to apply the Class E Redemption Available Amount to (partially) redeem the Subordinated Class E Notes.

Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes (other than the Subordinated Class E Notes) but not some only, on each Optional Redemption Date at their Principal Amount Outstanding in accordance with Condition 6(d), subject, except in respect of the Senior Class A Notes and the Mezzanine Class B Notes only, to Condition 9(b). The Senior Class A Notes and the Mezzanine Class B Notes will have to be redeemed in full on such Optional Redemption Date. If the Notes are not redeemed in full on any Optional Redemption Date, the Notes will remain subject to mandatory redemption in accordance with Condition 6(b). Also, the Issuer will have the option to redeem the Notes, other than the Subordinated Class E Notes, upon the occurrence of a Tax Change in accordance with Condition 6(e) and subject to, except in respect of the Senior Class A Notes and the Mezzanine Class B Notes, Condition 9(b).

Finally, the Issuer will redeem the Notes, other than the Subordinated Class E Notes, in accordance with Conditions 6(b), if the Seller exercises its Clean-Up Call Option and/or if the Seller exercises its option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the "**Regulatory Call Option**") and subject to, except in respect of the Senior Class A Notes and the Mezzanine Class B Notes only, Condition 9(b).

Subsequently, the Subordinated Class E Notes are subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

For a more detailed description see under *Terms and Conditions of the Notes*.

Listing

Application has been made to the Irish Stock Exchange for the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes to be admitted to the Official List and trading on its regulated market. The Junior Class D Notes and the Subordinated Class E Notes will not be listed.

Rating

It is a condition precedent to issuance of the Notes that the Senior Class A1 Notes, on issue, be assigned a 'AAA' rating by Fitch and a 'AAA(sf)' rating by S&P, the Senior Class A2 Notes, on issue, be assigned a 'AAA' rating by Fitch and a 'AAA(sf)' rating by S&P and the Mezzanine Class B Notes, on issue, be assigned a 'A' rating by Fitch and a 'AAA(sf)' rating by S&P. The Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not be assigned a rating.

Risk factors

There are certain risk factors which may affect the Issuer's ability to fulfil its obligations under the Notes and which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes, such as (but not limited to) 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 depend on the receipt by it of funds pursuant to the Mortgage Receivables and the Beneficiary Rights, the proceeds of the sale of any Mortgage Receivables and the receipt by the Issuer of certain other funds. Despite certain facilities, risks such as a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes remain. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see under *Risk Factors*).

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 holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISK FACTORS REGARDING THE ISSUER

The Notes will be solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Swap Counterparty, the Liquidity Facility Provider, the Administrator, the Pool Servicer, the Insurance Companies, the Directors, the Listing Agent, the Paying Agent, the Reference Agent, the GIC Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Swap Counterparty, the Liquidity Facility Provider, the Administrator, the Pool Servicer, the Insurance Companies, the Directors, the Listing Agent, the Paying Agent, the Reference Agent, the GIC Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Swap Counterparty, the Liquidity Facility Provider, the Administrator, the Pool Servicer, the Insurance Companies, the Directors, the Listing Agent, the Paying Agent, the Reference Agent, the GIC Provider 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 Relevant Documents).

The Issuer has limited resources available to meet its payment obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreement, drawings from the Reserve Account and the Construction Account in certain circumstances, drawings under the Liquidity Facility Agreement and the receipt by it of interest in respect of the balance standing to the credit of the Transaction Accounts. See under *Credit Structure*. The Issuer does not have any other resources available to it to meet its obligations under *inter alia* the Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations under the Notes. It should be noted that there is a risk that (a) Van Lanschot in its capacity as Seller and Pool Servicer will not perform its respective obligations vis-à-vis the Issuer, (b) ATC Financial Services B.V. will not perform its obligations as Administrator vis-à-vis the Issuer, (c) Deutsche Bank AG acting through its London branch in its capacities as Reference Agent and Paying Agent will not perform its respective obligations under the Paying Agency Agreement, (d) Natixis in its capacity as Swap Counterparty will not perform its obligations under the Swap Agreement, (e) N.V. Bank Nederlandse Gemeenten in its capacities as GIC Provider and Liquidity Facility Provider will not perform its obligations vis-à-vis the Issuer under the GIC and the Liquidity Facility Agreement respectively, (f) the Security Trustee will not perform its obligations vis-à-vis the Secured Parties and (g) ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. will not perform their respective obligations under the relevant Management Agreement(s).

If a creditor of the Issuer (such as - potentially - the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction, and it is entitled to a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Relevant Documents. In particular, based on a recent decision of the US Bankruptcy Court, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws in respect of creditors subject to US bankruptcy laws.

Such laws may be relevant in certain circumstances with respect to US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state).

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 vested by the Issuer in favour of the Security Trustee pursuant to Netherlands law. On the basis of these pledges, the Security Trustee can exercise the rights afforded by Netherlands law to pledgees notwithstanding any bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle intended to be bankruptcy remote 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 Borrower to the Issuer after notification to the Borrower of the assignment and after bankruptcy or suspension of payments of the Issuer but prior to notification of the right of pledge in favour of the Security Trustee will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four (4) 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 but not the collection ("*innen*") of the (interest and principal) payments in respect of the Mortgage Receivables and (iii) the Security Trustee may be obliged following bankruptcy of the Issuer 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 a bankruptcy or suspension of payments of the Issuer takes effect. The Issuer has been advised that the assets pledged to the Security Trustee under the Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments. With respect to the effectiveness of the rights of pledge on the Beneficiary Rights reference is made to the section *Risks relating to Beneficiary Rights under the Life Insurance Policies* and with respect to the Borrower Investment Pledge reference is made to the section *Risk that Borrower Investment Pledges will not be effective* and with respect to Construction Amounts reference is made to *Construction Amounts* below.

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

Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of a parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. 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 Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement (see under *Description of Security*).

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee.

Licence requirement under the Dutch Act on the Financial Supervision

Under the Dutch Act on the Financial Supervision ("*Wet op het Financieel Toezicht*" or "*Wft*"), as amended from time to time, which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the Issuer, must have a licence under the Wft. As the Mortgage Loans are granted to consumers, the Issuer must have a licence. An exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder van krediet*"). The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Pool Servicer. The Pool Servicer holds a licence as a bank under the Wft and the Issuer thus benefits from the exemption. However, if the appointment of the Pool Servicer under the Servicing and Administration Agreement is terminated, the Issuer will need to outsource the servicing and administration of the

Mortgage Loans to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing and Administration Agreement is terminated in respect of the Pool Servicer and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a licence itself, the Issuer will have to terminate its activities and settle ("*afwickelen*") its existing agreements, which ultimately may result in an early redemption of the Notes.

Risk related to the termination of the Swap Agreement

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to any change in tax law, after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will be required to pay to the Issuer additional amounts for or on account of tax (a "**Tax Event**"), the Swap Counterparty may (with the consent of the Issuer and the Security Trustee) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Swap Counterparty is unable to transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

The Swap Agreement will be terminable by one party if - *inter alia*- (i) an event of default (as defined therein) occurs in relation to the Issuer or the Swap Counterparty, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement, (iii) an Enforcement Notice is served or (iv) the remedy period for a Tax Event has expired. Events of default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) insolvency events in respect of the Issuer. If the Swap Agreement terminates, the Issuer may have to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Notes. Furthermore, the Swap Agreement will be terminated on the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

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

Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial or registered deed of assignment, 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 and, in respect of Further Advance Receivables, on any Quarterly Payment Date up to (but excluding) the Step-Up Date, by the Seller to the Issuer through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except upon the occurrence of any of the Assignment Notification Events (see under *Mortgage Receivables Purchase Agreement*).

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Payment Date to the Issuer any amounts received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. In case the Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers to the Seller prior to notification of the assignment of the Mortgage Receivables but after bankruptcy or emergency regulations in respect of the Seller having been declared, will be part of the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the 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*").

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

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

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

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands 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 claim, if each claim (i) came into existence prior to the moment at which the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Seller in this respect, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller shall have an obligation to transfer on each Quarterly Payment Date Eligible Collateral to the relevant Financial Collateral Account up to the Delivery Amount, which includes the excess of the Potential Set-Off

Amount over 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date until such time as the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full (see *Credit Structure* below). Notwithstanding this, if the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Financial Collateral Agreement or if the amount of set-off would exceed the balance standing to the credit of the Financial Collateral Accounts, set-off by Borrowers could lead to losses under the Notes.

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

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

All mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide that the Mortgages created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller resulting from or in connection with any loan or credit relationship ("**Bank Mortgages**"). The Mortgage Loans also provide for rights of pledge granted in favour of the Seller (the "**Borrower Pledges**") such as on the Life Insurance Policies (the "**Borrower Insurance Pledges**") and on portfolios of securities (the "**Investment Portfolios**") (the "**Borrower Investment Pledges**" and together with the Borrower Insurance Pledges and the other Borrower Pledges, the "**Bank Pledges**" and the Bank Pledges together with the Bank Mortgages, the "**Bank Security Rights**"), which rights of pledge secure the same debts as the Bank Mortgages.

Under Netherlands 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 a bank 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 a bank 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 on the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent 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 a bank 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 a bank mortgage, 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 bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank 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 a bank 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 a bank security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

The Seller will represent and warrant that neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follows the receivable upon its assignment and as a consequence thereof there is no clear indication of the intention of the parties. The Issuer has been advised that even in such case the Bank Security Rights should (partially) follow the receivable as an 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 Netherlands commentators on bank security rights in the past, which view continues to be defended by some legal authors.

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

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

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

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the Issuer (or, as the case may be, the Security Trustee, as pledgee) and the Seller and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the Seller resulting from current account facilities or other loans or otherwise (the "**Other Claims**").

Where the Bank Security Rights are jointly-held by both the Issuer or the Security Trustee and the Seller, the rules applicable to a joint estate ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer the day-to-day management of such jointly-held rights. 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 Bank Security Rights will be considered as day-to-day management, and, consequently whether the consent of the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure. The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held Bank Security Rights of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable, together with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount of the relevant Mortgage Receivable, together with interest and costs, if any. It is not certain that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee ("*curator*") or administrator ("*bewindvoerder*"). In addition, the Seller will undertake vis-à-vis the Issuer and the Security Trustee to only assign, pledge or transfer any Other Claims provided that the assignee, the pledgee or the transferee of such Other Claims has agreed in writing to be bound by this arrangement and to the obligation to impose the arrangement on any subsequent transferee or assignee and so on.

In this respect it will be agreed that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments. Furthermore it is noted that this arrangement may not be effective against the Borrower.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. To secure the payment obligations of the Seller, *inter alia*, in this respect, the Seller will undertake in the Financial Collateral

Agreement to transfer on each Quarterly Payment Date Eligible Collateral up to the Delivery Amount, which includes, until the Senior Class A Notes have been redeemed in full, the amount by which the aggregate outstanding principal amount of the Other Claims at close of business on the last day of the immediately preceding Quarterly Calculation Period exceeds 10 per cent. of the aggregate of the Outstanding Principal Amount of the Mortgage Receivables on such date (see *Credit Structure* below). To further secure the obligations of the Seller under this arrangement, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller otherwise, within a period of ten (10) business days, the Seller has an obligation to pledge its Other Claims in favour of the Issuer and the Security Trustee respectively. The Seller will grant an irrevocable power of attorney to each of the Issuer and the Security Trustee to, amongst other things, vest such right of pledge at such time and in such manner as it may think fit provided that and to the extent that the Seller fails to do so. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created which for this purpose is equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge on the Other Claims, no Assignment Notification Event is continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount of the relevant Mortgage Receivable has been repaid in full.

Risk that Borrower Investment Pledges will not be effective

The Seller has the benefit of Borrower Investment Pledges. To the extent that a Borrower Investment Pledge is vested on rights of a Borrower that qualify as future claims, such as the Index Guaranteed Contracts, such Borrower Investment Pledge can not be invoked against the estate ("*boedel*") of the relevant Borrower if these claims become due and payable after or on the date on which the Borrower has been declared bankrupt, been made subject to suspension of payments or been made subject to a debt restructuring scheme pursuant to the Netherlands Bankruptcy Code. This means that it is uncertain whether such pledge will be effective. Besides this, reference is made to *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer*.

Risks related to Investment Portfolio(s)

The Seller has represented that under the investment mortgage loans ("*beleggingshypotheken*") (the "**Investment Mortgage Loans**"), the securities are purchased on behalf of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*") for the account of the Borrowers and these securities are held in custody by or through an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. if these securities qualify as securities regulated under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") ("**Wge**") or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulations on the Market Conduct Supervision of Financial Businesses under the Wft ("*Nadere Regeling gedragstoezicht financiële ondernemingen Wft*").

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account in which case the set-off risk should not become an issue, save in the case of Index Guaranteed Contracts. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

In respect of Index Guaranteed Contracts forming part of an Investment Portfolio, the relevant Borrower has a claim on the Seller. If the Seller would become insolvent, the relevant Borrower may not be able to recover its claim on the Seller in relation to its Index Guaranteed Contract(s). This could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. Set-off after notification of the assignment to the Issuer will be possible if all requirements for set off are met and, furthermore, the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment of the relevant Mortgage Receivable to the Issuer or, alternatively, the counterclaim of the Borrower, and the relevant Mortgage Receivable result from the same legal relationship. The Seller will represent to the Issuer in the Mortgage Receivables Purchase Agreement that there is no relationship between any of the Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge. The Issuer has been advised that on this basis it is unlikely that the Mortgage Loan and the relevant Index Guaranteed Contract will be regarded as stemming from the same legal relationship. The Seller has furthermore represented,

in respect of Index Guaranteed Contracts, that claims thereunder are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and that the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis. The Issuer has been advised that consequently, unless at the time of notification of the assignment the Index Guaranteed Contract will have been terminated and any claims thereunder will have become due and payable, no set-off by the Borrower of its claims resulting from such Index Guaranteed Contract with the relevant Mortgage Receivable will be permitted on this basis. In case of a bankruptcy or emergency regulations of the Seller prior to notification of the assignment the Borrower will have broader set-off rights. The amount of the Index Guaranteed Contracts are taken into account when calculating the Potential Set-Off Amount. See under *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*.

Risks related to investment advice

In the case of Investment Mortgage Loans, the Seller provides for certain services, for example for investment advice to the Borrowers. A Borrower may hold the Seller liable for any damages if it does not meet its obligations towards such Borrower, including its services as investment adviser. Liability could also arise if the value of the Investment Portfolio is not sufficient to repay the Investment Mortgage Loan at maturity. This may lead to set-off by the Borrower under the Mortgage Receivable (see under *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*) and thus to losses under the Notes.

Risk that the Mortgages on Long Leases cease to exist

The Mortgages securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in *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 in the event the leaseholder has not paid the remuneration due for a period exceeding two (2) 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 will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

The mortgage conditions used in connection with the Mortgage Loans provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates.

Risk that Borrower Insurance Pledges will not be effective

Each of the Life Mortgage Receivables is secured by a Borrower Insurance Pledge. The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsum*"), under the Life Insurance Policies will be regarded by a Netherlands court as a future right. The pledge on a future right is, under Netherlands law, not effective if the pledgor is declared bankrupt, is granted a suspension of payments or a debt restructuring scheme pursuant to the Dutch Bankruptcy Code or is made 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. Furthermore, as the Borrower Insurance Pledges are part of the Bank Security Rights reference is made to the paragraph *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer*.

Risks relating to Beneficiary Rights under the Life Insurance Policies

The Seller has been appointed as beneficiary under the relevant Life Insurance Policy up to the amount of its claim on the Borrower/policyholder (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the Seller, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Life Insurance Policy to the Seller (the "**Borrower Insurance Proceeds Instruction**"). The Issuer has been advised that it is unlikely that the appointment of the Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment thereof or pledge thereof in favour of the Issuer or the Security Trustee. Therefore, the Beneficiary Rights will be, to the extent necessary and legally possible, assigned by the Seller to the Issuer and will subsequently be pledged in favour of the Security Trustee by the Issuer (see under *Description of Security*). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

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

If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Life Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Life Insurance Policies will be payable to the Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up to the amount of any claims the Seller may have on the relevant Borrower. If the proceeds are paid to the Seller, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy or emergency regulations of the Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Life Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Seller or another beneficiary, as the case may be.

Risks related to Life Insurance Policies connected to the Mortgage Receivables

The Life Mortgage Loans have the benefit of Life Insurance Policies (the "**Life Insurance Policies**"). The Life Insurance Policies are entered into by the relevant Borrowers and the relevant Insurance Company. In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Receivables on the Life Insurance Policies are set out. Investors should be aware that (i) the Issuer may not benefit from the Life Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case the relevant Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected.

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

Under certain Mortgage Loans, the Seller has the benefit of rights under Life Insurance Policies. Under the Life Insurance Policies the Borrowers pay a premium consisting of a risk element and a savings or investment element. The intention of the Life Insurance Policies is that at maturity of the relevant Life Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Life Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Life Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Life Insurance Policies either not, or only partly, being available for application in reduction of the relevant Life Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Life 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 under *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*, 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. The Life Insurance Policies are contracts between the relevant Insurance Company and the relevant Borrowers and the Life Mortgage Loans are contracts between the Seller and the relevant Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Seller and the relevant

Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the relevant Insurance Company are not considered as one legal entity, since the Life Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Furthermore, the Borrowers should have a counterclaim that is due and payable. If the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Life Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge, subject, however, to what is stated under *Risk that Borrower Insurance Pledges will not be effective*. However, despite this pledge it may be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. Apart from the right to terminate the Life Insurance Policies, the Borrowers are also likely to have the right to dissolve the Life Insurance Policies and to claim 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 with such claim by Borrowers.

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

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Seller, the Issuer and/or the Security Trustee. 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 Life Mortgage Loans. The Borrowers could - *inter alia* - argue that it was the intention of the parties involved, or at least argue that the Borrowers could rightfully interpret the mortgage documentation and the promotional materials in such a manner, that the Mortgage Receivable and the relevant Life Insurance Policy are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or dissolution of the Life Mortgage Loans or possibly suspension of their obligations thereunder or, alternatively, claim that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Life Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Life Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Life Insurance Policy. The Borrowers could also base a defence on "error" ("*dwalig*"), i.e. that the Mortgage Loan and the Life Insurance Policy were entered into as a result of error. If this defence would be successful, this could lead to annulment of the Life Mortgage Loan, which would have the result that the Issuer no longer holds the Life Mortgage Receivable.

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the 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) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, (ii) the Mortgage Loan and the Life Insurance Policy in the Seller's or the Insurance Company's promotional materials not offered as one product or under one name, (iii) the Borrowers are free to enter into the Life Insurance Policy with any Insurance Company and (iv) none of the Insurance Companies is a group company (within the meaning of article 2:24(b) of the Dutch Civil Code) of the Seller, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above.

Risks related to Construction Amounts

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Amount to be paid out if certain conditions are met. The aggregate amount of the Construction Amounts on (the opening of business of) the Cut Off Date is EUR 8,770,161. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer is entitled to withhold from the Initial Purchase Price on the Closing Date an amount equal to such aggregate Construction Amount or, in case of a purchase and assignment of Further Advance Receivables, on the relevant Quarterly Payment Date. Such amount will be deposited on the

Construction Account. On each Quarterly Payment Date the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amounts and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

The Construction Amounts are usually paid out within twenty-four (24) months. Incidentally, the Seller extends such period beyond twenty-four (24) months. Upon the expiry of such period, any remaining Construction Amount will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in respect of such Mortgage Receivable, and consequently any such remaining part of the Construction Amount in respect of such Mortgage Receivable will be transferred from the Construction Account to the Master Collection Account and will form part of the Notes Redemption Available Amount. The Seller will undertake in the Mortgage Receivables Purchase Agreement that any Construction Amount remaining upon the expiry of a period of twenty-four (24) months or such period as agreed between the Seller and the Borrower will be set-off against the relevant Mortgage Receivables up to the amount of the Construction Amount. If any of the events set forth in items (e) and (f) of the definition of the Assignment Notification Events has occurred, the Issuer will no longer be under the obligation to pay any remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

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

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

Apart from the general obligation of contracting parties to provide information, there are several provisions of Netherlands law applicable to offerors of financial products, such as Investment Mortgage Loans and Mortgage Loans with Life Insurance Policies. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products and intermediaries in these products have a duty, *inter alia*, to provide 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 a Borrower on the basis of breach of contract or tort. In addition, the relevant contract may be dissolved ("*ontbonden*") or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The offeror may be held liable for the advice given by an intermediary, even though the offeror has no control over the intermediary. The risk of such claims being made increases, if the value of investments made under Life Insurance Policies or the Investment Mortgage Loans is not sufficient to redeem the relevant Mortgage Receivables.

In relation to investment insurance policies ("*beleggingsverzekeringen*") a specific issue has arisen concerning the costs of these products. In 2006, the Dutch Authority for the Financial Markets ("*Autoriteit Financiële Markten*", the "AFM") issued a report on these products in which it concludes that these types of insurances are relatively expensive and that the information about costs is in many cases incomplete, inadequate and sometimes incorrect. This report was followed by a letter of the Minister of Finance and a report issued in December 2006 by an independent committee, the Commission on Transparency of Investment Insurances ("*Commissie transparantie beleggingsverzekeringen*", the "Committee De Ruiter"), containing recommendations to the

insurers to improve the information provided to customers. The Dutch Association of Insurers ("*Verbond van Verzekeraars*") has in a public communication (a) accepted the recommendations of the Committee De Ruiter, stating that it sees these as a logical step in the various steps which have in previous years been made to improve transparency and (b) said that insurers will (1) verify whether in the past in individual cases mistakes have been made and if so, correct these mistakes and (2) provide customers who hold an investment insurance policy with all relevant information regarding their insurance policy. The latter is intended to where necessary with retrospective effect provide any missing information.

The Dutch Minister of Finance has informed Parliament *inter alia* (i) that the Dutch Government intends to stimulate a balanced approach for resolving complaints, to prevent a multitude of individual disputes before a complaint institute or in public courts and (ii) that the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*"), and the Ombudsman and Dispute Commission ("*Geschillencommissie*") active therein is with the introduction of the Wft on 1 January 2007 the sole institute for out-of-court dispute resolution in connection with financial services. The Dutch Association of Insurers has in the meantime agreed to such proposed balanced approach. In the press class actions have been announced against certain insurers and some civil law suits are pending. On 4 March 2008, the Ombudsman published a non-binding Recommendation on the dispute between private individuals who purchased unit-linked insurance products and the insurance companies associated with the Complaints Institute for Financial Services. The Ombudsman concluded that insurers in general have not provided sufficient transparency concerning the costs of unit-linked insurance products. This may, however, vary per insurer. He recommends insurers to compensate customers of unit-linked insurance products of which the costs over the duration of the policy is higher than 3.5 per cent. of the gross fund output at least for the incremental costs. If all parties would co-operate with these recommendations, this could accelerate a solution and could result in a compromise for an important number of cases. The Dutch Association of Insurers has in a public communication stated that insurance companies will take the recommendations made in the Recommendation seriously. The recommendation addresses primarily individual insurers who should decide on the basis of their portfolio if and to what extent they will adopt this recommendation. It concludes that the Recommendation of the Ombudsman makes fast, clear and transparent adaptation possible and prevents lengthy legal procedures which will benefit both insurers and customers. In the press some claimant organisations have announced that the recommendations are disappointing and/or do not offer customers sufficient compensation. Recently a number of insurers each acting separately announced that they have reached agreements with two claimant organisations on compensation of their customers for the costs of investment insurance policies entered into with these insurers.

If Investment Mortgage Loans and Life Mortgage Loans would be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Investment Pledge, the Borrower Insurance Pledge and the Life Beneficiary Rights respectively). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Life Mortgage Loans or the Investment Mortgage Loans connected thereto can also be dissolved or nullified. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in the event of an insolvency of the insurer (see under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), except if the Seller is liable itself, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, depending on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer may be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower.

The Issuer has been advised that the above risks largely depend on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective Borrowers/insured, have been complied with. Any such set-off or defences may effect the value of the Mortgage Receivables which may lead to losses under the Notes.

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 the Insurance Companies in connection with Life Insurance Policies may not be sufficient for the relevant Borrowers to fully redeem the related Mortgage Receivable at its maturity, which could lead, depending on the value of the Mortgage Assets and other financial assets of such Borrower, if any, to a Realised Loss in respect of such Mortgage Receivables.

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 Loans. The ultimate effect of this could be to delay or reduce the payments on the Notes or to increase the rate of repayment of the Notes.

Risk that interest rate reset rights will not follow Mortgage Receivables

The interest rate of each of the Mortgage Loans is to be reset from time to time. 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 in favour of 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, which it will delegate to the Swap Counterparty after notification of the assignment of the Mortgage Receivables. If the interest rate 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 related to prepayments on the Mortgage Loans

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the Seller of Mortgage Receivables) on the Mortgage Loans and the amount of Further Advances granted by the Seller. 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 law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including, but not limited to, home-owner mobility). Prepayments shall also occur when a Borrower cross defaults under any loan other than the relevant Mortgage Loan held by the Seller. No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently.

Risks of losses associated with declining values of Mortgaged Assets

The security for the Notes created under the Trustee 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. In addition, a forced sale of the Mortgaged Assets may, compared to a private sale, result in a lower value of the Mortgaged Assets. 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 Loans.

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

In the Netherlands, subject to a number of conditions, mortgage loan interest payments are deductible from the income of the Borrowers for income tax purposes. The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties. It is, however, uncertain if and to what extent such deductibility will remain in force and for how long. As from 2005, it is also no longer allowed, after a refinancing, to deduct interest on any equity extractions. Should there be a change to such deductibility and the right to deduct mortgage loan interest payment, this may among other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of defaults, prepayments and repayments.

RISK FACTORS REGARDING THE NOTES

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

As a result of the increase in the margin payable on and from the Step-Up Date in respect of the rate of interest on the relevant Class of Notes, other than the Subordinated Class E Notes, the Issuer will have an incentive to exercise its right to redeem the Notes on the Step-Up Date or on any Optional Redemption Date thereafter. No

guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, other than the Subordinated Class E Notes, for example through a sale of Mortgage Receivables still outstanding at that time. The Notes, other than the Senior Class A Notes and the Mezzanine Class B Notes, can be redeemed at an amount less than their Principal Amount Outstanding (see Condition 6(b) and Condition 9(b) under *Terms and Conditions of the Notes*). The Senior Class A Notes and the Mezzanine Class B Notes will have to be redeemed in full on such Optional Redemption Date.

If the Issuer decides to exercise its right to redeem the Notes (other than the Subordinated Class E Notes) on an Optional Redemption Date, the Issuer shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. However, there is no guarantee that such third party will be found to purchase the Mortgage Receivables. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure*.

Any amounts of Notes Redemption Available Amount remaining after the Notes (other than the Subordinated Class E Notes) have been redeemed in full, shall form part of the Notes Interest Available Amount and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class E Notes.

The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, other than the Subordinated Class E Notes, on or after the first Optional Redemption Date, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the first Optional Redemption Date.

Risk relating to early redemption as a result of the exercise of Regulatory Call Option and Clean-Up Call Option and Redemption for Tax Reasons

Should the Seller exercise the Regulatory Call Option or the Clean-Up Call Option, the Issuer will redeem the Notes, other than the Subordinated Class E Notes, by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b) on any Quarterly Payment Date, whether falling before or after the Step-Up Date. The Issuer will have the option to redeem the Notes, other than the Subordinated Class E Notes, for tax reasons in accordance with Condition 6(e). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

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 as set forth in the Trust Deed as described under *Credit Structure*. The Noteholders and the other Secured Parties shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Beneficiary Rights relating thereto, (ii) the balances standing to the credit of the Transaction Accounts and (iii) the amounts received by the Issuer under the Relevant 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 a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

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

To the extent set forth in Condition 6 and Condition 9, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Mezzanine Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes, (c) the Junior Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (d) the Subordinated Class E Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

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

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9. On any Quarterly Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described under *Credit Structure*.

Proposed Changes to the Basel Capital Accord

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"). 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 Capital Requirements Directive. In October 2008, the European Commission adopted proposals to amend the Capital Requirements Directive in light of the financial crisis, which came into force on 7 December 2010. Recently, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced a substantial strengthening of existing capital requirements and fully endorsed the agreements it reached on 26 July 2010, where new rules were proposed amending the existing Basel II Accord on bank capital requirements ("**Basel III**"). It is contemplated to implement these new rules by the end of 2011. 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 Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II and Basel III, as implemented by their own regulator, to their holding of any Notes. The Issuer and the Security Trustee are not responsible for informing Noteholders of the effects on the changes to risk-weighting which will result for investors from the adoption by their own regulator of Basel II or Basel III (whether or not implemented by them in its current form or otherwise).

Risk related to prepayment of the Notes

The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans and the amount of Further Advances. See under *Risk related to prepayments on the Mortgage Loans*.

Risk related to the limited liquidity of the Notes

There is not, at present, any active and liquid secondary market for the Notes. Although application has been made to the Irish Stock Exchange for the Notes (other than the Junior Class D Notes and the Subordinated Class E Notes) to be admitted to the Official List and trading on its regulated market, there can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue for the life of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Limited liquidity in the secondary mortgage market

The secondary market for mortgage-backed securities is currently experiencing severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage-backed securities is experiencing extremely limited liquidity. The conditions may continue or 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.

Maturity Risk

The ability of the Issuer to redeem all of the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the proceeds of the Mortgage Receivables is sufficient to redeem the Notes.

The Notes may not be a suitable investment for all investors

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including, but not limited to, where the currency for principal or interest payments is different from the investor's base currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices in the financial markets (including, but not limited to, the risks associated thereof) as an investor who is not familiar with such behaviour is more vulnerable to any fluctuations in the financial markets generally; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the investor's overall investment portfolio.

Notes in global form

Each Class of Notes shall be represented by a permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each permanent Global Note will be deposited with a common safekeeper on or about the Closing Date. Each permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances as more fully described in Global Notes. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as applicable. 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.

For so long as any Notes are represented by a Global Note, such Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as applicable.

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 and/or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such Principal Amount Outstanding of that Class of Notes, but without prejudice to the entitlement of the bearer of 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 and/or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective Principal Amount Outstanding of such Notes held by them shall be conclusive for all purposes.

Eurosystem eligibility of the Senior Class A Notes

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

No Gross-up for Taxes

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.

Credit ratings may not reflect all risks

The rating of each of the Senior Class A Notes and the Mezzanine Class B Notes addresses the assessments made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the GIC Provider, the Seller, the Liquidity Facility Provider or the Swap Counterparty) in the future so require.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties might have an adverse effect on the rating of the Senior Class A Notes and/or the Mezzanine Class B Notes. The Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not be assigned a rating.

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.

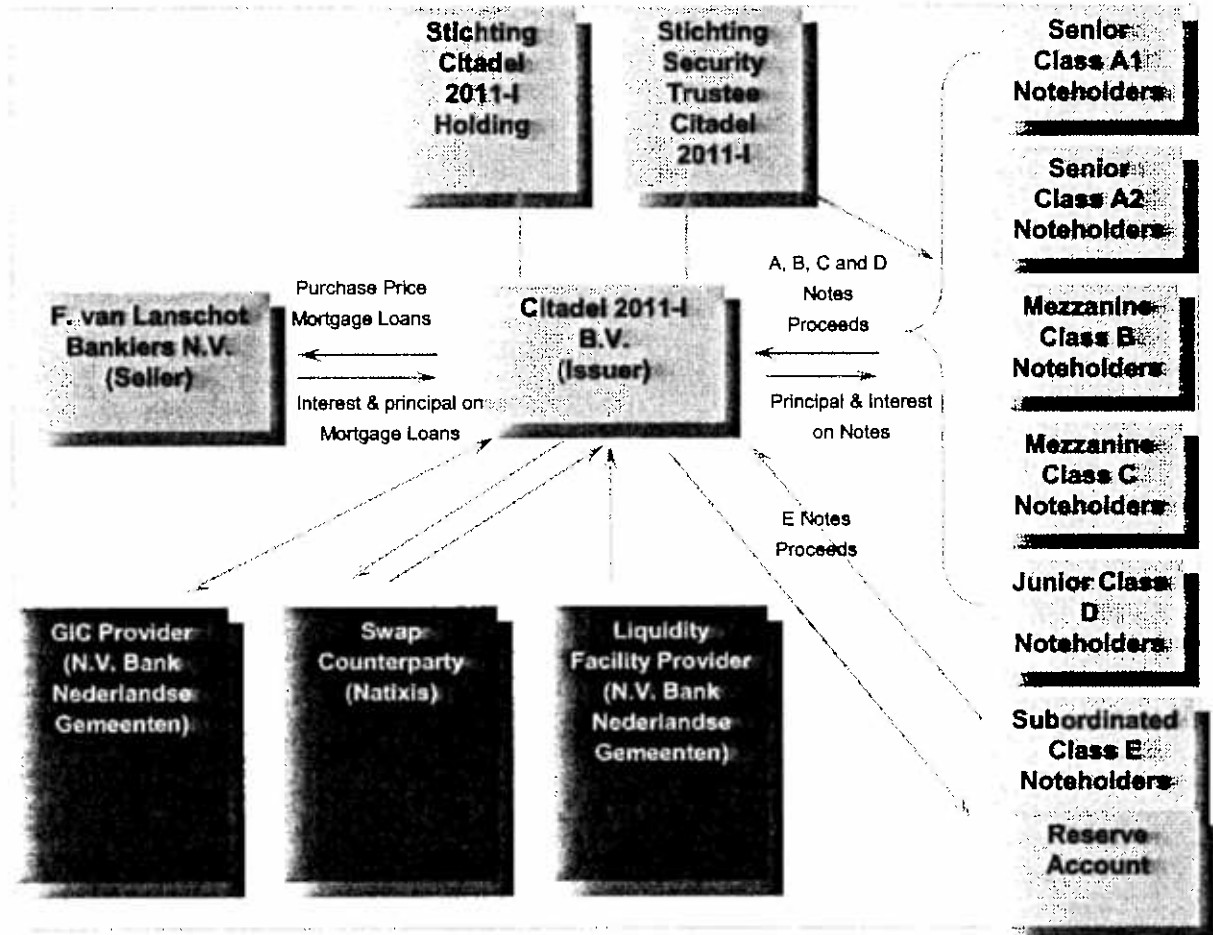
Changes of law

The structure of the issue of the Notes and the rating which is to be assigned to the Notes, other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, are based on the laws of the Netherlands in effect as on the date of this Prospectus. No assurance can be given as to the impact of any

possible change to law of the Netherlands or administrative practice in the Netherlands after the date of this Prospectus.

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.



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

THE PARTIES

Issuer:	Citadel 2011-I B.V., incorporated under the laws of the Netherlands on 16 November 2010 as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") under number B.V. 1616258 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 51292920. The entire issued share capital of the Issuer is owned by the Shareholder.
Seller :	F. van Lanschot Bankiers N.V. (" Van Lanschot "), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ") and registered with the Commercial Register of the Chamber of Commerce for East Brabant under number 16038212.
Pool Servicer :	Van Lanschot.
Administrator:	ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33210270. ATC Financial Services B.V. does not have in respect of the transaction described in this Prospectus any relationship with the Issuer other than pursuant to the Servicing and Administration Agreement.
Security Trustee :	Stichting Security Trustee Citadel 2011-I, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 50956205.
Shareholder :	Stichting Citadel 2011-I Holding, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 50956159.
Directors :	ATC Management B.V., the sole director of the Issuer and the sole director of the Shareholder, and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. ATC Management B.V., Amsterdamsch Trustee's Kantoor B.V. and ATC Financial Services B.V. belong to the same group of companies.
Liquidity Facility Provider :	N.V. Bank Nederlandse Gemeenten.
Swap Counterparty :	Natixis, London branch.
GIC Provider :	N.V. Bank Nederlandse Gemeenten.

Paying Agent :	Deutsche Bank AG, acting through its London branch.
Reference Agent :	Deutsche Bank AG, acting through its London branch.
Listing Agent :	Deutsche Bank Luxembourg S.A.
Common Safekeeper :	In respect of the Senior Class A Notes, Euroclear and Clearstream, Luxembourg and in respect of the Notes, other than the Senior Class A Notes, Deutsche Bank AG, acting through its London branch.

PRINCIPAL FEATURES OF THE TRANSACTION

THE NOTES

Notes:

The EUR 324,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2011 due 2043 (the "**Senior Class A1 Notes**"), the EUR 801,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2011 due 2043 (the "**Senior Class A2 Notes**") and together with the Senior Class A1 Notes, the "**Senior Class A Notes**", the EUR 120,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2011 due 2043 (the "**Mezzanine Class B Notes**"), the EUR 135,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2011 due 2043 (the "**Mezzanine Class C Notes**"), the EUR 120,000,000 floating rate Junior Class D Mortgage-Backed Notes 2011 due 2043 (the "**Junior Class D Notes**") and the EUR 15,000,000 floating rate Subordinated Class E Notes 2011 due 2043 (the "**Subordinated Class E Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") will be issued by the Issuer on 10 February 2011 (or such later date as may be agreed between the Issuer and the Seller) (the "**Closing Date**").

Issue Price:

The issue prices of the Notes will be as follows:

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

Form:

The Notes are in bearer form and, in respect of Notes in definitive form, serially numbered with coupons attached. The Issuer will deliver in respect of these Notes, to which U.S. Treasury Regulation §1.163- 5(c)(2) (i)(C) (the "**TEFRA C Rules**") applies, a permanent Global Note.

Denomination:

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

Status and ranking:

The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. See under *Terms and Conditions of the Notes*. The Subordinated Class E Noteholders do not have the right to receive any amount pursuant to the Principal Priority of Payments. The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes

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

Interest:

Interest on the Notes is payable by reference to successive quarterly interest periods in respect of the Principal Amount Outstanding (as defined in Condition 6(g)) of each Class of Notes on the first day of such Floating Rate Interest Period. Each successive interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date (each a "Floating Rate Interest Period") except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in April 2011. The interest will be calculated based on the actual days elapsed in the Floating Rate Interest Period divided by a year of 360 days.

Interest on the Notes will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding of each Class of Notes on the 26th day of April, July, October and January (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 26th day) in each year (each such day being a "Quarterly Payment Date"). A "Business Day" means a day on which banks are open for business in Amsterdam, London, Paris and Dublin, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("TARGET 2") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at an annual rate equal to the sum of Euribor for three (3) month deposits in euro, determined in accordance with Condition 4(f) (or, in respect of the first Floating Rate Interest Period, accrue at the rate which represents the linear interpolation of Euribor for 2 and 3 months deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin that will, in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes up to (but excluding) the Quarterly Payment Date falling in April 2016 (the "Step-Up Date") and in respect of the Subordinated Class E Notes, up to (but excluding) the Final Maturity Date, be:

- (i) for the Senior Class A1 Notes, a margin of 1.10 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 1.40 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 0.00 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 0.00 per cent. per annum;
- (v) for the Junior Class D Notes, a margin of 0.00 per cent. per annum; and
- (vi) for the Subordinated Class E Notes, a margin of 0.00 per cent. per annum.

Interest following the Step-Up Date:

If on the Step-Up Date any Class of Notes has not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three (3) month deposits in euro, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

- (i) for the Senior Class A1 Notes, a margin of 1.65 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 2.10 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 0.00 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 0.00 per cent. per annum;
- (v) for the Junior Class D Notes, a margin of 0.00 per cent. per annum; and

- (vi) for the Subordinated Class E Notes, a margin of 0.00 per cent. per annum.

Final Maturity Date:

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

Optional Redemption of the Notes:

Unless previously redeemed in full, the Issuer will have the option to redeem the Notes, other than the Subordinated Class E Notes, in whole but not in part on the Step-Up Date and on each Quarterly Payment Date thereafter (each an "Optional Redemption Date"), at their Principal Amount Outstanding and in the case of the Mezzanine Class C Notes or the Junior Class D Notes less the relevant Principal Shortfall, if any, subject to and in accordance with the Conditions. The Senior Class A Notes and the Mezzanine Class B Notes will have to be redeemed in full on such Optional Redemption Date.

Mandatory Redemption of the Notes:

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Notes Redemption Available Amount (including any amounts received as a result of the Clean Up Call Option and/or Regulatory Call Option being exercised) to (partially) redeem the Notes, other than the Subordinated Class E Notes, on each Quarterly Payment Date at their respective Principal Amount Outstanding on a *pro rata* and *pari passu* basis in the following order:

- (a) *firstly*, the Senior Class A1 Notes, until fully redeemed and sequentially, the Senior Class A2 Notes, until fully redeemed;
- (b) *secondly*, the Mezzanine Class B Notes, until fully redeemed;
- (c) *thirdly*, the Mezzanine Class C Notes, until fully redeemed; and
- (d) *fourthly and finally*, the Junior Class D Notes, until fully redeemed.

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

Redemption for tax reasons:

If (i) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, assessments 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 (a "Tax Change") and (ii) the Issuer will have sufficient funds available on a Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of Notes, other than the Subordinated Class E Notes, and any amounts required to be paid in priority to or *pari passu* with each Class of Notes, other than the Subordinated Class E Notes, in accordance with the Trust Deed, the Issuer has the option to redeem the Notes, other than the Subordinated Class E Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding in accordance with Condition 6(e) and subject to, except in respect of the Senior Class A Notes and the Mezzanine Class B Notes only, Condition 9(b). The Notes, other than the Subordinated Class E Notes may only be redeemed under such circumstances if all Classes of Notes, other than the Subordinated Class E Notes, (or such of them as are then outstanding) are also redeemed in full at the same time. See under *Sale of Mortgage Receivables* under *Credit Structure*. The Subordinated Class E Notes are subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

Withholding Tax:

All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by 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 presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common safekeeper for Euroclear or Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders (see under *The Global Notes*).

Use of proceeds:

The Issuer will use the proceeds from the issue of the Notes, other than the Subordinated Class E Notes, to pay to the Seller the Initial Purchase Price for the Mortgage Receivables pursuant to the provisions of an agreement dated on or about the date of this Prospectus made between the Seller, the Issuer and the Security Trustee (the "**Mortgage Receivables Purchase Agreement**"). An amount equal to the aggregate Construction Amounts will be withheld from the funds to be utilised towards the payment of the Initial Purchase Price by the Issuer and will be deposited in the Construction Account. The proceeds of the issue of the Subordinated Class E Notes will be credited to the Reserve Account. See under *Mortgage Receivables Purchase Agreement*.

THE MORTGAGE RECEIVABLES

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights under or in connection with certain selected Mortgage Loans including in respect of the Construction Amount (the "**Mortgage Receivables**", which will include upon the purchase of any Further Advance Receivables, such Further Advance Receivables of the Seller against certain borrowers (the "**Borrowers**"). The Mortgage Receivables resulting from any and all Life Mortgage Loans and Investment Mortgage Loans will hereinafter be referred to as "**Life Mortgage Receivables**" and "**Investment Mortgage Receivables**" respectively. The Issuer will be entitled to the principal proceeds and to all interest (including prepayment penalties and penalty interest) in respect of the Mortgage Receivables from (and including) the Cut-Off Date or, in the case of any Further Advance Receivables, from (and including) the first day of the calendar month wherein the relevant Quarterly Payment Date falls. The Seller has the benefit of the Beneficiary Rights which entitle the Seller to receive the final payment under the relevant Life Insurance Policies, which payment is to be applied towards redemption of the relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, to the extent legally possible and required, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

Purchase of Further Advance Receivables:

The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date up to (but excluding) the Step-Up Date, the Issuer will apply the Substitution Available Amount towards the purchase from the Seller of any and all rights of the Seller against any Borrower under or in connection with any Further Advance between the Seller and such Borrower (each a "**Further Advance Receivable**"), subject to the fulfilment of certain conditions and to the extent offered by the Seller. The "**Substitution Available Amount**" is equal to (i) the Principal Available Amount or (ii) zero (x) on the Step-Up Date and any Quarterly Payment Date after the Step-Up Date and (y) upon the exercise of the Clean-Up Call Option or (z) upon exercise of the Regulatory Call Option. The purchase price payable by the Issuer as consideration for any Further Advance Receivables shall be the sum of an initial purchase price, being the Outstanding Principal Amount in respect of such Further Advance Receivables on the first day of the month wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Further Advance Receivables.

On the relevant Quarterly Payment Date, the aggregate Construction Amounts will be withheld from the Initial Purchase Price and deposited on the Construction Account (see further chapter *Mortgage Receivables Purchase Agreement* below).

Repurchase of Mortgage Receivables:

If at any time after the Closing Date any of the representations and warranties given by the Seller in respect of a Mortgage Receivable or the Mortgage Loan from which such Mortgage Receivable results, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets the Mortgage Eligibility Criteria, proves to have been untrue or incorrect in any material respect when made, the Seller shall within fourteen (14) days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee, remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of fourteen (14) days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept reassignment of such Mortgage Receivable.

If the Seller agrees to make a Further Advance and the relevant Further Advance Receivable is not purchased on the Quarterly Payment Date immediately following the date on which the Seller has granted such Further Advance, the Seller shall (i) repurchase and accept reassignment of and the Issuer shall sell and reassign the relevant Mortgage Receivable on such Quarterly Payment Date and (ii) promptly inform the Pool Servicer and the Administrator of such Further Advance.

In addition, the Seller shall repurchase and accept reassignment of the relevant Mortgage Receivable on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the Mortgage Loan from which such Mortgage Receivable results as a consequence of which the relevant Mortgage Receivable no longer meets the Mortgage Eligibility Criteria or the representations and warranties of the Mortgage Receivables Purchase Agreement which amendment is not a result of a deterioration of the Borrower's creditworthiness (a "**Mortgage Loan Amendment**").

The purchase price in case of a repurchase by the Seller of Mortgage Receivables in any of the events described above, will be equal to the Outstanding Principal Amount of the Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the Mortgage Receivable.

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to loans (a) secured by a first-ranking or first- and sequentially lower ranking mortgage right over (i) real property, (ii) an apartment right or (iii) a long lease (together with real property and apartment rights situated in the Netherlands, the "**Mortgaged Assets**"), (b) which meet the Mortgage Eligibility Criteria set forth below, (c) which have been originated by the Seller and (d) which will be selected prior to or on the Closing Date or, in case of Further Advance Receivables, the relevant Quarterly Payment Date (the "**Mortgage Loans**"). See under *Description of Mortgage Loans*.

The pool of Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of interest-only mortgage loans ("*aflossingsvrije hypotheek*"), investment mortgage loans ("*beleggingshypotheek*"), life mortgage loans ("*levenhypotheek*"), linear mortgage loans ("*lineaire hypotheek*") and annuity mortgage loans ("*annuïteiten hypotheek*") or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequential lower ranking mortgage right(s) and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, together with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more loan parts ("*leningdelen*"). If a Mortgage Loan consists of one or more loan parts, the Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, loan parts of such Mortgage Loan on the Closing Date or, in respect of Further Advance Receivables, the relevant Quarterly Payment Date. See under *Description of Mortgage Loans*.

Life Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of life insurance mortgage loans ("**Life Mortgage Loans**"), i.e. Mortgage Loans or parts thereof which have the benefit of combined risk and capital insurance policies ("**Life Insurance Policies**") taken out by Borrowers/insured with any insurance company established in the Netherlands (the "**Insurance Companies**"). Under a Life Mortgage Loan, no principal is paid until maturity. The Life Insurance Policies are offered in the following alternatives by the Insurance Companies. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii) a combination of (i) and (ii), in which case the Borrower has the

option to switch between the Unit-Linked Alternative and the guaranteed amount. "**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. See under *Risk Factors* and *Description of the Mortgage Loans*.

Investment Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of Investment Mortgage Loans. Under Investment Mortgage Loans 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 the Investment Portfolio. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the Investment Portfolio. The rights in respect of the Investment Portfolio are pledged to the Seller as security for repayment of the relevant Investment Mortgage Loan. See under *Risk Factors* and *Description of Mortgage Loans*.

Linear Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans (the "**Linear Mortgage Loan**"). 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 (the "**Annuity Mortgage Loans**"). Under an Annuity Mortgage Loan the Borrower pays a constant total monthly payment, made up of an initially high and sequentially decreasing interest portion and an initially low and sequentially 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 (hereinafter "**Interest-only Mortgage Loans**"). Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Clean-Up Call Option:

On each Quarterly Payment Date the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than 10 (ten) per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-Off Date (the "**Clean-Up Call Option**").

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case the Clean-Up Call Option is exercised. The purchase price will be calculated as described under *Sale of Mortgage Receivables*. The proceeds of such sale shall be applied by the Issuer towards redemption of all but not some only of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes in accordance with Condition 6(b) and subject to, except for the Senior Class A Notes and the Mezzanine Class B Notes, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

Regulatory Call Option:

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the "**Regulatory Call Option**"). A "**Regulatory Change**" will be a change published on or after the Closing Date in the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the "**Basel Accord**"), Basel II and Basel III and 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 (the "**Solvency II Framework Directive**") or in the international, European or Dutch regulations, rules and

instructions (which includes rules on solvency requirements) (the "**Bank Regulations**") applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accord, Basel II, Basel III, the Solvency II Framework Directive or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case the Regulatory Call Option is exercised. The purchase price will be calculated as described under *Sale of Mortgage Receivables*. The proceeds of such sale shall be applied by the Issuer towards redemption of all but not some only of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes in accordance with Condition 6(e) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

Construction Amounts:

Pursuant to the Mortgage Conditions, the Borrowers have the right to request that a part of the Mortgage Loan will be withheld which will be applied towards construction of or improvements to the Mortgaged Asset. Such amounts (the '**Construction Amount**') will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Amounts on the Cut-off Date is EUR 8,770,161. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amount to be paid on the Closing Date or, in case of a purchase and assignment of Further Advance Receivables, to be paid on the relevant Quarterly Payment Date into the Construction Account. On each Quarterly Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the amount by which the aggregate Construction Amount has been reduced during the preceding Quarterly Calculation Period and pay such amount to the Seller.

The Construction Amounts are usually paid out within twenty-four (24) months. Incidentally, the Seller extends such period beyond twenty-four (24) months. Upon the expiry of such period, any remaining Construction Amount will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in respect of such Mortgage Receivable, and consequently any such remaining part of the Construction Amount in respect of such Mortgage Receivable will be transferred from the Construction Account to the Master Collection Account and will form part of the Notes Redemption Available Amount. The Seller will undertake in the Mortgage Receivables Purchase Agreement that any Construction Amount remaining upon the expiry of a period of twenty-four (24) months or such period as agreed between the Seller and the Borrower will be set-off against the relevant Mortgage Receivables up to the amount of the Construction Amount. If any of the events set forth in items (e) and (f) of the definition of the Assignment Notification Events has occurred, the Issuer will no longer be under the obligation to pay any remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount. See the section *Mortgage Receivables Purchase Agreement* below.

Sale of Mortgage Receivables:

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

Sale of Mortgage Receivables on an Optional Redemption Date

The Issuer will have the right to sell all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem all but not some only of the Senior

Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes in accordance with Condition 6(d) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

The purchase price of the Mortgage Receivables in case of a sale of the Mortgage Receivables shall be equal to at least the then Outstanding Principal Amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the then Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Sale of Mortgage Receivables if the Regulatory Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. In respect of the purchase price, the same as set out under *Sale of Mortgage Receivables if the Seller is obliged to repurchase* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Regulatory Call Option.

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

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out under *Sale of Mortgage Receivables on an Optional Redemption Date* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Clean-Up Call Option.

Sale of Mortgage Receivables for tax reasons

If the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e), the purchase price of such Mortgage Receivables will be calculated in the same manner as described under *Sale of Mortgage Receivables on an Optional Redemption Date*.

Sale of Mortgage Receivables if the Seller is obliged to repurchase

If the Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the purchase price of the Mortgage Receivables will be equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Security for the Notes:

The Notes will be (indirectly) secured through the Security Trustee:

- (i) by a first ranking right of pledge vested by the Issuer in favour of the Security Trustee on the Mortgage Receivables including all rights ancillary thereto and the Beneficiary Rights; and
- (ii) by a first ranking right of pledge vested by the Issuer in favour of the Security Trustee on the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing and Administration Agreement, the Liquidity Facility Agreement, the GIC and in respect of the Transaction Accounts.

The amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See under *Risk Factors* and for a more detailed description see under *Description of Security*.

Parallel Debt Agreement:

On or about the Closing Date, the Issuer and the Security Trustee will – among other parties – enter into a parallel debt agreement (the "**Parallel Debt Agreement**") for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to certain amounts

due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

CASH-FLOW STRUCTURE

Liquidity Facility Agreement:

On or about the Closing Date, the Issuer and the Security Trustee will enter into a liquidity facility agreement with a maximum term of 364 days which may be extended with a term ending on the Quarterly Payment Date falling immediately preceding the Final Maturity Date with the Liquidity Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (the "**Liquidity Facility Agreement**"). If, at any time, the Issuer will be required to make a Liquidity Facility Stand-by Drawing, the Issuer shall deposit such amount in the Master Collection Account with a credit to a ledger (the "**Liquidity Facility Stand-by Ledger**"). Such amounts will be available for payment to be made by the Issuer subject to and in accordance with the Liquidity Facility Agreement as if it would be making a drawing thereunder. See under *Credit Structure*.

Seller Collection Account:

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

Financial Collateral Accounts :

On or about the Closing Date the Issuer will establish an account held with the GIC Provider (the "**Financial Cash Collateral Account**") on which any Eligible Collateral may be credited by the Seller on a Quarterly Payment Date if and to the extent that the Seller chooses to post cash denominated in euro as collateral pursuant to the Financial Collateral Agreement. In addition, on or about the Closing Date, the Issuer will establish an account held with the Seller (the "**Financial Collateral Securities Account**") on which any Eligible Collateral may be credited by the Seller on a Quarterly Payment Date if and to the extent that the Seller chooses to post Dutch government bonds or other securities as collateral pursuant to the Financial Collateral Agreement. The Issuer shall on each Quarterly Payment Date debit from any of the Financial Collateral Accounts an amount equal to the sum of the Set-Off Amount and the Other Claim Indemnity Amount which the Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Quarterly Payment Date and credit such amount to the Master Collection Account subject to and in accordance with the Trust Deed, which amount shall form part of the Notes Interest Available Amount on such date.

Master Collection Account:

The Issuer shall maintain with the GIC Provider a collection account (the "**Master Collection Account**") to which, *inter alia*, all amounts of interest, prepayment penalties and principal received by the Seller under the Mortgage Receivables will be transferred by the Pool Servicer from the Seller Collection Account.

Construction Account:

The Issuer will maintain with the GIC Provider an account (the "**Construction Account**") to which on the Closing Date or, in case of a purchase and assignment of Further Advance Receivables, on the relevant Quarterly Payment Date, an amount corresponding to the relevant aggregate Construction Amount will be credited. Payments may be made from the Construction Account on a Quarterly Payment Date only to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the Seller to the relevant Borrowers. Besides this, the Construction Account will be debited with the amount having been set off against the relevant Mortgage Receivables in connection with the Construction Amounts and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Master Collection Account and form part of the Notes Redemption Available Amount (as described under *Construction Amounts* above).

Reserve Account:

The Issuer shall maintain with the GIC Provider a reserve account, (the "**Reserve Account**" and together with the Master Collection Account and the Construction Account, the "**Transaction Accounts**") in which the proceeds of the issue of the Subordinated Class E Notes will be deposited. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (i) in the Interest Priority of Payments (see under *Credit Structure*) in the event that the Notes Interest Available Amount

is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the aggregate amounts payable under items (a) to (i) (inclusive) in the Interest Priority of Payments (see under *Credit Structure*), such excess amount will be used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Target Level.

The "**Reserve Account Target Level**" shall be equal to (i) on any Quarterly Payment Date, 1.00 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class E Notes, on the Closing Date or (ii) zero, on the Quarterly Payment Date on which the Notes, other than the Subordinated Class E Notes, have or are to be redeemed in full, subject to and in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Quarterly Payment Date exceeds the Reserve Account Target Level, such excess shall be drawn from the Reserve Account on such Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class E Notes.

On the Quarterly Payment Date on which all amounts of principal due in respect of the Notes, other than the Subordinated Class E Notes, have been or will be paid, any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amount and will be applied by the Issuer in or towards satisfaction of all items in the Interest Priority of Payments in accordance with the priority set out therein, including for redemption of principal of the Subordinated Class E Notes.

Guaranteed Investment Contract:

The Issuer, the Security Trustee and the GIC Provider will enter into a guaranteed investment contract (the "**GIC**") on or about the Closing Date, under which the Issuer will open the Transaction Accounts and the Swap Cash Collateral Account and the Financial Cash Collateral Account and the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to the EONIA minus a margin on the balances standing from time to time to the credit of the each of the Master Collection Account, the Financial Cash Collateral Account and the Swap Cash Collateral Account. In addition, the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to the Euribor for three month deposits in euro minus a margin on the balance standing from time to time to the credit of each of the Reserve Account and the Construction Account.

Financial Collateral Agreement:

On or about the Closing Date, the Issuer will enter into the Financial Collateral Agreement (the "**Financial Collateral Agreement**") with the Seller and the Security Trustee pursuant to which the Seller undertakes to transfer to the Issuer on each Quarterly Payment Date Eligible Collateral in an amount of and having a value equal to the Delivery Amount in any of the Financial Collateral Accounts. To the extent that the Posted Collateral Value exceeds the Financial Collateral Required Amount on any Quarterly Payment Date, the Return Amount shall be retransferred by the Issuer to the Seller in the form of equivalent collateral. See under *Credit Structure* below.

Swap Agreement:

On or about the Closing Date, the Issuer will enter into an ISDA Master Agreement (which shall include the schedule thereto, the credit support annex thereto and the confirmation evidencing the transaction thereunder) with the Swap Counterparty and the Security Trustee, to mitigate the risk between (a) the rates of interest scheduled to be received by the Issuer on the Mortgage Receivables and the interest received on the Master Collection Account (other than relating to any Liquidity Facility Stand-by Drawing) and (b) the floating rates of interest payable by the Issuer on the Notes, other than the Subordinated Class E Notes, until the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full (such agreement between the Issuer and the Swap Counterparty or its successor or replacement swap counterparty: the "**Swap Agreement**") (see section *Interest Rate Hedging* under *Credit Structure*).

From the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full, the difference between the interest payable on the Mezzanine Class C Notes and the Junior Class D Notes and the rates of interest to be received on the Mortgage Receivables still outstanding by the Issuer will not be hedged. Furthermore, the difference between the interest payable on the Subordinated Class E Notes and the interest received on the Reserve Account will not be hedged.

OTHER

Servicing and Administration Agreement:

Under a servicing and administration agreement to be entered into on or about the Closing Date between the Issuer, the Pool Servicer, the Administrator and the Security Trustee (the "**Servicing and Administration Agreement**"), (i) the Pool Servicer will agree (a) to provide administration and management services to the Issuer in relation to the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, (b) to direct amounts received by the Seller to the Master Collection Account, (c) to implement arrears procedures including the enforcement of the Mortgage and Borrower Pledges and the production of monthly reports in relation thereto, including any debits from the current account of the Borrower for delinquent amounts to the extent such amounts exceed the predefined current account limit (see under *Lending Principles and Processes*), (d) to make all calculations required to be made pursuant to the Financial Collateral Agreement and (e) to prepare and provide the Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities, and (ii) the Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, in relation to (a) drawings (if any) to be made by the Issuer from the Reserve Account and the Financial Collateral Accounts, (b) procuring that, if required, drawings are made by the Issuer under the Liquidity Facility Agreement, whether or not from the Master Collection Account as credited to the Liquidity Facility Stand-by Ledger, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) maintaining all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions, (g) payments to be made by the Issuer under the other Relevant Documents, (h) the preparation of the quarterly investor reports and (i) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Administrator and the Pool Servicer will provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement (see under *Servicing and Administration Agreement*).

Management Agreements:

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

Listing:

Application has been made to the Irish Stock Exchange for the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes to be admitted to the Official List and trading on its regulated market. The Junior Class D Notes and the Subordinated Class E Notes will not be listed.

Ratings:

It is a condition precedent to issuance of the Notes that the Senior Class A1 Notes, on issue, be assigned a 'AAA' rating by Fitch and a 'AAA(sf)' rating by S&P, the Senior Class A2 Notes, on issue, be assigned a 'AAA' rating by Fitch and a 'AAA(sf)' rating by S&P and the Mezzanine Class B Notes, on issue, be assigned a 'A' rating by Fitch and a 'AAA(sf)' rating by S&P. The Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not be assigned a rating.

Settlement:

Through the book-entry systems of Euroclear and Clearstream, Luxembourg.

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

Selling restrictions:

There are selling restrictions in relation to the European Economic Area, United Kingdom, United States, Italy, France and such other restrictions as may be required in connection with the offering and sale of the Notes. See under *Purchase and Sale*.

Governing law:

The Notes including the Coupons appertaining thereto and any non-contractual obligations arising out of or in relation to the Notes, will be governed by and construed in accordance with the laws of the Netherlands.

CREDIT STRUCTURE

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

Mortgage Loan Interest Rates

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or floating, or a combination thereof. On the Cut-Off Date the weighted average interest rate of the Mortgage Loans was 4.47 per cent. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of Mortgage Loans*.

Cash Collection Arrangement

Payments by the majority of the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. Only the payments of interest and scheduled principal by a small part of the Borrowers, being less than 1 per cent. of all Borrowers, are due on a quarterly or an annual basis. All payments made by Borrowers will be paid into the Seller Collection Account. This account is not pledged to any party. This account will also be used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys belonging to the Seller.

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

On each "**Mortgage Payment Date**" (being the 13th day of each calendar month or if this is not a business day, the next succeeding business day) the Seller or the Pool Servicer on its behalf, in accordance with the Servicing and Administration Agreement, shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period from the Seller Collection Account to the Master Collection Account.

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

Accounts of the Issuer held with the GIC Provider

Master Collection Account

The Issuer will maintain with the GIC Provider the Master Collection Account to which all amounts received (i) in respect of the Mortgage Receivables will be transferred by the Pool Servicer and (ii) from the other parties to the Relevant Documents will be paid.

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

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

Construction Account

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

Reserve Account

The Issuer will also maintain with the GIC Provider the Reserve Account. Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet payment of items (a) to (i) (inclusive) of the Interest Priority of Payments (see below).

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher than (i) in the Interest Priority of Payments, the excess amount will be applied to deposit on the Reserve Account, until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level. The Reserve Account Target Level shall be equal to (i) on any Quarterly Payment Date 1.00 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class E Notes on the Closing Date or (ii) zero, on the Quarterly Payment Date on which the Notes, other than the Subordinated Class E Notes, have or are to be redeemed in full, subject to and in accordance with the Conditions.

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

After all amounts of interest and principal due in respect of the Notes, other than the Subordinated Class E Notes, have been paid, any amount standing to the credit of the Reserve Account will be transferred to the Master Collection Account and will, after all payments of the Interest Priority of Payments ranking higher in priority have been made, form part of the Notes Interest Available Amount.

Financial Cash Collateral Account

The Issuer will also maintain with the GIC Provider the Financial Cash Collateral Account to which, in the extent the Seller opts to transfer cash denominated in euro as collateral subject to and in accordance with the Financial Collateral Agreement up to the Delivery Amount will be credited. See below under *Financial Collateral Agreement*.

The Issuer may on each Quarterly Payment Date debit from any of the Financial Collateral Accounts an amount equal to the sum of the Set-Off Amount and the Other Claim Indemnity Amount which the Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Quarterly Payment Date and credit such amount to the Master Collection Account, subject to and in accordance with the Trust Deed, which amount shall form part of the Notes Interest Available Amount on such date. The "**Set-Off Amount**" means, in respect of any Mortgage Receivable on any Quarterly Payment Date, an amount equal to the full amount due but unpaid in respect of such Mortgage Receivable during the Quarterly Calculation Period immediately preceding such Quarterly Payment Date if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount on the relevant Quarterly Payment Date, has not received such amount during the Quarterly Calculation Period immediately preceding such Quarterly Payment Date. The "**Other Claims Indemnity Amount**" means, on any Quarterly Payment Date, the amount equal to the total claim of the Issuer vis-à-vis the Seller under or in connection with the Mortgage Receivables Purchase Agreement which is due and payable but not received by the Issuer. The Set-Off Amount and the Other Claims Indemnity Amount will be accounted for as Realised Losses.

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

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

Downgrade of the GIC Provider

If at any time the rating of the GIC Provider falls below 'F1' (short-term) or 'A' (long-term) by Fitch or 'A' (long-term) (or 'A+' (long-term) if it has no short term rating of at least 'A-1') by S&P (the "**Required Minimum Rating**") or any such rating is withdrawn by either Fitch or S&P, the Issuer will be required within 30 days (in respect of the ratings assigned to the Senior Class A Notes and the Mezzanine Class B Notes by Fitch) or 60 calendar days extended with a period of 30 calendar days provided that a written proposal has been received and accepted by S&P (in respect of the ratings assigned to the Senior Class A Notes and the Mezzanine Class B Notes by S&P) (i) to transfer the balance of the Transaction Accounts, the Swap Cash Collateral Account Error! Bookmark not defined and the Financial Cash Collateral Account to an alternative bank having at least the Required Minimum Rating, or (ii) to ensure that payments to be made in respect of amounts received on the Transaction Accounts, the Swap Cash Collateral Account Error! Bookmark not defined and the Financial Cash Collateral Account will be guaranteed by a party having at least the Required Minimum Rating in accordance with the guarantee criteria of S&P, or (iii) to implement any other actions to maintain the then current ratings assigned to the Senior Class A Notes and the Mezzanine Class B Notes.

Swap collateral account

Any collateral in the form of cash which is provided by the Swap Counterparty to the Issuer will be deposited on the Swap Cash Collateral Account in which such cash will be held in accordance with the credit support annex. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities will be held in accordance with the credit support annex.

No withdrawals may be made in respect of such accounts other than:

- (i) to effect the return of Excess Swap Collateral to the Swap Counterparty (which return shall be effected by the transfer of such Excess Swap Collateral directly to the Swap Counterparty without deduction for any purpose and which return, for the avoidance of doubt, shall be effected outside the Interest Priority of Payments); or
- (ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, to satisfy the claim of the Issuer, which amount will form part of the Notes Interest Available Amount (for the avoidance of doubt, after any close out netting has taken place).

Such account will therefore not be subject to a security right in favour of the Security Trustee.

"Excess Swap Collateral" means an amount equal to the value of any collateral transferred to the Issuer by the Swap Counterparty and accrued under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder (i) as at the date the Swap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of the Swap Agreement. Any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction obtained by the Issuer relating to any deduction or withholding giving rise to a payment made by the Swap Counterparty in accordance with the Swap Agreement, the cash benefit in respect of which ("**Tax Credit**") shall be paid by the Issuer to the Swap Counterparty prior to the distribution of any amounts due to the Noteholders or the other Secured Parties (outside of any Priority of Payments) pursuant to the terms of the Swap Agreement.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Quarterly Calculation Date as being received or deposited or held during the Quarterly Calculation Period as calculated immediately preceding such Quarterly Calculation Date (items (i) up to and including (xii) and less (xiii) hereafter being referred to as the "**Notes Interest Available Amount**"):

- (i) interest on the Mortgage Receivables;
 - (ii) interest accrued on the Transaction Accounts (other than on the Construction Account) which has been received during the immediately preceding Quarterly Calculation Period;
 - (iii) prepayment penalties and interest penalties under the Mortgage Receivables;
 - (iv) Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal;
 - (v) amounts to be drawn from any of the Financial Collateral Accounts, other than the Return Amount, if any, but including any Set-Off Amount and any Other Claims Indemnity Amount, on the immediately succeeding Quarterly Payment Date;
 - (vi) amounts to be drawn under the Liquidity Facility Agreement whether or not from the Liquidity Facility Stand-by Ledger (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
 - (vii) amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
 - (viii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date but excluding any amounts provided by the Swap Counterparty as collateral, if any, and any Tax Credit;
 - (ix) 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;
 - (x) amounts received, recovered or collected in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal and any amounts of principal that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
 - (xi) any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable (the "Post-Foreclosure Proceeds"); and
 - (xii) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class E Notes, will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Master Collection Account which are not included in items (i) up to and including (xi) on such Quarterly Payment Date;
- less
- (xiii) on the first Quarterly Payment Date of each year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual operating expenses in the immediately preceding calendar year in accordance with item (a) of the Interest Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities and (ii) an amount of € 2,500,

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

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees 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 Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of fees and expenses due and payable to the Pool Servicer and the Administrator under the Servicing and Administration Agreement;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such taxes cannot be paid out of item (xiii) of the Notes Interest Available Amount) and sums due to the Rating Agencies and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iii) fees and expenses due to the GIC Provider under the GIC and (iv) the Liquidity Facility Commitment Fee (as set forth in the Liquidity Facility Agreement) to the Liquidity Facility Provider;

- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding the Liquidity Facility Commitment Fee payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (q) below, or (ii) following a Liquidity Facility Stand-by Drawing, in or towards satisfaction of sums to be credited to the Master Collection Account;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, except for any termination payment due and payable including a Settlement Amount (a) as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or (b) in case of an Additional Termination Event pursuant to a Rating Event (as such terms are defined in the Swap Agreement) (each a "Swap Counterparty Default Payment") payable under (r) below and excluding any amounts relating to Excess Swap Collateral and Tax Credit payable outside the Interest Priority of Payments;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due or accrued due but unpaid on the Senior Class A1 Notes and the Senior Class A2 Notes;
- (g) *seventh*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (i) *ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the Reserve Account Target Level;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid on the Mezzanine Class C Notes;
- (l) *twelfth*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (m) *thirteenth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid on the Junior Class D Notes;
- (n) *fourteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (o) *fifteenth*, in or towards satisfaction of all amounts of interest due or interest accrued due but unpaid on the Subordinated Class E Notes;
- (p) *sixteenth*, in or towards satisfaction of principal due on the Subordinated Class E Notes;
- (q) *seventeenth*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (r) *eighteenth*, in or towards satisfaction of the Swap Counterparty Default Payment due to the Swap Counterparty under the terms of the Swap Agreement; and
- (s) *nineteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

Priority of Payments in respect of principal

The sum of the amounts calculated at any Quarterly Calculation Date, as being received or deposited during the immediately preceding Quarterly Calculation Period, will constitute the "**Principal Available Amount**" and the

Principal Available Amount less the Substitution Amount shall constitute the "**Notes Redemption Available Amount**":

- (i) repayment and prepayment of principal in part or in full under the Mortgage Receivables, excluding prepayment penalties, if any;
- (ii) Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iii) 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;
- (iv) amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but only up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
- (v) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments;
- (vi) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes, other than the Subordinated Class E Notes, on the immediately preceding Quarterly Payment Date; and
- (vii) amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;

such amount, less:

- (viii) any amount applied towards the purchase of Further Advance Receivables on such Quarterly Payment Date (the "**Substitution Amount**").

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Notes Redemption Available Amount will be applied by the Issuer on each Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Principal Priority of Payments**"):

- (a) *first*, in or towards satisfaction of principal amounts due under the Senior Class A1 Notes until fully redeemed and, sequentially, the Senior Class A2 Notes, until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes, until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes, until fully redeemed; and
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Junior Class D Notes, until fully redeemed.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Secured Parties (including the Noteholders) in the following order of priority (after deduction of any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, fees and expenses of the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Priority of Payments upon Enforcement**"):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;

- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) fees and expenses due to the GIC Provider under the GIC and (iv) the fees and expenses of the Administrator and the Pool Servicer under the Servicing and Administration Agreement;
- (c) *third*, to the Liquidity Facility Provider, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding (i) any Liquidity Facility Stand-by Drawing payable under (a) above and (ii) any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (o) below;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement, including Settlement Amounts (as defined in the Swap Agreement) to be paid by the Issuer upon early termination of the Swap Agreement (as determined in accordance with its terms), but excluding any Swap Counterparty Default Payment excluding any amounts relating to Excess Swap Collateral and/or Tax Credit payable outside the Priority of Payments upon Enforcement;
- (e) *fifth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (f) *sixth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class D Notes;
- (m) *thirteenth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class E Notes;
- (n) *fourteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class E Notes;
- (o) *fifteenth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (p) *sixteenth*, towards satisfaction of any Swap Counterparty Default Payment due to the Swap Counterparty under the terms of the Swap Agreement; and
- (q) *seventeenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller.

Liquidity Facility Agreement

On or about the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Security Trustee. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent that on such date the Senior Class A Notes and the Mezzanine Class B Notes will be redeemed in full, subject to Condition 9(b), and (ii) the Final Maturity Date) to make drawings under the Liquidity Facility Agreement up to the Liquidity Facility Maximum Amount, subject to certain conditions. The Liquidity Facility Agreement is for a maximum term of 364 days. The commitment of the Liquidity Facility Provider is extendable at the request of the Issuer at its option. Any drawing under the Liquidity Facility Agreement by the Issuer may only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (h) (inclusive) (but not item (g)), provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger. Certain payments to the Liquidity Facility Provider will rank in priority in respect of payments and security to *inter alia* the Notes. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Master Collection Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

If, (a) (i) at any time, the rating assigned to the unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below the Required Minimum Rating or any such rating is withdrawn and (ii) within 14 calendar days (in respect of the ratings assigned to the Senior Class A Notes and the Mezzanine Class B Notes by Fitch) or 60 calendar days extended with a period of 30 calendar days provided that a written proposal has been received and accepted by S&P (in respect of the ratings assigned to the Senior Class A Notes and the Mezzanine Class B Notes by S&P) of such downgrading the Liquidity Facility Provider is not replaced with an alternative Liquidity Facility Provider whose unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating equal to the Required Minimum Rating or alternatively the Liquidity Facility Provider has procured that a guarantee for its obligations in favour of the Issuer has been issued in accordance with the guarantee criteria of S&P, or (b) the Liquidity Facility Provider has refused to extend the Liquidity Facility Agreement upon the Issuer's request, or (c) the Issuer has requested that the Liquidity Facility Provider transfers its rights and obligations under the Liquidity Facility Agreement to a third party and the Liquidity Facility Provider has not immediately been replaced with a liquidity facility provider having the Required Minimum Rating, the Issuer will be required forthwith to draw down the entirety of the undrawn portion under the Liquidity Facility Agreement (a "**Liquidity Facility Stand-by Drawing**") and deposit such amount to the Master Collection Account with a corresponding credit to the Liquidity Facility Stand-by Ledger. Amounts so deposited to the Master Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility Agreement.

"**Liquidity Facility Maximum Amount**" will on any Quarterly Payment Date be equal to the higher of (a) the higher of (i) 1.50 per cent. of the Principal Amount Outstanding of the Notes (other than the Subordinated Class E Notes) on such Quarterly Payment Date, and (ii) 0.50 per cent. of the Principal Amount Outstanding of the Notes (other than the Subordinated Class E Notes) on the Closing Date and (b) in case on a Quarterly Payment Date (i) there is a Liquidity Facility Drawing, (ii) the balance standing to the credit of the Reserve Account is less than the Reserve Account Target Level or (iii) the then current ratings assigned by S&P to the Senior Class A Notes and/or the Mezzanine Class B Notes falls below the ratings assigned to them at issuance, the amount equal to the Liquidity Facility Maximum Amount applicable to the previous Quarterly Payment Date.

Financial Collateral Agreement

On or about the Closing Date, the Issuer will enter into a financial collateral agreement (the "**Financial Collateral Agreement**") with the Seller and the Security Trustee. Pursuant to the Financial Collateral Agreement, the Seller undertakes to transfer to the Issuer on each Quarterly Payment Date to the relevant Financial Collateral Account collateral which, at the sole discretion of the Seller, may consist of (i) euro denominated cash, (ii) Dutch government bonds with a maturity of more than one year which have been assigned an 'AAA' rating by each of the Rating Agencies, (iii) Dutch government bonds with a maturity of less than one year which have been assigned a rating of 'AA-' or 'F-1+' by Fitch and 'AA-' or 'A-1+' by S&P and (iv) any other collateral which is agreed by the Issuer, the Security Trustee and the Seller jointly to be eligible and which in any case will be securities within the meaning of the Wge and have been assigned a rating in case of a maturity of more than one year of 'AAA' by each of the Rating Agencies or in case of a maturity of less than one year which have been assigned a rating of 'AA-' or 'F-1+' by Fitch and 'AA-' or 'A-1+' by S&P ("**Eligible Collateral**") in an amount of and having a value equal to positive difference between the Financial Collateral Required Amount and the Posted Collateral Value (the "**Delivery Amount**").

The "**Financial Collateral Required Amount**" means the sum of the Potential Set-Off Required Amount and the Other Claims Collateral Required Amount.

The "**Posted Collateral Value**" means, on any day, the sum of (i) the balance standing to the credit of the Financial Cash Collateral Account with accrued interest and (ii) the market value at close of business on the immediately preceding business day of the Posted Collateral comprising of securities.

The "**Posted Collateral**" means, on the relevant Quarterly Payment Date, the aggregate Eligible Collateral that has been transferred by the Seller to or received by the Issuer pursuant to the Financial Collateral Agreement, together with all proceeds of such Eligible Collateral and standing on the Financial Collateral Accounts jointly.

The "**Potential Set-Off Required Amount**" shall on any Quarterly Payment Date, calculated as at the relevant Quarterly Calculation Date, be equal to (a) if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than the Required Minimum Rating by any of the Rating Agencies, the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the last day of the immediately preceding Quarterly Calculation Period and (ii) an amount equal to 10.0 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date and (y) zero, and (b) zero, if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least the Required Minimum Rating by any of the Rating Agencies or in case the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full.

The "**Potential Set-Off Amount**" shall, on any Quarterly Payment Date, be 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 amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by the Borrower of the relevant Mortgage Receivable(s) with the Seller on the last day of the immediately preceding Quarterly Calculation Period; and
 - b. the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Quarterly 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 amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by such Borrower with the Seller on the last day of the immediately preceding Quarterly Calculation Period;
 - b. the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Quarterly Calculation Period; and
 - c. the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Index Guaranteed Contracts held by such Borrower with the Seller on the date the relevant Borrower is notified of the assignment of the Mortgage Receivable(s) to the Issuer.

The "**Other Claims Collateral Required Amount**" shall, on any Quarterly Payment Date, and prior to an Assignment Notification Event, calculated as at the relevant Quarterly Payment Date, be equal to if and as long as the unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than the Required Minimum Rating by any of the Rating Agencies, the amount by which the aggregate outstanding principal amount of the Other Claims at close of business on the last day of the immediately preceding Quarterly Calculation Period exceeds 10.0 per cent. of the aggregate of the Outstanding Principal Amount of the Mortgage Receivables on such date, and (b) zero, if and as long as the unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least the Required Minimum Rating by any of the Rating Agencies, and (c) zero in case the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full.

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

Principal Deficiency Ledger

A "Principal Deficiency Ledger" comprising of four sub-ledgers (the "Class A Principal Deficiency Ledger", the "Class B Principal Deficiency Ledger", the "Class C Principal Deficiency Ledger" and the "Class D Principal Deficiency Ledger") will be established by or on behalf of the Issuer in order to record Realised Losses (each a "Principal Deficiency"). An amount equal to any Realised Loss will be debited to the Class D Principal Deficiency Ledger (such debit items being credited at item (n) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Junior Class D Notes, thereafter such amount will be debited to the Class C Principal Deficiency Ledger (such item being credited at item (l) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Mezzanine Class C Notes, thereafter such amount will be debited to the Class B Principal Deficiency Ledger (such item being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit item being credited at item (g) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose).

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

"Realised Losses" means, on any Quarterly Payment Date, the sum of (a) the amount of the difference between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables on which the Seller or the Pool Servicer or the Issuer or the Security Trustee has foreclosed during the immediately preceding Quarterly Calculation Period and (ii) the sum of the Net Proceeds on such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Quarterly Calculation Period, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables so sold and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to principal, and (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defence or to payments or (p)repaid any amounts during the immediately preceding Quarterly Calculation Period, the amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") as a result thereof unless and to the extent such amount is received from the Seller or otherwise pursuant to any items of the Notes Redemption Available Amount, including as Set-Off Amount and as Other Claims Indemnity Amount.

Interest Rate Hedging

The Mortgage Eligibility Criteria require that all Mortgage Receivables bear a fixed or floating rate of interest subject to a reset from time to time, or a combination thereof. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. On the Step-Up Date, the margin on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes will be reset. The Issuer will mitigate the interest rate exposure on the Notes, other than the Subordinated Class E Notes, until the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been

redeemed in full, by entering into the Swap Agreement with the Swap Counterparty on or about the Closing Date.

From the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full, the interest rate exposure in respect of the Mezzanine Class C Notes and the Junior Class D Notes will not be mitigated by the Swap Agreement. Furthermore, the interest rate exposure in respect of the Subordinated Class E Notes will not be mitigated by the Swap Agreement.

Under the Swap Agreement, the Issuer will agree to pay to the Swap Counterparty on each Quarterly Payment Date amounts equal to the sum of (i) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Quarterly Calculation Period (the "Scheduled Interest"), plus (ii) the interest accrued and received on the Master Collection Account (other than interest accrued in respect of an amount equal to the balance standing to the credit of the Liquidity Facility Stand-by Ledger), plus (iii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period, less (x) an excess margin of an amount equal to 0.5 per cent. per annum (the "Excess Margin") applied to Principal Amount Outstanding on the Notes, other than the Subordinated Class E Notes, less the Principal Deficiency on the first day of the immediately preceding Floating Rate Interest Period, and (y) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments.

The Swap Counterparty will agree to pay to the Issuer on each Quarterly Payment Date until the Quarterly Payment Date on which the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full amounts equal to the scheduled interest due under the Notes, other than the Subordinated Class E Notes, and calculated by reference to the Floating Rate of Interest for each such Class of Notes applied to an amount equal to the Principal Amount Outstanding of the relevant Class of such Notes (as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger, whereby in the event of a balance on the Class A Principal Deficiency Ledger, such balance will be subdivided between the Senior Class A1 Notes and the Senior Class A2 Notes *pro rata* by reference to the Principal Amount Outstanding of the Senior Class A1 Notes and the Senior Class A2 Notes up to the Principal Amount Outstanding) on the first day of the relevant Floating Rate Interest Period.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one or certain specified Events of Default and Termination Events (each as defined in the ISDA Master Agreement) commonly found in standard ISDA documentation. The Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be obliged to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that less than 3 market quotations can be obtained).

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

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

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

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

If (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to have certain required ratings by the Rating Agencies, the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement (pursuant to the credit support annex which forms part of the Swap Agreement on the basis of the standard ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Closing Date depending on the value at risk of the Issuer), (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity having at least the required ratings, (iii) procuring another entity with at least the required ratings to become co-obligor in respect of its obligations under the Swap Agreement, or (iv) the taking of such other action as it may be required to maintain or, as the case may be, restore the then current rating assigned to the Notes (other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes). A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be obliged to make a termination payment to the other party.

Any Excess Swap Collateral will promptly be returned to the Swap Counterparty outside the applicable Priority of Payments. If the Issuer receives any Tax Credit resulting from the payment of any withholding tax by the Swap Counterparty, the Issuer shall pay the cash benefit of such Tax Credit to the Swap Counterparty (outside of any Priority of Payments).

Sale of Mortgage Receivables

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

Sale of Mortgage Receivables on an Optional Redemption Date

The Issuer will have the right to sell all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem all but not some only of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes in accordance with Condition 6(d) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

The purchase price of the Mortgage Receivables in case of a sale of the Mortgage Receivables shall be at least equal to the then Outstanding Principal Amount at such time, together with accrued interest due but not paid, if any, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the appraised foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the then Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Sale of Mortgage Receivables if the Regulatory Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. In respect of the purchase price, the same as set out under *Sale of Mortgage Receivables if the Seller is obliged to repurchase*

applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Regulatory Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of all but not some only of the Notes in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

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

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out under *Sale of Mortgage Receivables on an Optional Redemption Date* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of all but not some only of the Notes in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

Sale of Mortgage Receivables for tax reasons

If the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e), the purchase price of such Mortgage Receivables will be calculated in the same manner as described under *Sale of Mortgage Receivables on an Optional Redemption Date*. The proceeds of such sale shall be applied by the Issuer towards redemption of all but not some only of the Notes in accordance with Condition 6(e) and subject to, in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, Condition 9(b). The Subordinated Class E Notes will be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

Sale of Mortgage Receivables if the Seller is obliged to repurchase

If the Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the purchase price of the Mortgage Receivables will be equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

OVERVIEW OF THE DUTCH MORTGAGE MARKET*

Relatively high Mortgage-Debt-to-GDP

The level of outstanding residential mortgage debt in the Netherlands reached € 620 billion at the end of 2009 according to the Dutch Central Bank. One of the most important factors influencing the Dutch residential mortgage market is the fiscal policy. In the Netherlands, interest on mortgage loans is tax deductible for a period of maximum 30 years if the mortgage loan proceeds are used for the purchase or improvement of the primary residence. As a result of this tax treatment many borrowers choose to fully benefit from the tax deductibility and take out the maximum possible mortgage loan. This results in a relatively high outstanding Mortgage-Debt-to-GDP ratio in the Netherlands of 109% at the end of 2009.

Relatively high Loan-to-Values

The tax deductibility of mortgage interest results in relatively high loan to value ratios. The maximum loan-to-value in the Netherlands for existing property is 125% of the foreclosure value (or 130% if the last 5% is used for a down-payment on a payment protection insurance). The foreclosure value is about 85%-90% of the market value. Borrowers often have considerable investments and savings available but choose not to use such funds to acquire a house or to repay their mortgage but instead to minimize their tax liabilities. Recently the Netherlands Authority on the Financial Markets launched a plan designed to mitigate the risks on mortgage overhang debt. The proposal is to limit the mortgage amount to 112% of the purchase sum.

Extensive use of non-amortizing mortgage loans

The most common term of mortgage loans is 30 years, corresponding with the maximum allowable for tax deductibility. Because of the fiscal treatment, mortgage loans with no redemption on the principal such as investment-based mortgages, savings mortgages and interest-only mortgages are most popular. Under these mortgages no principal is repaid during the term of the contract. Instead, the borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount, including annual indexing, provided the term of insurance is at least 20 years. In addition, the insurance policies are exempted from wealth tax.

Long term fixed interest periods most popular

Dutch mortgages are predominantly of a fixed rate nature and are set for a period of between five and thirty years. The historically low mortgage interest rate in 2005 has proved an additional incentive to opt for mortgages with a long-term fixed interest rate. For this reason Dutch mortgage consumers are relatively well insulated against interest rate shocks.

Restrictions in the tax deductibility of mortgage interest payments

As of January 2001, mortgage tax deductibility has been limited by new tax legislation in three areas. Firstly, deductibility applies only to mortgages on the borrower's primary residence and not to second homes such as holiday homes. Secondly, interest deductibility on a mortgage loan for a principal residence is only allowed for periods of up to thirty years. Lastly, the maximum income tax rate has been reduced from 60% to 52%. However, these changes did not have a significant impact on the rate of mortgage origination, mainly because of the then ongoing decrease of mortgage interest rates.

Tax deductibility of mortgage interest payments has been further restricted as of 1 January 2004. Under this new regulation ("*Bijleenregeling*"), tax deductibility is now only granted up to the purchase price of the new house less the realized net profit on the old house. This encourages moving homeowners to reinvest the net profits they make from the sale of their previous house into their new house. Furthermore, first time buyers have an incentive never to pay off any part of their mortgage loan as this limits the amount they can borrow in case they move up to the property ladder and change homes. This unintentional side effect increased mortgage debt. On the other hand, the limitation of interest rate deductibility will probably have a downward impact on total mortgage debt in the medium to long term. Realized profits will have to be reinvested in the housing market, which will result in a larger share of home equity and a reduction in the total tax advantage.

Mortgage portfolio reset due to high prepayments

* Sources: OECD, Van Lanschot

Borrowers are allowed to prepay between 10% to 20% free of penalty per year. In addition full prepayment without penalty can only be made at loan interest reset dates, on sale of the property or in case of death of the borrower. Otherwise a penalty is calculated as the net present value of the difference between the contract rate and the applicable market rate. Interest rates have decreased since the early 1990s, which has made it attractive for borrowers to refinance their mortgage loans in the past decade. The increasing role of intermediaries also had a stimulating effect on prepayments. This resulted in a mortgage portfolio that is characterized by relative low mortgages rates and long fixed interest rates.

Banks are still the most dominant lenders, intermediaries become increasingly important

The main mortgages lenders in the Netherlands are banks (60.6% of the outstanding mortgage debt), followed by mortgage brokers and intermediaries (33.7%), insurers (4.0%) and pension funds (1.7%). The amount of mortgage originated by intermediaries has sharply increased the last decade to almost 34%.

Mortgages are offered through branches, call centres, the internet and to an increasing extent via intermediaries. Most mortgage lenders have moved towards intermediaries (mortgage brokers, insurance brokers and real estate agents) for product distribution, which by most estimates now originate over half of all new mortgages in the Netherlands. Mortgage brokers are essentially intermediaries whose primary business is to offer products from a number of mortgage lenders. In the last 10 years, many large and independent chains of mortgage intermediaries have come into existence. Because of the increasing role of intermediaries, the traditional mortgage lenders have lost a part of their advisory role.

Relative low defaults

Despite the relatively high loan-to-foreclosure value ratios, default losses have historically been low in the Netherlands. Even during the economic crisis with 30% decrease in house prices (1978-1982) annual losses remained below 30 basis points. In the following years losses were negligibly low. Currently, defaults and foreclosures are showing an upward trend due to the recession and decrease in house prices in 2009 which have stabilised in 2010. The extent of the increase of foreclosures remained limited in 2009 to 300 forced foreclosures, a rise of 15%. Moreover there are signs of a turnaround. There was a slight drop in forced sales in the first half of 2010. The usual timing lag and relation with the unemployment rate implicate that foreclosures may rise before levelling out in 2011. However, in most cases Dutch households manage to recover from delinquency situations avoiding a foreclosure. It is not expected that rising foreclosures will cause remarkable increases in the supply of private dwellings.

Bureau for credit registration (BKR) to prevent over-indebtedness

The Bureau for Credit Registration ("*Bureau Krediet Registratie*", or "**BKR**") was founded in 1965 by financial institutions to take care of central credit registration. At BKR almost all credit obligations of retail clients in the Netherlands are registered. Credits are registered as of origination until a period of five years after maturity. Before providing a mortgage loan, lenders are obligated to check the history of the borrower in order to prevent over-indebtedness by the client and to limit the risks for the lender.

House prices appear to stabilize after moderate declines

The Dutch housing market appears to be stabilizing if we look at the developments of house sales and house prices. The year-on-year change of the annualized number of transactions reached its bottom in October 2009 (-31,9%). In March 2010 the number of transactions was 128,000 (-24,1% y-o-y). The median house price recorded by the NVM (Dutch Association of Real Estate Brokers), which normally leads other price indicators, bottomed out in the first quarter of 2009 at a price level of € 219,000. In the first quarter of 2010 the median house price was € 232,000. The house price index of the Dutch Land Registry, published by Statistics Netherlands, reached its trough in December 2009. According to this measure the price decline from peak-to-through was -6,4%. The NVM published a peak-to-through decline of -12,7%. This difference can be explained by composition-effects. Considerably less high quality houses, which are more expensive, were sold during the slump in the last half of 2008 and first quarter of 2009 overstating the decline in the median house price of the NVM. The house price index of the Dutch Land Registry takes into account the housing quality and is not vulnerable for a changing composition of houses sold. On balance, 2010 has seen prices stabilize on the Dutch housing market.

According to NVM data, there were over 168,000 houses on the market in the second quarter, of which just under 24,000 were sold. This corresponds to a sales percentage of 14.2%.

Current market situation not comparable to Dutch housing market crash in the late 1970s

The Dutch housing and mortgages market in 1970s was characterized by:

- More risky mortgage loan financing like negative amortization loans (based on the assumption of steady gross wage growth of 6%) and a large market share of variable mortgage rates implicating higher interest rate vulnerability;
- Soaring house prices growth annually in the years before they reached their peak;
- High inflation, sharp increasing interest rates and a severe recession resulting in high unemployment and subsequently in a policy of wage restraint (Wassenaar agreement).

Large changes in housing demand (due to rising interest rates, mass unemployment, and lower wage growth) and too much risk in mortgage loans (by assuming relatively high income growth and accepting high interest rate vulnerability) caused a sharp increase in foreclosures, which exacerbated the bust of the housing bubble.

Since this crisis Dutch mortgage loan providers do not factor in expected wage increases as income. Also the preference for variable mortgages rates decreased. Relatively low long term mortgages rates in 2002-2004 caused many homeowners at that time to opt for greater financial security by fixing the level of their interest payment for longer periods. Also a code of conduct on mortgage loans by mortgage providers is aimed to prevent over-extension of credit and limiting risks.

All in all, current Dutch home owners are far less exposed to risks, which prevent sharp rises in delinquencies and foreclosures. Also house prices have developed moderately since 2002 with yearly increases by 3-5%, which diminishes the risk of sharp house price falls. Currently, the biggest threat to home owners is unemployment. However, the Dutch economy is structurally healthier than in the past and government policy is aimed to keep unemployment under control. Unemployment is expected to reach 6.5% in 2010 (2009: 4.9%; The Netherlands Bureau for Economic Policy Analysis). All in all, a comparable price drop of 30% in the 70s/80s seems implausible.

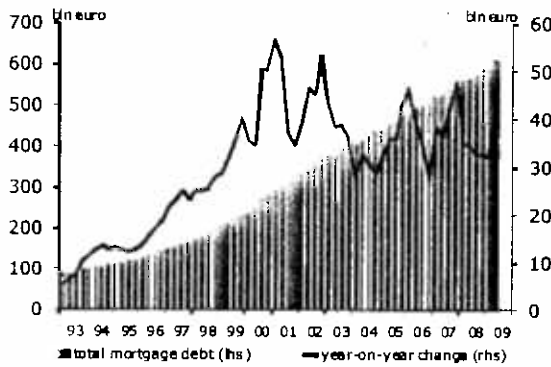
Declining supply of houses sows the seeds for rising house prices in the future

Home sales have been falling sharply since mid 2008 caused by tight lending conditions for potential home buyers and building companies and less appetite to buy a house due to falling house prices. *New houses sales* decreased to an average monthly rate of 1,700; half the rate achieved between 2005 and 2007. This decline of *new houses sales* will result in falling completions in 2010 and further on, as the average delay between the application of a building permit and the house completions is two years. In 2009 only 72,600 permissions were granted, 16.7% less year-on-year and the lowest number since 2003.

We expect applications for building permits to bottom out this year due to improving sentiment from the economic recovery. Furthermore, more clarity about the fiscal policy could increase demand for private dwellings after the elections in June and the forming of a new government. Two main parties, the liberals and christen democrats, do not want to change anything about the tax deductibility of interest payments of mortgage loans, but other political parties like to reduce the tax deductibility. The resulting uncertainty is reducing the demand for private dwellings currently.

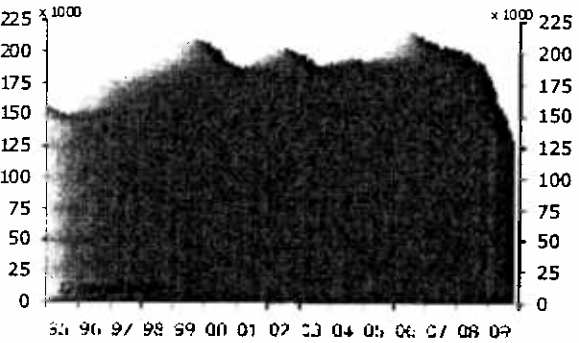
All in all, the supply of private dwellings will decline the coming years as lower completions (from about 30,000 private dwellings between 2006-2008 to about 20,000 in 2010-2012) will by far compensate increasing foreclosures (2,200 in 2009). A moderate economic recovery, improving confidence and increased affordability of private dwellings (due to recent price decrease and low mortgage rates) will generate upward pressure on house prices. Once the economic recovery is strong enough, there will be a severe shortage of houses, particularly in economically stronger regions, sowing the seeds for rising house prices in the future.

Chart 1: Total mortgage debt



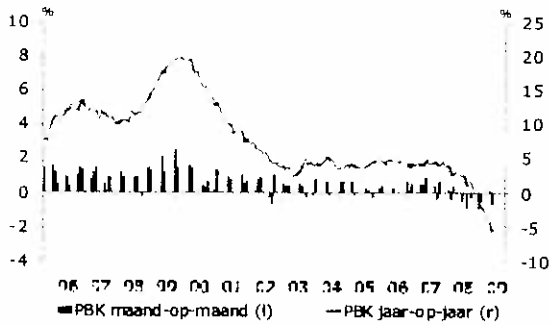
Source: DNB, Rabobank

Chart 2: Number of residential real estate transactions



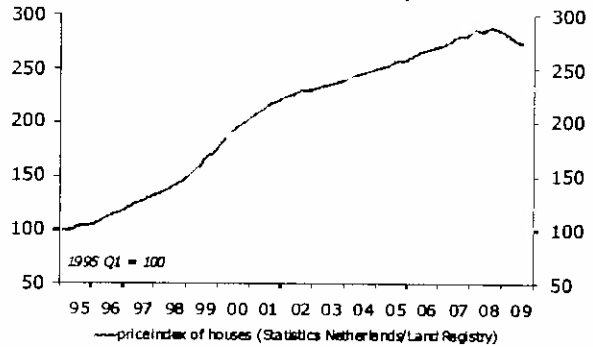
Source: Land Registry, Rabobank

Chart 3: Change in price index



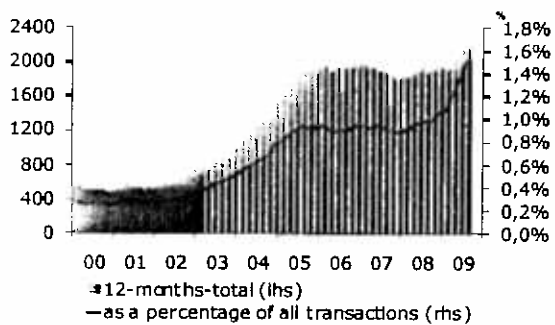
Source: Statistics Netherlands/Land Registry, Rabobank

Chart 4: Development Dutch house prices



Source: Statistics Netherlands/Land Registry, Rabobank

Chart 5: Number of foreclosures



Source: Land Registry, Rabobank

F. VAN LANSCHOT BANKIERS N.V.

Overview

F. van Lanschot Bankiers N.V. (Van Lanschot or the Seller) was incorporated on 1 January 1978, but can be considered to be the oldest independent Dutch bank with a history dating back to 1737 and is also one of the country's largest private banks, with total assets of almost € 20.6 billion, net profit of approximately € 20.3 million in 1HY2010 and approximately 2000 employees. The Seller's services mainly focus on high net worth individuals and entrepreneurs. In addition, the Seller's subsidiary Kempen & Co N.V. ("**Kempen**") also concentrates on the institutional market and offers investment services. Under the 'Van Lanschot Kempen' brand, the Seller focuses on the top segment of high net worth individuals (> € 5 million). Furthermore, the Seller offers financial services specifically for the healthcare sector under the 'CenE Bankiers' brand. Van Lanschot is active in different countries and operates under the laws of various jurisdictions.

Van Lanschot acquired CenE Bankiers from ING group in September 2004. Based in Utrecht, CenE Bankiers is a niche business providing financial services to high net-worth individuals and family businesses, among others, in the healthcare sector. It had a loan portfolio of EUR 2.9 billion, 16,000 clients and 350 staff. Its client profile fits closely with Van Lanschot's traditional customer base.

On 2 January 2007, Van Lanschot concluded the acquisition of all shares of Kempen following the takeover announcement on 18 October 2006. Kempen is a Dutch merchant bank specialising in asset management, securities brokerage and corporate finance. Kempen offers various specialist financial services to institutional investors, businesses, entrepreneurs, government agencies and semi-public entities, foundations and high net-worth individuals. Hence, the acquisition of Kempen strengthens Van Lanschot's position with its target groups: high net-worth individuals, institutional investors, businesses and entrepreneurs. Kempen will continue to enjoy a high degree of independence within Van Lanschot.

On 30 November 2007, Van Lanschot sold a 51 per cent. interest in Van Lanschot Assurantiën to De Goudse. The Seller realised a gain of EUR 20.8 million on this transaction. The activities of Van Lanschot Assurantiën will be continued under the name Van Lanschot Chabot. Under the 20-year exclusive distribution agreement with Van Lanschot Chabot, the Bank will continue to offer insurance products to its clients as part of its full-service concept.

Objects and purposes

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

Regulatory Status

The Seller qualifies as a bank within the meaning of EU directive 2000/12/EC. The Seller is authorised by the Dutch Central Bank to pursue the business of a bank ("*bank*") in the Netherlands, in accordance with the DFSA and is consequently supervised by the Dutch Central Bank. In addition, the Seller is supervised by the AFM for the purpose of market conduct supervision.

Business Segments

The Seller focuses on providing financial services mainly to high net-worth individuals (with emphasis on portfolio management and investment advice) and to family business. The current segmentation is Private Banking, Asset Management, Business Banking, and Corporate Finance & Securities. The CenE Bankiers segment (Healthcare) is no longer reported separately, but now falls in the Business Banking segment.

Private Banking

Private Banking focuses on providing comprehensive advisory services to private individuals in the Netherlands and Belgium who have an above-average income or net-worth. Directors/majority shareholders constitute a special group of clients, based on the view that the vast majority of new wealth is created when a business is transferred. Van Lanschot's target group also includes business professionals (accountants, tax advisers, notaries and lawyers) and executives at listed companies.

Asset Management

The Asset Management business segment comprises the asset management activities of the Seller. Kempen Capital Management ("KCM"), which is part of Kempen, performs the asset management activities for institutional investors, including associations and foundations and the in-house investment funds. KCM is a leading European investment boutique with a strong focus on European small and mid caps, listed European property companies, dividend strategies, corporate bonds and absolute return strategies. KCM wishes to excel as a specialist and aims for growth by achieving healthy investment returns for its clients. This is done based on the philosophy that the Seller's own interest is served by putting the client's interest first. In addition, KCM offers fiduciary management services to institutional investors and develops high-quality investment solutions, such as multi-management concepts.

Business Banking

In line with Seller's vision on private banking, Business Banking focuses especially on medium-sized family and other businesses generating revenues of EUR 10 million or more, with directors/majority shareholders whose personal and business interests merit maximum attention. The Seller provides advice about all areas of activity associated with the company, such as business risks, finance and acquisitions, and aspects of a more personal character, such as income, wealth creation and pension. This is done in close collaboration with Private Banking. In addition, Van Lanschot offers financial services specifically for healthcare sector entrepreneurs and medical specialists under the CenE Bankiers brand.

Corporate Finance & Securities

Van Lanschot has concentrated its corporate finance and securities activities within Kempen. Corporate finance independently advises and supports companies and institutions during capital market transactions, financial restructuring operations, mergers and acquisitions. In addition, it renders advisory services to clients of Business Banking, for instance during transfer of ownership of family business. Within Van Lanschot, the securities department concentrates on securities broking, in particular in Dutch equities and derivatives and European property and life science companies, for professional investors in Europe and the United States. Clients are offered high-quality research and order execution.

Credit Ratings

Van Lanschot is rated 'A-' with a stable outlook by both Fitch and S&P. In July 2010 S&P reiterated the 'A-' rating and stable outlook.

Summary Financial Results

A summary of Van Lanschot N.V.'s financial results is shown below. Van Lanschot N.V. has issued a written undertaking of joint and several liability for all debts arising from any legal act of the Seller under Section 403, Book 2 of the Netherlands Civil Code (the "403-Declaration"). As a consequence thereof, the Seller does not publish a balance sheet and profit & loss account. The figures stated below therefore refer to the annual financial statements of Van Lanschot N.V.

Figure 4: Results per Business Segment (Operating profit before tax, IFRS compliant)

€ million	2007	2008	2009	First half of 2010
Private Banking	129.9	56.8	44.8	50.6
Asset Management	27.3	10.4	8.9	6
Business Banking	67.3	83.8	6.1	9.9
Corporate Finance & Securities	25.0	9.0	13.0	5.5
Other activities	-/- 16.3	-/-138.8	-/-108.9	-/- 41.3
TOTAL	233.2	21.2	-/-36.1	30.7

Figure 5: Van Lanschot N.V.'s Financial Results (Consolidated under IFRS)

€ million	2007	2008	2009	First half of 2010
-----------	------	------	------	--------------------

Total assets	21,719	20,692	21,265	20,934
Operating profit before tax	233.2	21.2	-/-36.1	28,3
Net profit	215.4	30.1	-/-15.7	20,3

Management

The members of the board of directors of Van Lanschot are:

1. F.G.H. Deckers (1950), Chairman
2. I.A. Sevinga (1966), Member
3. A.J. Huisman (1971), Chief Operating Officer and Member
4. C.T.L. Korthout (1962), Chief Financial Officer/Chief Risk Officer, per 1 October 2010

DESCRIPTION OF MORTGAGE LOANS

Van Lanschot offers a broad range of mortgage products, next to the typical investment mortgages, life mortgages etc. It also provides a variety of tailor-made products for its private banking client segment, i.e. to enable its customers to benefit from interest rate changes. The Issuer will only purchase Mortgage Receivables in respect of certain specified mortgage products. The characteristics of these products are described further below.

Legal Form

Details of all land and properties are recorded in public registers in the Netherlands. All Mortgage Loans are secured by a mortgage evidenced by a notarial mortgage deed recorded in these registers.

Although other legal forms of mortgage loans are available in the Netherlands, all Mortgage Receivables purchased by the Issuer are "Bank Mortgages". A Bank Mortgage is a mortgage that secures not only the loan granted to finance a property, long lease or apartment right, but also any other liabilities owed at any time by the relevant Borrower to Van Lanschot. Accordingly, the Mortgaged Asset provides security for all debts up to a maximum amount as registered in the relevant public registry. For a further description of Bank Mortgages see under *Risk Factors*.

Mortgaged Assets

The mortgage rights securing the Mortgage Loans are vested on (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*"). For over a century different municipalities and other public bodies in the Netherlands have used the long lease ("*erfpacht*") as a system to provide land without giving up the ownership of it. There are three types of long lease: temporary ("*tijdelijk*"), ongoing ("*voortdurend*") and perpetual ("*eeuwigdurend*"). A long lease is a right in rem ("*zakelijk recht*") which entitles the leaseholder ("*erfpachter*") to hold and use a real property ("*onroerende zaak*") owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration ("*canon*") will be due by the leaseholder to the landowner for the long lease. See under *Risk Factors*.

Mortgage Loan types

I Investment mortgage loans

The Investment Mortgage Loans provided by Van Lanschot consist of two different types: mortgage loans provided under (i) the *Beurshypotheek* and (ii) the *Vermogenshypotheek*.

(A) *Beurshypotheek*

This is the predecessor product of the *Vermogenshypotheek*, which is discussed below. It was a product which focused on clients with some prior stock market knowledge and with a minimum securities deposit of € 25,000. This product had typically less add-ons than the current Investment Mortgage Loan and started from an expected rate of return of 7 per cent. to calculate the expected required return on the securities deposit. Every 5 (five) years the level of the securities deposit would be compared to the required level at that time.

(B) *VermogensHypotheek*

The "*Vermogenshypotheek*" is an investment mortgage loan with a pledged portfolio of investments attached to it. Contrary to its predecessor the "*Beurshypotheek*", the Investment Mortgage Loan allows either a unique securities deposit at the start of the loan, or periodic securities deposits, or a combination of both. The type of investment will depend both on the client's risk profile and tenor, which is at least 15 years. The securities deposit will increase in value during the tenor of the mortgage loan both through additional payments, if an one-off unique deposit at the start of the loan is not opted for, and capital increases which enable the Borrower to partly or, more ideally, fully redeem the mortgage loan at maturity with the accrued capital.

The Borrower can choose out of three different investment products:

(i) **Van Lanschot Global Index Funds**

The investments (both periodical payments or a combination of an upfront amount and periodic payments) are managed by Kempen Capital Management. The asset allocation of the funds is fixed

upon the actual market vision of Van Lanschot and Kempen Capital Management. The funds invest in a wide diversification of index funds over various investment categories. Van Lanschot Global Index Funds is a (semi) open-end investment company. Four different investment products ("subfunds") exist within this category.

- The "*Van Lanschot Global Index Fund Defensief*" invests globally in index funds, adopts a defensive risk profile and is well suited for risk averse clients, who envisage a modest return and follow the stock markets to a limited extent. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 20 per cent. and a maximum of 40 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 60 per cent. and a maximum of 80 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 4 per cent.
- The "*Van Lanschot Global Index Fund Neutraal*" invests globally in index funds, adopts a neutral risk profile and aims towards investors, who are conscious of the risks, accept a negative return in a given year and show interest in the behaviour of the stock markets. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 40 per cent. and a maximum of 60 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 40 per cent. and a maximum of 60 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 5 per cent.
- The "*Van Lanschot Global Index Fund Groeigericht*" invests globally in index funds and adopts a risk profile with a growth focus and is appropriate for risk aware clients who accept a considerable value decline of their investment in a given year and who actively track the performance of the stock markets. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 60 per cent. and a maximum of 80 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 20 per cent. and a maximum of 40 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 6 per cent.
- The "*Van Lanschot Global Index Fund Offensief*" invests globally in index funds and adopts an offensive risk profile, therefore it is only appropriate for experienced investors who accept a quasi unlimited value decline of their investment in a given year and follow the market on a day-to-day basis. The portfolio exists of holdings in equities, real estate and alternative investments of a risk-bearing nature for a minimum of 80 per cent. and a maximum of 100 per cent. Holdings in bonds, liquidities and alternative investments of a risk-avoiding nature are represented for a minimum of 0 per cent. and a maximum of 20 per cent. The expected rate of return, which is used for mortgage calculation purposes, is at 7 per cent.

(ii) **Investment Funds ("*Beleggingsfondsen*")**

Only for upfront securities deposits. Depending on the value of this securities deposit, the borrower can choose from a range of investment funds, both from Van Lanschot or from external management companies.

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

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

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

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

II Interest Only Mortgage Loan ("*Aflossingsvrije Hypotheek*")

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

III Free Investment Mortgage Loan ("*VrijVermogensHypotheek*")

This is a type of interest only mortgage loan, designed to stimulate capital deposits with Van Lanschot. Hence the Borrower is free to invest and dispose of its investments as and when he desires and it does not require the Borrower to accrue capital to the deposit. Contrary to a standard interest only loan, an investment portfolio or savings is attached to it, however this capital is not pledged as security for the mortgage loan to Van Lanschot.

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

IV Annuity Mortgage Loan ("*Annuititeiten Hypotheek*")

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

V Life Mortgage Loan ("*Levenhypotheek*")

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

Three policies exist:

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

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

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

VI Linear Mortgage Loan ("*Lineaire Hypotheek*")

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

Margin Structure

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

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

The complete margin structure is built into the ASK ("Aanvraag Systeem Kredieten") system and will be applied automatically to the individual mortgage. The personal discount, however, can be put in for a particular contract by the account manager but has to be approved by the Product Manager Private Banking.

Base rate

The interest rate determined in this phase already includes a margin, which could be modified later on. The core of the determination of the base interest rate advice comes from the personal interest rate risk profile, which is being assessed by the account manager together with the client.

Dependent on the risk classification of the client, the account manager will discuss a minimum of six interest rate policies, with a minimum of at least two out of every risk category.

If the client accepts to be exposed to interest rate changes, then he is classified as having a high risk rate profile and he can choose out of all sorts of rates. In contrast, if the client is risk averse towards possible changes in interest rates, he is considered as a low risk client, hence he can only choose rate schemes from the low risk rate category. A medium risk client can choose as follows:

- 100 per cent. out of the medium risk rate category;
- A maximum of 50 per cent. from the high risk rate category and the remainder from the low risk rate category; or
- A mix of schemes from the low risk rate and medium risk rate categories.

Figure 6: Interest Rate schemes per risk rate category

Low risk rate	Medium risk rate	High risk rate
<ul style="list-style-type: none"> ▪ 5 years fixed ▪ 7 years fixed ▪ 10 years fixed ▪ 15 years fixed ▪ 20 years fixed 	<ul style="list-style-type: none"> ▪ 3 years fixed ▪ 5 years Guarantee Rate + 1 per cent. ▪ 5 years Guarantee Rate + 2 per cent. ▪ 10 years Guarantee Rate + 1 per cent. ▪ 10 years Guarantee Rate + 2 per cent. ▪ Euribor Guarantee Rate ("Euribor GarantieRente") 	<ul style="list-style-type: none"> ▪ 3 years Start Rate ("OpstartRente") ▪ Floating KroonRente ("Variabele Kroonrente") ▪ Standard Floating ("Standaard Variabel") ▪ 1 year fixed ▪ 2 years fixed ▪ 5 years Comfort Rate ("ComfortRente") ▪ 10 years Comfort Rate ("ComfortRente") ▪ 15 years Comfort Rate ("ComfortRente")

The Start Rate is only used for new mortgages, not for continuations or money loans. This rate is based upon the Van Lanschot Base Rate. It can be altered into every other interest rate of Van Lanschot at the end of the defined tenor. These tenors include a 1, 2 or 3-year facility after which the mortgage can be continued, but with another interest rate. The Start Rate cannot be combined with a savings mortgage loan.

The Floating KroonRente is based on a tenor of 60 months (or, in certain cases, on a tenor of 12 months). It is a floating rate based on Euribor. The Floating KroonRente comes with a fixed margin. Early repayments are allowed without a fee for a maximum of 10 per cent. per annum. This rate cannot be combined with an Annuity or a savings mortgage loan. To switch to another rate, a conversion premium of EUR 250 is due.

The Standard Floating rate has a tenor equal to the economic life of the mortgage. This rate is also based on the Van Lanschot Base Rate. It is a floating rate and can therefore not be combined with a savings mortgage loan. The Guarantee Rate is a floating rate based on the Van Lanschot Base Rate with a cap, which is put at 1 per cent. or 2 per cent. above the floating rate at the time the offer is made. The Euribor Guarantee Rate is a floating rate based on the Van Lanschot Base Rate with a cap that is based on 3 months Euribor. Because these guarantee rates are floating rates, they cannot be combined with a savings mortgage loan. An early repayment penalty is due depending on the tenor of the mortgage: 3 months interest penalty for a 5 years tenor and 6 months interest penalty for a 10 years tenor.

The Comfort Rate is a floating rate based on the Van Lanschot Base Rate and cannot be combined with a savings mortgage loan. As long as the Comfort Rate stays within a specified range, the client pays this rate. When the Comfort Rate falls out of this range, then the rate is adjusted with the amount by which the upper limit is exceeded.

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

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

Van Lanschot also offers fixed rate mortgages with a tenor of 1, 2, 3, 5, 7, 10 and 15 years. When the mortgage needs to be continued, the interest rate will be reviewed. Early repayment or conversion to another interest rate schedule is possible but can come at high costs to the client. This rate can be combined with all repayment profiles.

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

Margin Plus ("Topopslag")

When the financing is above 90 per cent. of the Advance Rate for Total Securities ("Bevoorschottingswaarde Totale Zekerheden", "BTZ"), additional margins will be applied to the interest rate due. A mortgage in the Netherlands can be offered for a maximum amount of 125 per cent. of the foreclosure value. For a foreign mortgage, this amount is generally limited to 75 per cent. of the foreclosure value.

Repayment margin ("Aflossingsopslag")

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

- Savings mortgage loan ("Spaarhypotheek") + 0,20 per cent.
- Repayment Period Margin ("Betaalperiodeopslag")
An additional margin could be added for quarterly, semi-annually or annually payment scheme.
- Margin Discount ("Vermogenskorting")
Debtors holding assets with Van Lanschot such as credit amount in accounts, deposits or securities deposits, can receive a discount on the margin with indicative levels as detailed below. A quarterly check will evaluate whether the discount rate is still applicable.
- Personal Discount ("Persoonlijke Korting")
A Personal Discount might be offered by Van Lanschot account managers to reward the client's loyalty, to pursue cross-selling opportunities, to enhance the relationship.

Figure 7: Deposit Mortgage Tariff Discounts

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

General characteristics of the provisional pool

The Mortgage Loans are loans secured by a mortgage, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") each entered into by the Seller and the relevant Borrowers.

The Mortgage Loans in the Final Portfolio will be selected from a provisional pool of mortgage loans (the "**Provisional Pool**") that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement on the Closing Date. The numerical information relating to the relevant Provisional Pool is set out below. The relevant Final Pool will have the same general characteristics as the relevant Provisional Pool.

For a description of the representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement*.

After the Closing Date, the portfolio will change from time to time as a result of the purchase of Further Advance Receivables, repayment, amendment and repurchase of Mortgage Receivables.

Current Outstanding Balance (EUR)	1.500.000.000
Total Construction Amount (EUR)	8.770.161
Number of Loan Parts	6.812
Number of Collateral	3.681
Number of Loans	3.452
Weighted Average Interest Rate (%)	4,47%
Weighted Average Seasoning (in months)	76
Weighted Average Remaining Term (in months)	274
Weighted Average LTV (%)	93,9%

	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
0% - 10%	72	1,1%	2.532.997	0,2%
10% - 20%	201	3,0%	17.962.689	1,2%
20% - 30%	320	4,7%	35.191.445	2,3%
30% - 40%	478	7,0%	68.307.369	4,6%
40% - 50%	735	10,8%	126.655.329	8,4%
50% - 60%	136	2,0%	35.725.858	2,4%
60% - 70%	93	1,4%	36.456.966	2,4%
70% - 80%	123	1,8%	45.665.658	3,0%
80% - 90%	127	1,9%	47.854.678	3,2%
90% - 100%	969	14,2%	243.456.427	16,2%
100% - 110%	1.110	16,3%	277.512.335	18,5%
110% - 120%	1.337	19,6%	300.733.894	20,0%
120% - 125%	1.111	16,3%	261.944.357	17,5%
Total	6.812	100,0%	1.500.000.000	100,0%

Current Loan Size (EUR)				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
0 - 50,000	977	14,3%	27.452.957	1,8%
50,000 - 100,000	974	14,3%	70.933.220	4,7%
100,000 - 150,000	1.076	15,8%	129.458.596	8,6%
150,000 - 200,000	912	13,4%	155.141.535	10,3%
200,000 - 250,000	747	11,0%	163.731.942	10,9%
250,000 - 300,000	496	7,3%	133.520.539	8,9%
300,000 - 350,000	423	6,2%	134.175.686	8,9%
350,000 - 400,000	280	4,1%	103.206.489	6,9%
400,000 - 500,000	355	5,2%	154.666.589	10,3%
500,000 - 750,000	370	5,4%	214.982.385	14,3%
750,000 - 1,000,000	106	1,6%	88.716.601	5,9%
1,000,000 - 2,000,000	90	1,3%	110.114.781	7,3%
2,000,000 - 3,000,000	6	0,1%	13.898.681	0,9%
Total	6.812	100,0%	1.500.000.000	100,0%

Type of Mortgage Loan				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
Annuity	148	2,2%	11.602.175	0,8%
Interest Only	4.521	66,4%	1.045.670.846	69,7%
Investment	716	10,5%	190.126.669	12,7%
Life	1.222	17,9%	223.965.105	14,9%
Linear	205	3,0%	28.635.204	1,9%
Total	6.812	100,0%	1.500.000.000	100,0%

Seasoning (year of origination)				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
1970 - 1975	4	0,1%	446.974	0,0%
1976 - 1980	20	0,3%	2.138.589	0,1%
1981 - 1985	72	1,1%	2.890.376	0,2%
1986 - 1990	139	2,0%	11.616.293	0,8%
1991 - 1995	223	3,3%	27.006.239	1,8%
1996 - 2000	1.026	15,1%	202.268.932	13,5%
2001 - 2005	2.659	39,0%	614.834.068	41,0%
2006 - 2010	2.669	39,2%	638.798.529	42,6%
Total	6.812	100,0%	1.500.000.000	100,0%

Maturity				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
2010 - 2015	218	3,2%	24.332.347	1,6%
2016 - 2020	279	4,1%	34.915.392	2,3%
2021 - 2025	266	3,9%	40.425.324	2,7%
2026 - 2030	1.050	15,4%	203.768.494	13,6%
2031 - 2035	2.623	38,5%	615.515.039	41,0%
2036 - 2040	2.376	34,9%	581.043.404	38,7%
Total	6.812	100,0%	1.500.000.000	100,0%

Interest Rate (%)				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
1% - 2%	122	1,8%	39.252.275	2,6%
2% - 3%	507	7,4%	131.006.454	8,7%
3% - 4%	646	9,5%	168.793.898	11,3%
4% - 5%	2.995	44,0%	682.105.542	45,5%
5% - 6%	2.343	34,4%	447.716.321	29,8%
6% - 7%	196	2,9%	30.464.806	2,0%
7% - 8%	3	0,0%	660.704	0,0%
Total	6.812	100,0%	1.500.000.000	100,0%

Geographical Distribution				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
Drenthe	78	1,1%	12.461.305	0,8%
Flevoland	90	1,3%	17.332.926	1,2%
Friesland	45	0,7%	9.094.837	0,6%
Gelderland	744	10,9%	144.381.578	9,6%
Groningen	73	1,1%	11.347.637	0,8%
Limburg	280	4,1%	47.586.333	3,2%
Overijssel	185	2,7%	27.011.356	1,8%
Utrecht	823	12,1%	202.099.958	13,5%
Zeeland	83	1,2%	15.839.347	1,1%
Noord-Brabant	1.173	17,2%	234.580.892	15,6%
Zuid-Holland	1.418	20,8%	325.155.446	21,7%
Noord-Holland	1.820	26,7%	453.108.387	30,2%
Total	6.812	100,0%	1.500.000.000	100,0%

Interest Reset Year				
	Loan Parts (number)	Loan Parts (%)	Outstanding Balance (EUR)	Outstanding Balance (%)
2010 - 2015	4.340	63,7%	920.875.094	61,4%
2016 - 2020	1.994	29,3%	460.208.427	30,7%
2021 - 2025	326	4,8%	81.617.523	5,4%
2026 - 2030	152	2,2%	37.298.956	2,5%
Total	6.812	100,0%	1.500.000.000	100,0%

LENDING PRINCIPLES AND PROCESSES

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

General Overview

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

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

Risk Assessment Division

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

Recovery Division

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

International Division

The International Division is responsible for controlling country and counterparty limits. This division also maintains an extensive network of corresponding banks and has responsibility for product management of documentary payments.

Credit Portfolio & Capital Management

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

Mortgage Application and Approval Process

The application process

Under the authority of the private banker the credit banker writes the loan application. The credit banker is a member of a centralised service department in 's-Hertogenbosch ("*Kreser*") and is responsible for the entire application process, so both the content as well as the duration. The credit banker uses the ASK program as a workflow program which supports the financing administration from application to repayment of mortgage loans. ASK registers all securities and relevant documents related to the mortgage loan: valuation reports, income tax declarations and annual figures. The credit banker ensures that all relevant items of the application are sent to risk management and he checks the pricing with product management. After approval by risk management, the credit banker is responsible for sending the offer directly to the client or to the private banker. Once the client has accepted the offer, Kreser will execute and follow up the necessary administration. Every change in the offer that is requested by the client or the private banker or credit banker has to be approved again by risk management. When the mortgage loan is paid out, the approved application and all signed documents are documented and kept by Kreser.

Required Documentation

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

Mortgage loan criteria

Qualified Borrowers

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

Income and capital criteria

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

The renewed Code of Conduct in respect of Mortgage Loans "*Gedragcode Hypothecaire Financieringen*" forces additional criteria upon the loan capacity and will also be checked by risk management. These NIBUD criteria are for example:

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

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

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

Repayment criteria

After risk management has concluded that the size of the mortgage loan that is requested falls within the income criteria, a repayment period is determined. As a general rule, the repayment schedule is determined based on a repayment of the mortgage loan to 75% or 100% of the foreclosure value, subject to the following guidelines:

- up to 100% loan to foreclosure value: only for target group relationship clients, according to minimum wealth requirements or due to their position/function (e.g. executives and millionaires), and only when the conditions precedent regarding income and wealth are met;
- between 85% and 100% loan to foreclosure value: only for target group relationship clients and only in case sufficient capital will be present within 5 years that will cover 0% – 15% of the foreclosure value;
- maximum 75% loan to foreclosure value: for expats and clients not belonging to a target group;

When the retirement date falls within the mortgage duration, predicted income 10 years before the expected retirement age is determined. When the client, based on this predicted income, is not expected to be able to comply with the financing requirements, adequate measures should be undertaken, such as a change in the repayment schedule resulting in a downpayment of the mortgage loan to 75% of the foreclosure value. Even if

the predicted income after retirement is sufficient, in most cases financing is limited to 75% of the foreclosure value.

The maximum finance limit for mortgage loans below € 3 million foreclosure value are:

- 125% of the foreclosure value; and
- in case of newly built properties, 100% of the building costs "*stichtingskosten*" which include purchase amount, interest during the construction phase, construction rate, additional works and costs relating to financing.
- in case of a mortgage loan of > € 2 million the loan to value is 110% foreclosure value.

Other mortgage loan criteria

- the maximum duration of a mortgage loan is 30 years;
- all mortgage loans are offered in Euros. Other currencies are not allowed, although some exceptions could be accepted under specified approval guidelines;
- for a second ranking mortgage loan the same underwriting conditions as for first ranking mortgage loans apply. The foreclosure value is determined by reducing the property value with the prior charged amount.

Collateral

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

A full valuation of the property should be carried out conform the requirements of the Dutch Central Bank ("*De Nederlandsche Bank*" or "*DNB*"). Valuation reports are only accepted from quality appraisers and valuation agents. By exception the Foreclosure Value in a valuation report can be waived and replaced with the value stated in the client Tax Return ("*Waardering Onroerende Zaken*" or "*WOZ-value*"). Beside other criteria the most important criteria for using the WOZ value is that the total amount of the mortgage loan is $\leq 50\%$ of the WOZ-value and the total mortgage loan is $\leq € 500,000$;

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

Client solvency

Bureau Krediet Registratie ("BKR")

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

Compulsory insurance

The property has to be sufficiently insured during the duration of the mortgage against fire and storm damage, based on the reconstruction value. The client also has to hold an additional life insurance for the part of the mortgage amount exceeding 75% of the foreclosure value.

Arrears Management

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

Within the process of sending letters a distinction is made between overdrafts of more than € 5,000,- and overdrafts less than € 5,000,-. When an overdraft is less than € 5,000,- (but more than € 250,-) a first reminder

letter is sent after 60 days. In case no payment is received after the first letter has been sent, a second, more firm letter is sent after 90 days. If still no payment is received and the amount in arrears stays below the threshold of € 5,000,-, no more automatic letters are generated and the situation is flagged with the account manager. In some cases, the client will be handed over to the Recovery Division.

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

Private Banking Recovery Division

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

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

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

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

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

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase the Mortgage Receivables and will, (a) on the Closing Date and (b) in respect of any Further Advance Receivables, on the relevant Quarterly Payment Date up to (but excluding) the Step-Up Date, accept from the Seller the assignment of the Mortgage Receivables by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. It is a condition precedent of the Issuer for the purchase and acceptance of the assignment of the Mortgage Receivables that any Beneficiary Rights which are connected to the Mortgage Receivables and which are to be applied towards redemption of the Mortgage Receivables, to the extent legally possible and required, are assigned to the Issuer together with such Mortgage Receivables. The Seller will agree to assign such Beneficiary Rights to the Issuer and the Issuer will agree to accept such assignment. 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 Insurance Companies respectively, except upon the occurrence of an Assignment Notification Event. Until such notification the Borrowers or the Insurance Companies will only be entitled to validly pay ("*bevrijdend betalen*") to the Seller. The Issuer will be entitled to all principal proceeds and to all interest (including prepayment penalties and penalty interest) in respect of the Mortgage Receivables from (and including) 1 January 2011 (the "**Cut-Off Date**") or, in respect of the Further Advance Mortgage Receivables, from (and including) the first day of the month in which the relevant Quarterly Payment Date falls. On each Mortgage Payment Date, the Seller or the Pool Servicer on its behalf, in accordance with the Servicing and Administration Agreement, will transfer to the Issuer 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 an initial purchase price (the "**Initial Purchase Price**") and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price in respect of (a) the Mortgage Receivables purchased on the Closing Date, will be EUR 1,500,000,000, being the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date which shall be payable on the Closing Date and (b) the Further Advance Receivables shall be the Outstanding Principal Amount on the first day of the month in which the relevant Quarterly Payment Date falls and shall be payable on such Quarterly Payment Date. A part of the Initial Purchase Price which is equal to the aggregate Construction Amount, being EUR 8,770,161, will be withheld by the Issuer and will be deposited in the Construction Account. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a "**Deferred Purchase Price Instalment**") will, with respect to any Quarterly Payment Date, be equal to (A) prior to delivery of an Enforcement Notice, an amount equal to the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under items (a) up to and including (r) on such Quarterly Payment Date and (B) following delivery of an Enforcement Notice, the amount of the enforcement available amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under items (a) up to and including (p) (see under *Credit Structure*) on such date have been made. The "**Outstanding Principal Amount**" in respect of a Mortgage Receivable means, (x) on any date the (then remaining) aggregate principal sum ("*hoofdsom*") due by the relevant Borrower under the relevant Mortgage Receivable and (y) after the occurrence of a Realised Loss of the type (a) and (b) (see under *Credit Structure*) in respect of such Mortgage Receivable, zero.

Representations and warranties

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

- (a) each of the Mortgage Receivables and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in case of any Further Advance Receivables, the relevant Quarterly Payment Date;
- (b) it has full right and title ("*titel*") to the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables or the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned or pledged;

- (c) it has the power of disposition ("*is beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the Mortgage Receivables or the Beneficiary Rights relating thereto;
- (e) neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follow the receivable upon its assignment;
- (f) each Mortgage Receivable is secured by a Mortgage on at least one Mortgaged Asset located in the Netherlands and is governed by Netherlands law;
- (g) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer when application for a Mortgage Loan was made and such valuation was not older than 12 months on the date of such mortgage application by a Borrower and was made on the basis that the Mortgaged Asset is fully built or (ii) on the basis of and assessment by the Netherlands tax authorities on the basis of the Dutch Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"). No revaluation of the Mortgaged Assets has been made for the purpose of this transaction. In respect of any property to be constructed or in construction at the time of application for a Mortgage Loan a valuation will be based on the construction costs of the property involved;
- (h) each Mortgage Receivable, Mortgage and Borrower Pledge, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (i) all mortgage rights and all rights of pledge securing the Mortgage Loans (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge governed by Dutch law and, to the extent relating to the mortgage rights to secure the Mortgage Receivables (the "**Mortgages**"), have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, together with interest, penalties, costs and insurance premium, together up to an amount equal to at least 140 per cent. of the Outstanding Principal Amount of the Mortgage Loan upon origination;
- (j) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
- (k) the particulars of each Mortgage Loan, as set forth in the list of Mortgage Receivables as attached to the Mortgage Receivables Purchase Agreement are correct and complete in all material respects;
- (l) each of the Mortgage Loans meets the Mortgage Eligibility Criteria;
- (m) each of the Mortgage Loans and, if offered by the Seller, the Life Insurance Policies connected thereto, has been granted in accordance with (i) all applicable legal requirements and the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") prevailing at the time of origination in all material respects, and (ii) the Seller's standard underwriting criteria and procedures and such underwriting criteria and procedures are in a form as may be expected from a reasonably prudent lender of residential mortgage loans in the Netherlands;
- (n) other than the aggregate Construction Amounts, the principal sum in respect of each Mortgage Loan has been fully disbursed to the relevant Borrower, whether or not through the civil law notary and no amounts are held in deposit with respect to premiums and interest payments ("*geen rente- en premiedepots*");

- (o) each of the Mortgaged Assets had, at the time the relevant Mortgage Loan was advanced, the benefit of a buildings insurance ("*opstalverzekering*") for at least the full reinstatement value ("*herbouwwaarde*");
- (p) in respect of the Life Mortgage Receivables, the Seller has the benefit of a valid right of pledge on the rights under the Life Insurance Policies and either (i) the Seller has the benefit of the appointment as beneficiary under such Life Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Life Insurance Policies, which appointment has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
- (q) in respect of each of the Investment Mortgage Receivables the Seller has the benefit of a valid Borrower Investment Pledge;
- (r) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights;
- (s) the notarial mortgage deeds relating to the Mortgages are kept by a civil-law-notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, are kept by the Seller;
- (t) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (u) the aggregate Construction Amounts were on the Cut-off Date equal to the amount of EUR 8,770,161;
- (v) the Construction Amount in respect of each Mortgage Loan does not exceed EUR 1,379,840;
- (w) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date is equal to EUR 1,500,000,000;
- (x) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (y) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (z) on the Cut-Off Date or, in respect of the purchase of Further Advance Receivables, the first day of the month in which the relevant Quarterly Payment Date falls no amounts due and payable under any of the Mortgage Loans equal to or higher than one monthly payment instalment were in arrears;
- (aa) with respect to each of the Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the mortgage conditions provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates for whatever reason;
- (bb) there is no connection between any of the Mortgage Loans and the Index Guaranteed Contracts, other than the Borrower Investment Pledge and the claims of any Borrower under Index Guaranteed Contracts are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis;
- (cc) with respect to the Life Mortgage Loans (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Seller and the relevant Beneficiary Rights, (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name, (iii) the Borrowers are free to enter into a life insurance policy with any insurance company and (iv) none of the relevant Life Insurance Companies is a group entity (within the meaning of article 2:24b of the Netherlands Civil Code) of the Seller;

- (dd) there is no connection between any of the Investment Mortgage Loans and any Investment Portfolio, other than the Borrower Investment Pledge;
- (ee) under the Investment Mortgage Loans ("*beleggingshypotheken*"), excluding any investment guaranteed contracts included in the Investment Portfolio, the securities are purchased by a bankruptcy remote securities giro, a bank or an investment firm for the account of the Borrowers and these securities are held in custody by or through an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge if these securities qualify as securities as defined in the Wge or, if they do not qualify as such, by or through a separate depository vehicle in accordance with Section 6:18 of the Netherlands Further Regulations on the Market Conduct Supervision of Financial Businesses under the Wft ("*Nadere Regeling gedragstoezicht financiële ondernemingen Wft*");
- (ff) it has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (gg) in the Mortgage Conditions no further drawings and/or further credits have been agreed or anticipated;
- (hh) under each of the Mortgage Receivables interest and, if applicable, principal due in respect of a period of at least one (interest) payment has been received by the Seller;
- (ii) with respect to each of the Mortgage Receivables to which a Life Insurance Policy with any of the Insurance Companies is connected, the Seller has the benefit of a Borrower Insurance Pledge granted by the relevant Borrower and such right of pledge has been notified to the relevant Insurance Company, which, to the extent required has been recorded on the relevant Life Insurance Policy;
- (jj) it can be determined in the administration of the Seller which Beneficiary Rights belong to which Mortgage Receivables;
- (kk) on the Cut-off Date, the aggregate amount standing to the credit of the current accounts and of the deposits held by Borrowers, excluding the aggregate Construction Amounts, is equal to an amount of EUR 118,007,449; and
- (ll) to the best of the Seller's knowledge, none of the Mortgaged Assets are bought to let, other than Mortgaged Assets bought for family members.

Mortgage Eligibility Criteria

Each of the Mortgage Loans will meet the following criteria (the "**Mortgage Eligibility Criteria**");

- (i) the Mortgage Loans are in the form of:
 - a. Life Mortgage Loans ("*levenhypotheken*");
 - b. Investment Mortgage Loans ("*beleggingshypotheken*");
 - c. Linear Mortgage Loans ("*lineaire hypotheken*");
 - d. Annuity Mortgage Loans ("*annuïteiten hypotheken*");
 - e. Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"); or
 - f. a combination thereof.
- (ii) the Borrower is a private individual and not an employee of the Seller;
- (iii) the Mortgaged Asset, other than the Other Mortgaged Asset, was not the subject of residential letting at the time of origination of the Mortgage Loan;
- (iv) each Mortgage Loan is secured by a first-ranking mortgage right, or in case of Mortgage Loans secured by the same Mortgaged Assets, first and sequentially lower ranking mortgage rights;
- (v) the Mortgaged Asset, other than the Other Mortgaged Asset, is used primarily for residential purposes;
- (vi) the Mortgaged Asset, other than the Other Mortgaged Asset, is located in the Netherlands;

- (vii) no Mortgage Loan will have a legal maturity beyond April 2041;
- (viii) the interest rate of each Mortgage Loan is fixed, subject to an interest reset from time to time, floating or a combination thereof;
- (ix) payments on each Mortgage Receivable should be made by direct debit;
- (x) the maximum Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured by the same Mortgaged Assets did not exceed 125 per cent. of the most recent foreclosure value of the relevant Mortgaged Assets of the relevant Mortgage Loan or the Mortgage Loans;
- (xi) the Outstanding Principal Amount of each Mortgage Loan does not exceed EUR 3,000,000;
- (xii) each Mortgage Loan was originated by the Seller;
- (xiii) each Mortgage Receivable is denominated in euro;
- (xiv) the Borrower does not have more than three Mortgaged Assets;
- (xv) the Mortgage Loan has not been granted on the basis of a self-certified income statement of the relevant Borrower; and
- (xvi) none of the Mortgage Receivables are secured by a Mortgaged Asset which is land.

The same criteria apply to Further Advance Receivables.

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable or the Beneficiary Right relating thereto proves to have been untrue or incorrect in any material respect, the Seller shall within fourteen (14) days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of fourteen (14) days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept reassignment of such Mortgage Receivable with any Beneficiary Right relating thereto.

If the Seller agrees to make a Further Advance and the relevant Further Advance Receivable is not purchased on the Quarterly Payment Date immediately following the date on which the Seller has granted such Further Advance, the Seller shall (i) repurchase and accept reassignment of and the Issuer shall sell and reassign the relevant Mortgage Receivable on such Quarterly Payment Date and (ii) promptly inform the Pool Servicer and the Administrator of such Further Advance.

In addition, the Seller shall (i) repurchase and accept reassignment of the relevant Mortgage Receivable resulting from such Mortgage Loan on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to a Mortgage Loan Amendment and (ii) promptly inform the Pool Servicer and the Administrator of such Mortgage Loan Amendment.

In case of a repurchase of Mortgage Receivables by the Seller in any of the events described above, the Seller shall repurchase and accept the assignment of all Mortgage Receivables resulting from Mortgage Loans granted to the same Borrower.

The purchase price in case of a repurchase of Mortgage Receivables by the Seller in any of the events described above, will be equal to the Outstanding Principal Amount of the Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the Mortgage Receivable.

Regulatory Call Option

On each Quarterly Payment Date, the Seller has the option but not the obligation to exercise the Regulatory Call Option as a result of which the Seller will be required to repurchase the relevant Mortgage Receivables. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Regulatory Call Option.

The purchase price of the Mortgage Receivables upon the exercise by the Seller of the Regulatory Call Option shall be as described in *Sale of Mortgage Receivables* under *Credit Structure*.

Clean-Up Call Option

On each Quarterly Payment Date, the Seller has the option but not the obligation to exercise the Clean-Up Call Option as a result of which the Seller will be required to repurchase the relevant Mortgage Receivables. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-Up Call Option.

The purchase price of the Mortgage Receivables upon the exercise by the Seller of the Clean-Up Call Option shall be as described in *Sale of Mortgage Receivables* under *Credit Structure*.

Sale of Mortgage Receivables

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

The purchase price of the Mortgage Receivables in the event of such a sale of Mortgage Receivables shall be as described in *Sale of Mortgage Receivables* under *Credit Structure*.

Assignment Notification Events

If, *inter alia*:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within ten (10) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied and is not remedied within twenty (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 pursuant to the terms of the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables and the Beneficiary Rights, or under any of the other Relevant 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 expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) the Seller has given materially incorrect information or not given material information which was essential for the Issuer and/or the Security Trustee in connection with the entering into the Mortgage Receivables Purchase Agreement or any of the other Relevant Documents; or
- (e) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the Seller or, for its conversion into a foreign legal entity or its assets are placed under administration ("*onder bewind gesteld*"); or

- (f) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Wft 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
- (g) the rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller falls below a 'BBB+' rating by Fitch and/or the rating of the unsecured, unsubordinated and unguaranteed debt obligations of the Seller falls 'BBB' (long-term) (or 'BBB+' (long-term) if it has no short term rating of at least 'A-2') by S&P or such rating is withdrawn by either Fitch or S&P; or
- (h) a Trustee Pledge Notification Event occurs,

(each an "**Assignment Notification Event**") then (i) in case of the occurrence of events other than the events mentioned under (e) and (f), unless within a period of 14 calendar days an appropriate remedy to the satisfaction of the Security Trustee is found and provided that the Security Trustee, after having notified the Rating Agencies of such event, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes and the Mezzanine Class B Notes will be adversely affected as a result of not giving notice as described below, instructs the Seller otherwise, and (ii) in case of the occurrence of the events mentioned under (e) and (f), the Seller shall forthwith notify the relevant Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

Furthermore, pursuant to the Mortgage Receivables Purchase Agreement, upon the occurrence of an Assignment Notification Event the Seller shall (i) use its best efforts to terminate the appointment of the Seller as beneficiary and appoint as first beneficiary under the Life Insurance Policies up to the Outstanding Principal Amount of the relevant Mortgage Receivable (x) the Issuer under the dissolving condition of the occurrence of a Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Pledge Notification Event and (ii) with respect to Life Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, use its best efforts to (a) withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and (b) issue such instruction up to the Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (x) the Issuer subject to the dissolving condition of the occurrence of a Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Pledge Notification Event.

Purchase of Further Advance Receivables

The Mortgage Receivables Purchase Agreement provides that the Issuer will apply the Substitution Available Amount on any Quarterly Payment Date up to (but excluding) the Step-Up Date to purchase any Further Advance Receivables from the Seller if and to the extent offered by the Seller. The Issuer will be entitled to all proceeds in respect of the Further Advance Receivables following such assignment from (and including) the first day of the month in which the relevant Quarterly Payment Date falls. The purchase price payable by the Issuer as consideration for any Further Advance Receivables shall be equal to the aggregate Outstanding Principal Amount in respect of such Further Advance Receivables on the first day of the month in which such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Further Advance Receivables. On the relevant Quarterly Payment Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price in respect of such Further Advance Receivable and deposited on the Construction Account.

The purchase by the Issuer of any Further Advance Receivables will be subject to the satisfaction of all of the following conditions on the relevant Quarterly 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 Further Advance Receivables and Further Advances from which the Further Advance Receivables sold result

- (with certain amendments to reflect that the Further Advance Receivables are sold and may have been originated after the Closing Date);
- (b) no Enforcement Notice has been served in accordance with Condition 10;
 - (c) no Assignment Notification Event has occurred and is continuing on the date of such completion;
 - (d) 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;
 - (e) the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
 - (f) the Beneficiary Rights relating to such Further Advance Receivables are, to the extent legally possible and required, assigned to the Issuer;
 - (g) the Substitution Available Amount is sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables;
 - (h) the cumulative Realised Losses do not exceed 0.4 per cent. of the Outstanding Principal Amount of all Mortgage Receivables on such date;
 - (i) the weighted average of the aggregate Outstanding Principal Amount of the Mortgage Receivables divided by the Foreclosure Value of the Mortgaged Asset (other than the Other Mortgaged Assets) (the "LTV-ratio") of all Mortgage Loans, including the Further Advances in respect of the Further Advance Receivables purchased on such date, does not exceed the weighted average of the LTV-ratio on such date plus 1 per cent.; and
 - (j) the aggregate Outstanding Principal Amount of the Mortgage Receivables in respect of which one or more payments are in arrears does not exceed 1.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables for a period exceeding 90 days;
 - (k) the aggregate amount of the Substitution Amount applied by the Issuer towards the purchase of any Further Advance Receivables on the three consecutive Quarterly Payment Dates immediately preceding the relevant Quarterly Payment Date and on such relevant Quarterly Payment Date itself does not exceed an amount equal to 0.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on such date; and
 - (l) the aggregate Outstanding Principal Amount of the Interest-only Mortgage Receivables including the Further Advance Receivables does not exceed 80.0 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on such date.

Jointly-held Security Interests

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will be solely authorised to (i) manage and administer any jointly-held security interests, (ii) dispose of such jointly-held security interest and (iii) exercise all rights in connection therewith. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in the event of a foreclosure the share ("aandeel") in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivable, together with accrued interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the relevant Mortgage Receivable, together with interest and costs, if any. In addition, the Seller will undertake vis-à-vis the Issuer and the Security Trustee to only assign, pledge or transfer any Other Claims provided that the assignee, the pledgee or the transferee of such Other Claims has agreed in writing to be bound by this arrangement and to the obligation to impose the arrangement on any subsequent transferee or assignee and so on. Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement that following a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller (including its bankruptcy), the Seller shall compensate the Issuer and/or the Security Trustee

(as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Such compensation will have to be paid by the Seller forthwith (see under *Risk Factors*).

Set-off by Borrowers

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Seller in this respect, the Issuer will enter into the Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller shall have an obligation to transfer on each Quarterly Payment Date Eligible Collateral to the relevant Financial Collateral Account in an amount of and having a value equal to the Delivery Amount, which includes the excess of the Potential Set-Off Amount over 10.0 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date until such time as the Senior Class A Notes and the Mezzanine Class B Notes have been redeemed in full (see Credit Structure above).

SERVICING AND ADMINISTRATION AGREEMENT

Services

In the Servicing and Administration Agreement, (i) the Pool Servicer will agree (a) to provide administration and management services to the Issuer in relation to the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, (b) to direct amounts received by the Seller to the Master Collection Account, (c) to implement arrears procedures including the enforcement of the Mortgage and Borrower Pledges and the production of monthly reports in relation thereto, including any debits from the current account of the Borrower for delinquent amounts to the extent such amounts exceed the predefined current account limit (see under *Lending Principles and Processes*), (d) to make all calculations required to be made pursuant to the Financial Collateral Agreement and (e) to prepare and provide the Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities, and (ii) the Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, in relation to (a) drawings (if any) to be made by the Issuer from the Reserve Account and the Financial Collateral Accounts, (b) procuring that, if required, drawings are made by the Issuer under the Liquidity Facility Agreement, whether or not from the Master Collection Account as credited to the Liquidity Facility Stand-by Ledger, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) maintaining all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions, (g) payments to be made by the Issuer under the other Relevant Documents, (h) the preparation of the quarterly investor reports and (i) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Administrator and the Pool Servicer will provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement (see under *Servicing and Administration Agreement*).

Under the Servicing and Administration Agreement, the Pool Servicer will be obliged to (i) administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio and (ii) hold a licence under the Wft as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder van krediet*"). The Pool Servicer (being Van Lanschot) has as a licensed bank by operation of law such a licence. As a result, the Issuer benefits from an exemption from the licence requirement pursuant to the Wft (see also under *Licence requirement under the Dutch Financial Supervision Act* in the section *Risk Factors*).

The Administrator does not have any relationship with the Issuer other than pursuant to the Servicing and Administration Agreement.

Termination

The appointment of the Pool Servicer and/or the Administrator under the Servicing and Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Pool Servicer and/or the Administrator in the payment on the due date of any payment due and payable by either of them under the Servicing and Administration Agreement and such default continues unremedied for a period of fourteen (14) days after the earlier of (i) the Pool Servicer and/or the Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Administrator of written notice by the Issuer or the Security Trustee requiring the same to be remedied, (b) a default by the Pool Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing and Administration Agreement, which in the opinion of the Security Trustee is materially prejudicial to the interests of the Secured Parties and (except where, in the reasonable opinion of the Security Trustee, such default is incapable of remedy, then no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of fourteen (14) days after the earlier of (i) the Pool Servicer and/or the Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Administrator of written notice from the Security Trustee requiring the same to be remedied, (c) the Pool Servicer and/or the Administrator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*"), (d) the Pool Servicer and/or the Administrator has taken any corporate action or any steps have been taken and/or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or, as the case may be, emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Wft or for bankruptcy or has become subject to any analogous insolvency proceeding under any applicable law

or for the appointment of a receiver or a similar officer of its or any or all of its assets, (e) the Pool Servicer no longer holds a licence under the Wft as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder van krediet*") or (f) at any time it becomes unlawful for the Pool Servicer and/or the Administrator to perform all or a material part of its obligations hereunder.

In such events, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute pool servicer and/or substitute administrator and such substitute pool servicer and/or administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing and Administration Agreement, provided that such substitute pool servicer and/or administrator shall have the benefit of a fee at a level to be then determined. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

With respect to the services to be provided under the Servicing and Administration Agreement such substitute pool servicer must have (i) experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder van krediet*") under the Wft as amended from time to time.

The appointment of the Pool Servicer and/or the Administrator under the Servicing and Administration Agreement may be terminated by the Pool Servicer and/or the Administrator and/or the Issuer and/or the Security Trustee upon the expiry of not less than twelve (12) months' notice of termination given to each of the other parties provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute pool servicer and/or administrator shall be appointed, such appointment to be effective no later than the date of termination of the Servicing and Administration Agreement and the Pool Servicer and/or Administrator shall not be released from its obligations under the Servicing and Administration Agreement until such substitute pool servicer and/or administrator has entered into such new agreement.

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 Administrator has pursuant to the Servicing and Administration Agreement agreed to maintain the list of insiders and to organise the assessment and disclosure of inside information, if any, on behalf of the Issuer. The Administrator shall have the right to consult with the Pool Servicer and any legal counsel, accountant, banker, broker, securities company or other company other than the 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 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 Administrator, the Issuer shall ultimately remain legally responsible and liable for such compliance.

THE ISSUER

Citadel 2011-I B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), previously named Citadel 2010-III B.V., was incorporated under the laws of the Netherlands on 16 November 2010. The statutory seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123 1hg, 1076 EE Amsterdam, the Netherlands and its telephone number is +31 20 577 11 77. The Issuer operates on a cross border basis when offering the Notes. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 51292920.

The Issuer is a special purpose vehicle, which objects are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets, (c) to invest and on-lend any funds held by the Issuer, (d) to mitigate interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements amongst others to repay the principal sum of the securities mentioned under (b) and to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer has an authorised share capital of € 90,000, of which € 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Citadel 2011-I Holding.

Stichting Citadel 2011-I Holding, previously named Stichting Citadel 2010-III Holding, is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 30 September 2010. The objects of Stichting Citadel 2011-I Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Citadel 2011-I Holding is ATC Management B.V., having its registered office at Frederik Roeskestraat 123 1hg, 1076 EE Amsterdam, the Netherlands.

Statement of the managing director

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in its financial or trading position or its prospects and it has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment, and the securitisation transaction included in this Prospectus and no financial statements have been drawn up (ii) been involved in any 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 and (iii) prepared any financial statements.

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

The sole managing director of the Issuer is ATC Management B.V. The directors of ATC Management B.V. are J.H. Scholts, R. Posthumus, R. Rosenboom, R. Langelaar, A.R. van der Veen and R. Arendsen. The directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123 1hg, 1076 EE Amsterdam, the Netherlands.

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

The objects of ATC Management B.V. are (a) advising of and mediation in relation to financial and related transactions, (b) being a finance company and (c) managing legal entities.

Each of the managing directors of Stichting Citadel 2011-I Holding and the Issuer has entered into a management agreement with the entity of which it has been appointed as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) manage the affairs of the respective entity in accordance with proper and prudent Netherlands business practice and in

accordance with the requirements of Netherlands 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 in such manner as not to adversely affect the then current ratings assigned to the Notes, other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, (ii) comply with its obligations under the Relevant Documents and refrain from any action detrimental to its rights and obligations under or in connection with the Relevant Documents and (iii) exercise all its rights and powers by virtue of being director of the respective entity in compliance with the Relevant Documents. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee and provided that there will be no adverse effect on the ratings assigned to the Notes (other than Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes).

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

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 10 February 2011 and ends on 31 December 2011.

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

Authorised Share Capital	€ 90,000
Issued Share Capital	€ 18,000

Borrowings

Senior Class A1 Notes	€ 324,000,000
Senior Class A2 Notes	€ 801,000,000
Mezzanine Class B Notes	€ 120,000,000
Mezzanine Class C Notes	€ 135,000,000
Junior Class D Notes	€ 120,000,000
Subordinated Class E Notes	€ 15,000,000

Transparency Directive

As a result of the implementation of the EU Directive 2004/109/EC of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Issuer is subject to certain ongoing obligations pursuant to the laws and regulations of its home member state.

USE OF PROCEEDS

The proceeds of the Notes to be issued on the Closing Date amount to EUR 1,515,000,000. The proceeds of the issue of the Notes, other than the Subordinated Class E Notes, will upon issue be applied by the Issuer on the Closing Date to pay to the Seller the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement on the Closing Date.

An amount of EUR 8,770,161 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Account on the Closing Date.

The proceeds of the issue of the Subordinated Class E Notes will be credited to the Reserve Account.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due ("*verschuldigd*") (the "**Parallel Debt**") by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the Pool Servicer and the Administrator under the Servicing and Administration Agreement, (d) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (e) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (f) as fees and expenses to the GIC Provider under the GIC, (g) to the Swap Counterparty under the Swap Agreement and (h) to the Seller under the Mortgage Receivables Purchase Agreement (the parties referred under (a) up to and including (h) together the "**Secured Parties**").

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

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt after the delivery of an Enforcement Notice, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties will be the sum of (a) amounts recovered ("*verhaald*") by it in respect of (i) the Mortgage Receivables and (ii) other assets pledged pursuant to the Pledge Agreements and (b) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement; less (y) any amounts already paid by the Security Trustee to the Secured Parties pursuant to the Parallel Debt Agreement and (z) the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee).

On or about the Closing Date the Issuer will vest a right of pledge (the "**Trustee Receivables Pledge Agreement**") in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto and in respect of any Further Advance Receivables and the Beneficiary Rights relating thereto undertakes to grant a first ranking right of pledge on such Further Advance Receivables and the Beneficiary Rights relating thereto on the Quarterly Payment Date on which they are acquired. The pledge on the Mortgage Receivables and the Beneficiary Rights will not be notified to the Borrowers or the Insurance Companies respectively, except following the occurrence of certain notification events which are similar to the Assignment Notification Events, but relating to the Issuer, including the delivery of an Enforcement Notice (the "**Trustee Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers and the Insurance Companies respectively, the pledge on the Mortgage Receivables and the Beneficiary Rights respectively will be a 'silent' right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code.

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

From the occurrence of a Trustee 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 either by Borrowers, the Insurance Companies or parties to the Relevant Documents. Pursuant to the Trust Deed, the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments, pay or procure the payment of certain amounts from a bank account opened in the name of the Security Trustee which will be used to collect such amounts, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge.

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

The rights of pledge described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, amounts owing to the Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders, amounts owing to the Junior Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Subordinated Class E Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Notes holders and the Junior Class D Noteholders (see under *Credit Structure*).

THE SECURITY TRUSTEE

Stichting Security Trustee Citadel 2011-I (the "Security Trustee"), previously named Stichting Security Trustee Citadel 2010-III, is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 30 September 2010. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Frederik Roeskestraat 123 1hg, 1076 EE Amsterdam, the Netherlands.

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

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123 1hg, 1076 EE Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuijpers. *The managing director of the Security Trustee belongs to the same group as the managing director of the Issuer and the Administrator.*

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

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

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

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

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

However, the Noteholders can resolve to dismiss the director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and Clause 4.4 of the articles of incorporation of the Security Trustee. Moreover, each of the Director and the Security Trustee may terminate the appointment of the managing director of the Security Trustee upon giving 90 days' written notice. The director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Parties, other than the Noteholders, and provided that the Security Trustee has notified the Rating Agencies of such resignation and, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, will be adversely affected as a consequence thereof, has been contracted to act as director of the Security Trustee.

The Security Trustee may agree, without the consent of the Noteholders and the other Secured Parties, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents and any consent (including the transfer of the rights and obligations under a Relevant Document by the relevant counterparty to a successor), which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee (i) has notified the Rating Agencies and (ii) in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, will be adversely affected by any such modification, authorisation, consent or waiver (see under *Terms and Conditions of the Notes*). Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, be notified to the Noteholders in accordance with Condition 13 as soon as practically possible.

TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions (the "**Conditions**") will be as set out below. The Conditions will be endorsed on each Note if they are issued in definitive form. 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 under *The Global Notes*.

The issue of the EUR 324,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2011 due 2043 (the "**Senior Class A1 Notes**"), the EUR 801,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2011 due 2043 (the "**Senior Class A2 Notes**" and together with the Senior Class A1 Notes, the "**Senior Class A Notes**"), the EUR 120,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2011 due 2043 (the "**Mezzanine Class B Notes**"), the EUR 135,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2011 due 2043 (the "**Mezzanine Class C Notes**"), the EUR 120,000,000 floating rate Junior Class D Mortgage-Backed Notes 2011 due 2043 (the "**Junior Class D Notes**") and the EUR 15,000,000 floating rate Subordinated Class E Notes 2011 due 2043 (the "**Subordinated Class E Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") on 10 February 2011 (or such later date as may be agreed between the Issuer and the Seller) (the "**Closing Date**") was authorised by a resolution of the managing director of Citadel 2011-I (the "**Issuer**") passed on 26 January 2011.

The Notes are issued under a trust deed dated on or about 10 February 2011 (the "**Trust Deed**") between the Issuer, Stichting Citadel 2011-I Holding and Stichting Security Trustee Citadel 2011-I (the "**Security Trustee**").

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the priorities of payments and the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**") and the form of the Global Notes, (ii) a paying agency agreement (the "**Paying Agency Agreement**") dated on or about 10 February 2011 between the Issuer, the Security Trustee and Deutsche Bank AG acting through its London branch as the paying agent (the "**Paying Agent**") and as the reference agent (the "**Reference Agent**"), (iii) a servicing and administration agreement (the "**Servicing and Administration Agreement**") dated on or about 10 February 2011 between the Issuer, Van Lanschot Bankiers N.V. as the Pool Servicer, ATC Financial Services B.V. as the Administrator and the Security Trustee, (iv) a parallel debt agreement (the "**Parallel Debt Agreement**") dated on or about 10 February 2011 between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement (the "**Trustee Receivables Pledge Agreement**") dated on or about 10 February 2011 between the Issuer and the Security Trustee and (vi) a pledge agreement dated on or about 10 February 2011 between the Issuer, the Security Trustee and others (the "**Trustee Assets Pledge Agreement**") and together with the Trustee Receivables Pledge Agreement, the "**Pledge Agreements**").

Unless otherwise defined herein words and expressions used in these Conditions are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated on or about 8 February 2011 and signed by the Issuer, the Security Trustee, the Paying Agent and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, "**Class**" means either the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be.

Copies of, *inter alia*, the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection by the Noteholders free of charge at the specified office of the Paying Agent and the present office of the Security Trustee, being on the date hereof Frederik Roeskestraat 123 1hg, 1076 EE, Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

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 each. Under Netherlands law, the valid transfer of Notes 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) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. **Status, Relationship between the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes and Security**
- (i) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pro rata* and *pari passu* without any preference or priority among Notes of the same Class. The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes and the Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes and sequentially to the Senior Class A2 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes and/or the Senior Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A2 Notes do not therefore purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.
- (ii) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes;
- (iii) The security for the obligations of the Issuer towards the Noteholders (the "**Security**") will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
- (i) a first ranking undisclosed right of pledge vested by the Issuer in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (ii) a first ranking disclosed right of pledge vested by the Issuer in favour of the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Pool Servicer and the Administrator under or in connection with the Servicing and Administration Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the GIC Provider under or in connection with the GIC; (e) against the GIC Provider in respect of the Transaction Accounts; and (f) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement;
- (iv) The obligations under the Notes are secured (indirectly) by the Security. The Senior Class A Notes (being the Senior Class A1 Notes and the Senior Class A2 Notes jointly) will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class C Notes will rank in priority to

the Junior Class D Notes and the Subordinated Class E Notes and the Junior Class D Notes will rank in priority to the Subordinated Class E Notes in the event of the Security being enforced. The "**Most Senior Class of Notes**" means the Senior Class A Notes or, if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes or, if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes or, if there are no Mezzanine Class C Notes outstanding, the Junior Class D Notes or, if there are no Junior Class D Notes outstanding, the Subordinated Class E Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the "**Senior Class A Noteholders**"), the holders of the Mezzanine Class B Notes (the "**Mezzanine Class B Noteholders**"), the holders of the Mezzanine Class C Notes (the "**Mezzanine Class C Noteholders**"), the holders of the Junior Class D Notes (the "**Junior Class D Noteholders**") and the holders of the Subordinated Class E Notes (the "**Subordinated Class E Noteholders**"), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of holders of the Most Senior Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict of interest between the Secured Parties, the Priority of Payments upon Enforcement set forth in Clause 7 of the Trust Deed determines the interest of which Secured Party prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Servicing and Administration Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Swap Agreement, the Liquidity Facility Agreement, the GIC, the Notes Purchase Agreement, the Notes, the Financial Collateral Agreement, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, any deed of assignment relating to the purchase and assignment of Further Advance Receivables (each a "**Purchase Deed of Assignment**") and the Trust Deed (all such documents together with the Master Definitions Agreement, the "**Relevant Documents**") or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated on or about 9 February 2011 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the Security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such Security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than (i) the Transaction Accounts, (ii) the Financial Collateral Accounts, (iii) the Swap Cash Collateral Account and (iv) an account in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any action for its entering into a suspension of payments or bankruptcy or its dissolution or liquidation or being converted into a foreign entity.

4. Interest

(a) *Period of Accrual*

Each Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(g)) from and including the Closing Date. Each Note (or in the case of the redemption of only a part of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note (or part thereof) 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 thereof being duly made, payment is in fact made.

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

(b) *Floating Rate Interest Periods and Quarterly Payment Dates*

Interest on the Notes is payable in respect of the Principal Amount Outstanding by reference to successive quarterly interest periods (each a "**Floating Rate Interest Period**") and will be payable quarterly in arrear in euro on the 26th day of April, July, October and January (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 26th day) in each year (each such day being a "**Quarterly Payment Date**"). A Business Day means a day on which banks are open for business in Amsterdam, Paris, London and Dublin provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in April 2011.

(c) *Interest on the Notes up to (and excluding) the Step-Up Date*

Interest on the Notes for each Floating Rate Interest Period will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three (3) month deposits in euro (determined in accordance with Condition 4(e)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for 2 and 3 month deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the Step-Up Date:

- (i) for the Senior Class A1 Notes, a margin of 1.10 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 1.40 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 0.00 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 0.00 per cent. per annum;
- (v) for the Junior Class D Notes, a margin of 0.00 per cent. per annum; and
- (vi) for the Subordinated Class E Notes, a margin of 0.00 per cent. per annum.

(d) *Interest following the Step-Up Date*

If on the Step-Up Date any Class of Notes has not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three (3) month deposits in euro, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

- (i) for the Senior Class A1 Notes, a margin of 1.65 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 2.10 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 0.00 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 0.00 per cent. per annum;
- (v) for the Junior Class D Notes, a margin of 0.00 per cent. per annum; and
- (vi) for the Subordinated Class E Notes, a margin of 0.00 per cent. per annum.

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

(e) Euribor

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

- (i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three (3) month deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on 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 a.m. (Central European time) on the day that is two (2) Business Days preceding the first day of each Floating Rate Interest Period (each an "**Interest Determination Date**");
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - (A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three (3) month deposits in euro are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
 - (B) if fewer than two (2) 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 (2) in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three (3) month deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the Euro Interbank Offered Rate for 3 month euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

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

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

(g) Notification of Rates of Interest and Interest Amounts

The Reference Agent will cause the relevant Quarterly Payment Date, the relevant Rates of Interest and the relevant Interest Amounts in respect of the relevant Quarterly Payment Date to be notified to the Issuer, the Security Trustee, the Paying Agent, the Administrator, the Pool Servicer, the holders of the relevant Class of Notes, Euroclear, Clearstream, Luxembourg, the Irish Stock Exchange and the Company Announcements Office of the Irish Stock Exchange. The Interest Amount, the Rate of Interest and the Quarterly Payment Date so

published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(h) Determination or Calculation by Security Trustee

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

(i) Reference Agent

The Issuer will procure that, as long as any of the Notes remains outstanding, there will 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 ninety (90) days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as 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 in and against surrender of the relevant Coupon appertaining thereto, at the specified office of the Paying Agent in cash or by transfer to an euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. No payments of interest will be made to accounts inside the United States (which expression as used in this Condition 5 (Payment) means the United States of America which includes the States, and the District of Columbia, and its possessions) except as may be permitted by US tax law in effect at the time of such payment. All payments of principal and interest are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6(a)), or such earlier date 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 (5) 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 Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices is set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Final redemption

Unless previously redeemed as provided below, on the Quarterly Payment Date falling in April 2043 (the "**Final Maturity Date**") the Issuer will redeem the Notes at their Principal Amount Outstanding, but in respect of the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, subject to Condition 9(b).

(b) Mandatory Redemption of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and the Junior Class D Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date (the first falling in April 2011) the Issuer shall apply the Notes Redemption Available Amount (as defined in Condition 6(g)) to redeem (or partially redeem) at their Principal Amount Outstanding on a *pro rata* basis in the following order:

- (i) *firstly*, the Senior Class A1 Notes, until fully redeemed and sequentially, the Senior Class A2 Notes, until fully redeemed;
- (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed;
- (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed; and
- (iv) *fourthly and finally*, the Junior Class D Notes, until fully redeemed.

(c) Mandatory redemption of the Subordinated Class E Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date (the first falling in April 2011), the Issuer will be obliged to apply the Class E Redemption Available Amount to redeem (or partially redeem) on a *pro rata* basis, the Subordinated Class E Notes, until fully redeemed.

(d) Optional Redemption

Unless previously redeemed in full, on the Quarterly Payment Date falling in April 2016 (the "**Step-Up Date**") and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") the Issuer may, at its option, redeem all (but not some only) of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Principal Shortfall (as defined in Condition 9) in respect of the Mezzanine Class C Notes and the Junior Class D Notes only, the Issuer may, at its option, pursuant to Condition 9(b), partially redeem all (but not some only) the Mezzanine Class C Notes or Junior Class D Notes respectively at their Principal Amount Outstanding less the relevant Principal Shortfall. The Issuer shall notify the exercise of such option by giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date.

The Subordinated Class E Notes are redeemed on such Quarterly Payment Date in accordance with and subject to Condition 6(c) and Condition 9(b).

(e) Redemption for tax reasons

The Notes other than the Subordinated Class E Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, if the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any such Class of Notes as a result of any charge in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and

- (b) the Issuer will have sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of Notes, other than the Subordinated Class E Notes, and any amounts required to be paid in priority to or *pari passu* with each Class of Notes, other than the Subordinated Class E 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), other than the Subordinated Class E Notes, are also redeemed in full at the same time, subject to Condition 9(b).

The Subordinated Class E Notes are redeemed on such Quarterly Payment Date in accordance with and subject to Condition 6(c) and Condition 9(b).

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

- (f) *Determination of Principal Redemption Amount, Class E Redemption Amount and Principal Amount Outstanding*
- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Administrator to determine) (a) the Notes Redemption Available Amount, the Class E Redemption Available Amount, the Principal Redemption Amount and, as the case may be, the Class E Redemption Amount on the immediately succeeding Quarterly Payment Date and (b) the Principal Amount Outstanding of the relevant Note on close of business on such Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount and, as the case may be the Class E Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount, Class E Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, the Irish Stock Exchange, the Company Announcements Office of the Irish Stock Exchange and to the holders of the relevant Class of Notes. If no Principal Redemption Amount or Class E Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Administrator to determine) the Notes Redemption Available Amount, the Class E Redemption Available Amount, the Principal Redemption Amount due in respect of the relevant Class of Notes, the Class E Redemption Amount or the Principal Amount Outstanding in respect of each Class of Notes, such Notes Redemption Available Amount, Class E Redemption Available Amount, Principal Redemption Amount due in respect of the relevant Class of Notes, Class E Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (f) and paragraphs (b) and (c) above (but based upon the information in its possession as to the Principal Redemption Amount due for the relevant Class of Notes and Class E Redemption Amount on the Quarterly Payment Date 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 manifest error) be final and binding on all persons.

(g) *Definitions*

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

"**Class E Redemption Amount**" on any Quarterly Payment Date shall be the Class E Redemption Available Amount as calculated on the Quarterly Calculation Date relating to the Quarterly Payment Date divided by the number of Subordinated Class E Notes (rounded down to the nearest euro), provided always that the amount so redeemable may never exceed the Principal Amount Outstanding of the Subordinated Class E Notes. Following application of the relevant amount redeemable in respect of the Subordinated Class E Notes, the Principal Amount Outstanding of such Subordinated Class E Notes shall be reduced accordingly;

"Class E Redemption Available Amount" shall mean on any Quarterly Payment Date, the Notes Interest Available Amount, if and to the extent that all payments ranking above item (p) in the Interest Priority of Payments have been made in full;

"Net Proceeds" shall mean (a) the proceeds of a foreclosure on the Mortgage in respect of the Mortgage Receivables, (b) the proceeds of foreclosure on the Borrower Pledges and any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any Life Insurance Policies in connection with the Mortgage Receivable, including but not limited to any Life Insurance Policy and fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant Borrower, after deduction of foreclosure costs in respect of such Mortgage Receivable;

"Notes Redemption Available Amount" shall mean, on any Quarterly Payment Date, the sum of the amounts as being received or deposited during the immediately preceding Quarterly Calculation Period;

- (i) repayment and prepayment of principal in part or in full under the Mortgage Receivables, excluding prepayment penalties, if any;
- (ii) Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iii) 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;
- (iv) amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, and only up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
- (v) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments;
- (vi) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes, other than the Subordinated Class E Notes, on the immediately preceding Quarterly Payment Date; and
- (vii) amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;

such amount, less:

- (viii) any amount applied towards the purchase of Further Advance Receivables on such Quarterly Payment Date;

"Principal Amount Outstanding" of any Note shall on any Quarterly Payment Date be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Quarterly Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid, notwithstanding due presentation of the relevant Note, shall not be so deducted;

"Principal Redemption Amount" in respect of each Note, other than the Subordinated Class E Notes, on the relevant Quarterly Payment Date, shall be the Notes Redemption Available Amount on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly;

"Quarterly Calculation Date" means, in relation to a Quarterly Payment Date, the fourth business day prior to such Quarterly Payment Date; and

"Quarterly Calculation Period" means a period of three (3) consecutive months commencing on (and including) the first day of each of April, July, October and January of each year, except for the first Quarterly Calculation Period which will commence, in respect of principal on (and include) the Cut-Off Date and, in respect of interest, on (and include) the Closing Date and end on and include the last day of March 2011.

7. Taxation

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

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five (5) years from the date on which such payment first becomes due.

9. Subordination and limited recourse

(a) Interest

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

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

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

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

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

(b) Principal

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

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

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

The Subordinated Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class E Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

The term '**Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Quarterly Payment Date divided by the number of the Notes of the relevant Class on such Quarterly Payment Date.

(c) Limited recourse

In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such

Class of Notes, the Noteholders of such Class shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.

10. Events of Default

The Security Trustee at its discretion may, and, if so directed by an Extraordinary Resolution of the holders 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 notice (an "Enforcement Notice") to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following event (each an "Event of Default") shall occur:

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice has been given by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) 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 suspension of payments ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or has been declared bankrupt; or
- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed or the Security;

provided that, if any Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders or the Subordinated Class E Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

11. Enforcement

- (a) At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement (including the making of a demand of payment thereunder), the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such

proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction;

- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing;
- (c) The Noteholders may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out therein and for its relief from responsibility.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one (1) 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 newspapers as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes (other than the Junior Class D Notes and the Subordinated Class E Notes) are listed on the Irish Stock Exchange, any notice will also be made to the Company Announcement Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class or a change of any of these Conditions or any provisions of the Relevant Documents. Instead of holding a general meeting, a resolution of the Noteholders of the relevant Class, including an Extraordinary Resolution, may be passed in writing - including by e-mail or facsimile, 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 the necessary majority of the Noteholders of the relevant Class has voted in favour of the proposed resolution.

Meeting of Noteholders

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

Basic Terms Change

No change of certain terms by the Noteholders of any Class, including (i) the date of maturity of the Notes of the relevant Class, (ii) a change which would have the effect of postponing any day for payment of interest in respect of such Notes, (iii) reducing or cancelling the amount of principal payable in respect of such Notes, (iv) altering the majority required to pass an Extraordinary Resolution, or (v) altering the rate of interest payable in respect of such Notes or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes being referred to below as a "**Basic Terms Change**") shall be effective unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below except that, if the Security Trustee (a) is of the opinion that such Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default and (b) (i) has notified the Rating Agencies and (ii) in its reasonable opinion, does not expect that the then current ratings assigned to the Notes (other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes), will be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

Extraordinary Resolution

Quorum and majority

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one (1) month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented. Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting, if any, at which such resolution was passed).

Limitations

No Extraordinary Resolution to sanction a Basic Terms Change shall take effect unless the Issuer has agreed to it and it shall have been sanctioned by an Extraordinary Resolution of the holders of the Class(es) of Notes ranking junior to such class of Notes.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Subordinated Class E Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders, as the case may be, or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders, as the case may be. No Extraordinary Resolution to sanction a change which would effect the rate of interest payable in respect of the Mezzanine Class B Notes shall take effect unless (i) the Issuer and the Swap Counterparty have agreed thereto and (ii) it shall have been sanctioned by Extraordinary Resolutions of the Senior Class A Noteholders. No Extraordinary Resolution to sanction a change which would effect the rate of interest payable in respect of the Mezzanine Class C Notes shall take effect unless (i) the Issuer and the Swap Counterparty have agreed thereto and (ii) it shall have been sanctioned by Extraordinary Resolutions of the Senior Class A Noteholders and the Mezzanine Class B Noteholders respectively. No Extraordinary Resolution to sanction a change which would effect the rate of interest payable in respect of the Junior Class D Notes shall take effect unless (i) the Issuer and the Swap Counterparty have agreed thereto and (ii) it shall have been sanctioned by Extraordinary Resolutions of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders respectively. No Extraordinary Resolution to sanction a change which would effect the rate of interest payable in respect of the Subordinated Class E Notes shall take effect unless (i) the Issuer and the Swap Counterparty have agreed thereto and (ii) it shall have been sanctioned by Extraordinary Resolutions of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders respectively. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, irrespective of the effect on their interests.

Modification by the Security Trustee

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents and any consent (including in relation to the transfer of the rights and obligations under a Relevant Document by the relevant counterparty to a successor), which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee (i) has notified the Rating Agencies and (ii) in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, will be adversely affected by any such modification, authorisation, waiver or consent. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, be notified by the Issuer to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

Exercise of the Security Trustee's functions

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

15. Replacements of Notes and Coupons

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

16. Governing Law

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

THE GLOBAL NOTES

Each Class of Notes shall be represented by a permanent global note in bearer form, without coupons (the "Global Note") (the expression "Global Notes" meaning the Global Notes of each Class of Notes and the expression "Global Note" means any of them, as the context may require) (i) in the case of the Senior Class A1 Notes, in the principal amount of EUR 324,000,000, (ii) in the case of the Senior Class A2 Notes, in the principal amount of EUR 801,000,000, (iii) in the case of the Mezzanine Class B Notes, in the principal amount of EUR 120,000,000, (iv) in the case of the Mezzanine Class C Notes, in the principal amount of EUR 135,000,000, (v) in the case of the Junior Class D Notes, in the principal amount of EUR 120,000,000, (vi) in the case of the Subordinated Class E Notes, in the principal amount of EUR 15,000,000. Each Global Note will be deposited on or about the Closing Date with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). Upon deposit of each such Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes with the principal amount of the relevant Class of Notes represented by such Global Note equal to the principal amount thereof for which it has purchased and paid.

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

The Global Notes will be transferable by delivery. Each 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 € 100,000 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such date of exchange. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as applicable. 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.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as applicable.

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

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

If (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, (ii) either Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a

continuous period of fourteen (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 (each of (i), (ii) and (iii) an "Exchange Event"), the Issuer or the Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

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

in each case within thirty (30) days of the occurrence of the relevant event and against the surrender of the relevant Global Note to or to the order of the Paying Agent.

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

The Notes will be issued in compliance with the TEFRA C Rules and may not be offered, sold or delivered within the United States or its possessions except in certain transactions permitted by U.S. Treasury regulations.

TAX TREATMENT IN THE NETHERLANDS

General

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders should consult with their tax advisors 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.

Withholding tax

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

Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

- (i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest in the Issuer under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in 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; and
- (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.

Residents of the Netherlands

Generally speaking, if the holder of the 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 realised 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 first bracket for 2011).

If a holder of the 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 realised 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 the 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 the 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 the 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 is 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 Dutch income tax.

Non-residents of the Netherlands

A holder of the Notes that is neither a resident nor deemed to be a resident of the Netherlands (and, if such holder is an individual, such holder has not 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 realised 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 ("a Netherlands Enterprise") and to which Netherlands 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 Dutch 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 the transfer is 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 a resident in the Netherlands.

For purposes of Dutch 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 in consideration for the issue of the Notes or with respect to any payment of interest or principal by the Issuer under the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such 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 rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have 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 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 person for, an individual resident in one of those territories.

PURCHASE AND SALE

Van Lanschot has pursuant to a notes purchase agreement dated on or about the date of this Prospectus ("**Notes Purchase Agreement**") with the Issuer to purchase the Notes at their issue prices. The Seller may at any time dispose over any (Class of the) Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive as amended from time to time (each a "**Relevant Member State**"), Van Lanschot has represented and agreed and has undertaken to agree with any purchaser of any Notes that it will 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 the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than € 43,000,000 and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of the Notes to the public' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC as amended by Directive 2010/73/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Van Lanschot has represented and agreed and has undertaken to agree with any purchaser of any Notes that it will represent and agree 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

Van Lanschot has represented and agreed and has undertaken to agree with any purchaser of any Notes that it will represent and agree that this Prospectus or any offering material relating to the Notes have not been and will not be subject to any approval by or registration (visa) with the French *Autorité des Marchés Financiers*. Accordingly, Van Lanschot has represented and agreed and has undertaken to agree with any purchaser of any Notes that it will represent and agree in respect of the Notes that, in connection with its initial distribution, it has not:

- (a) offered, sold or otherwise transferred and will not offer, sell or otherwise transfer directly or indirectly, any Notes to the public in the Republic of France (*offre publique*); and
- (b) subject to the provisions set out below, distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Prospectus or any other offering material relating to the R Notes.

Such offers, sales, distributions and other transfers have been and shall only be made in the Republic of France to (i) qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account except as otherwise stated under French laws and regulations and/or to a restricted circle of investors (*cercle*

restreint d'investisseurs) acting for their own account and/or persons providing portfolio management services on a discretionary basis (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with articles L. 411-2 and D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) to non-resident investors (*investisseurs non-résidents*).

This Prospectus and any offering material relating to the Notes, are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Notes to the public in the Republic of France, other than in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code. Persons in to whose possession this offering material comes must inform themselves about and observe any such restrictions.

Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa ("**CONSOB**") for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy. Accordingly, Van Lanschot represents and agrees and undertakes to agree with any purchaser of any Notes that it will represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of this Prospectus or any other offering material relating to the Notes other than:

- (i) to qualified investors (*investitori qualificati*), including individuals and small and medium size enterprises, as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time and recently supplemented by resolution n. 16850 of 1 April 2009, on the basis of the relevant criteria set out by the Prospectus Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, pursuant to art. 100, paragraph 1, lett. a) of D.Lgs. no. 58 of 24 February 1998, as amended (the Decree No. 58); or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by Decree No. 58 and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes or any offering material relating to the Notes in the circumstances described in the preceding paragraphs (a) and (b) shall be made:

- (i) only by banks, investment firms (*imprese di investimento*) or financial companies enrolled on the special register provided for in art. 107 of Legislative Decree no. 385 of 1 September 1993, as amended (the Italian Banking Act), in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in Italy in accordance with the Italian Banking Act, the Decree No. 58 and the relevant implementing regulations;
- (ii) only to qualified investors (*investitori qualificati*) as set out above; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB or the Bank of Italy.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

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

Accordingly, the Notes are not being offered in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for any Note in the United States. The Notes offered hereby are being offered only outside the United States in "offshore transactions" as defined in Regulation S under the Securities Act.

Any person who subscribes or acquires Notes will be deemed to have represented, warranted and agreed, by accepting delivery of this Prospectus or delivery of the Notes, that it is subscribing or acquiring the Notes in compliance with Rule 903 of Regulation S in an "offshore transaction" as defined in Regulation S, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

General

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by 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.

Van Lanschot has undertaken and has undertaken to agree with any purchaser of any Notes that it will represent to undertake 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.

Capital Requirements Directive

Van Lanschot Bankiers N.V. in its capacity as Seller undertakes that it shall, or undertakes that any entity designated by Van Lanschot Bankiers N.V. as allowed under paragraph 2 of article 122a of the Capital Requirements Directive shall at all times comply with Dutch Regulation Securitisations of 26 October 2010 (*Regeling securitisaties Wft 2010*) implementing, inter alia, Article 122a of the Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC.

If article 122a of the Capital Requirements Directive is amended as a result of a change of law or regulations, the undertaking set out above will be amended accordingly.

For the purposes of the above, "**Capital Requirements Directive**" means Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC, as the same may be amended from time to time.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 26 January 2011.
2. Application has been made to the Irish Stock Exchange for the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes to be admitted to the official list and trading on its regulated market. The estimated expenses relating hereto are approximately € 5,000, followed by an annual fee of approximately € 1,500.
3. The Senior Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058552674 and ISIN Code XS0585526741
4. The Senior Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058552739 and ISIN Code XS0585527392
5. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058552780 and ISIN Code XS0585527806
6. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058552992 and ISIN Code XS0585529927
7. The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058553255 and ISIN Code XS0585532558
8. The Subordinated Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 058553352 and ISIN Code XS0585533523
9. It is expected that the Senior Class A Notes and the Mezzanine Class B Notes will have credit ratings assigned by the credit rating agencies S&P and Fitch. These rating agencies are established in the European Union. As of the date of this Prospectus none of these rating agencies is registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies.
10. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream, Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg.
11. Copies of the following documents may be inspected in physical form at the specified offices of the Security Trustee and the Paying Agent during normal business hours for as long as the Notes are outstanding:
 - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Parallel Debt Agreement;
 - (vii) the Trustee Receivables Pledge Agreement;
 - (viii) the Trustee Assets Pledge Agreement;
 - (ix) the Servicing and Administration Agreement;
 - (x) the Liquidity Facility Agreement;
 - (xi) the GIC;
 - (xii) the Swap Agreement;
 - (xiii) the Master Definitions Agreement;
 - (xiv) the Financial Collateral Agreement;
 - (xv) the Management Agreement I between *inter alia* the Issuer and its managing director;
 - (xvi) the Management Agreement II between *inter alia* the Shareholder and its managing director; and
 - (xvii) the Management Agreement III between *inter alia* the Security Trustee and its managing director.

12. A copy of the Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Paying Agent.
13. A copy of the articles of association of the Issuer will be available, free of charge, at the registered office of the Issuer.
14. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been drawn up. As long as the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes are listed on the Irish Stock Exchange, the most recent audited annual financial statements of the Issuer will be made available, free of charge, at the specified offices of the Issuer.
15. A quarterly report on the performance, including the arrears and the losses, of the Mortgage Receivables and the Notes admitted to trading can be obtained at: www.atccapitalmarkets.com. This website does not form part of the Prospectus.

INDEX OF DEFINED TERMS

€	3
403-Declaration	3
Administrator	60
AFM.....	29
Annuity Mortgage Loans	20
Assignment Notification Event	35
Bank Mortgages	80
Bank Pledges.....	14
Bank Regulations	14
Bank Security Rights	36
Basel Accord.....	14
Basel II.....	35
Basel III.....	24
Basic Terms Change	24
Beneficiary Rights.....	104
BKR	17
Borrower Insurance Pledges	56
Borrower Insurance Proceeds Instruction	14
Borrower Investment Pledges	17
Borrower Pledges.....	14
Borrowers.....	14
Business Day.....	33
Capital Requirements Directive	31
Class.....	114
Class A Principal Deficiency Ledger	92
Class B Principal Deficiency Ledger	51
Class C Principal Deficiency Ledger	51
Class C Redemption Amount.....	51
Class C Redemption Available Amount	99
Class D Principal Deficiency Ledger	100
Clean-Up Call Option	51
Clearstream, Luxembourg.....	35
Closing Date.....	2, 107
Committee De Ruitier	1, 30, 92
Common Safekeeper	20
Conditions	30
CONSOB	1, 92
Construction Account	113
Construction Amount.....	38
Coupons	36
Cut-Off Date	92
Deferred Purchase Price.....	74
Deferred Purchase Price Instalment	74
Delivery Amount.....	74
Directors.....	49
Eligible Collateral	29
Enforcement Notice	49
EONIA	103
EUR	7
Euribor	3
euro	95
Euroclear.....	3
Event of Default	2, 107
Excess Margin.....	103
Excess Swap Collateral.....	52
Exchange Event	44
	108

Final Maturity Date.....	1, 32, 98
Financial Collateral Accounts.....	38
Financial Collateral Agreement.....	39, 49
Financial Collateral Cash Account.....	38
Financial Collateral Required Amount.....	50
Financial Collateral Securities Account.....	38
Financial Regulator.....	1
Fitch.....	2
Floating Rate Interest Period.....	31, 95
FSMA.....	112
Further Advance Receivable.....	33
GIC.....	39
GIC Provider.....	29
Global Note.....	2, 107
Global Notes.....	2, 107
ICSDs.....	2
Index Guaranteed Contracts.....	63
Initial Purchase Price.....	74
Insurance Companies.....	34
Interest Amount.....	96
Interest Determination Date.....	96
Interest Priority of Payments.....	45
Interest-only Mortgage Loans.....	35
Investment Mortgage Loans.....	16
Investment Mortgage Receivables.....	33
Investment Portfolios.....	14
Issuer.....	1, 29, 92
Junior Class D Noteholders.....	94
Junior Class D Notes.....	1, 30, 92
KCM.....	60
Kempen.....	59
Life Insurance Policies.....	18, 34
Life Mortgage Loans.....	34
Life Mortgage Receivables.....	33
Linear Mortgage Loan.....	35
Liquidity Facility Agreement.....	38
Liquidity Facility Maximum Amount.....	49
Liquidity Facility Provider.....	29
Liquidity Facility Stand-by Drawing.....	49
Liquidity Facility Stand-by Ledger.....	38
Listing Agent.....	30
LTV-ratio.....	81
MAD Regulations.....	84
Management Agreements.....	40
Market Abuse Directive.....	84
Master Collection Account.....	38
Master Definitions Agreement.....	92
Mezzanine Class B Noteholders.....	94
Mezzanine Class B Notes.....	1, 30, 92
Mezzanine Class C Noteholders.....	94
Mezzanine Class C Notes.....	1, 30, 92
Mortgage Calculation Period.....	42
Mortgage Eligibility Criteria.....	77
Mortgage Loan Amendment.....	34
Mortgage Loans.....	34
Mortgage Payment Date.....	42
Mortgage Receivables.....	33
Mortgage Receivables Purchase Agreement.....	33

Mortgaged Assets.....	34
Mortgages.....	75
Most Senior Class of Notes.....	94
Net Proceeds.....	100
Noteholder.....	107
Notes.....	1, 30, 92
Notes Interest Available Amount.....	44
Notes Purchase Agreement.....	112
Notes Redemption Available Amount.....	47, 100
Optional Redemption Date.....	32, 98
Other Claims.....	15
Other Claims Collateral Required Amount.....	50
Other Claims Indemnity Amount.....	43
Other Mortgaged Assets.....	15
Outstanding Principal Amount.....	74
Parallel Debt.....	88
Parallel Debt Agreement.....	37, 92
Paying Agency Agreement.....	92
Paying Agent.....	29, 92
Pledge Agreements.....	88, 92
Pool Servicer.....	29
Posted Collateral.....	50
Posted Collateral Value.....	50
Post-Foreclosure Proceeds.....	45
Potential Set-Off Amount.....	50
Potential Set-Off Required Amount.....	50
Principal Amount Outstanding.....	100
Principal Available Amount.....	46
Principal Deficiency.....	51
Principal Deficiency Ledger.....	51
Principal Ledger.....	42
Principal Priority of Payments.....	47
Principal Redemption Amount.....	100
Principal Shortfall.....	102
Priority of Payments upon Enforcement.....	47
Prospectus.....	1
Prospectus Directive.....	1
Provisional Pool.....	67
Purchase Deed of Assignment.....	94
Quarterly Calculation Date.....	100
Quarterly Calculation Period.....	100
Quarterly Payment Date.....	31, 95
Rates of Interest.....	96
Rating Agencies.....	2
Realised Losses.....	51
Reference Agent.....	30, 92
Reference Banks.....	96
Regulatory Call Option.....	9, 35
Regulatory Change.....	35
Relevant Class.....	103
Relevant Documents.....	94
Relevant Implementation Date.....	112
Relevant Member State.....	112
Required Minimum Rating.....	44
Reserve Account.....	38
Reserve Account Target Level.....	39
Return Amount.....	51
Revenue Ledger.....	42

S&P	2
Scheduled Interest	52
Secured Parties	88
Securities Act	2
Security	93
Security Trustee	2, 29, 90, 92
Seller	29
Seller Collection Account	38
Seller Collection Account Rating	42
Senior Class A Noteholders	94
Senior Class A Notes	1, 30, 92
Senior Class A1 Notes	1
Senior Class A2 Notes	1
Servicing and Administration Agreement	40, 92
Set-Off Amount	43
Shareholder	29
Solvency II Framework Directive	35
Step-Up Date	1, 31, 98
Subordinated Class E Noteholders	94
Subordinated Class E Notes	1, 30, 92
Substitution Amount	47
Substitution Available Amount	33
Swap Agreement	39
Swap Counterparty	29
Swap Counterparty Default Payment	46
TARGET 2	31, 95
Tax Change	32
Tax Credit	44
Tax Event	12
TEFRA C Rules	30
Transaction Accounts	38
Trust Deed	92
Trustee Assets Pledge Agreement	88, 92
Trustee Pledge Notification Events	88
Trustee Receivables Pledge Agreement	88, 92
Unit-Linked Alternative	35
Van Lanschot	29
Wft	11
Wge	16

REGISTERED OFFICES

ISSUER

Citadel 2011-I B.V.
Frederik Roeskestraat 123 1hg
1076 EE Amsterdam
The Netherlands

SELLER

F. van Lanschot Bankiers N.V.
Hooge Steenweg 27-31
5211 JN 's-Hertogenbosch
The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee
Citadel 2011-I
Frederik Roeskestraat 123 1hg
1076 EE Amsterdam
The Netherlands

SWAP COUNTERPARTY

Natixis
Cannon Bridge
25 Dowgate Hill
London EC4R 2YA

**PAYING AGENT and
REFERENCE AGENT**

Deutsche Bank AG
10 Bishops Square
E1 6AO London
United Kingdom

ADMINISTRATOR

ATC Financial Services B.V.
Frederik Roeskestraat 123 1hg
1076 EE Amsterdam
The Netherlands

LISTING AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer,
1115 Luxembourg
Luxembourg

**LIQUIDITY FACILITY
PROVIDER and GIC
PROVIDER**

**N.V. Bank Nederlandse
Gemeenten**
Koninginnegracht 2
2500 GH Den Haag
The Netherlands

LEGAL ADVISORS

NautaDutilh N.V.
Strawinskylaan 1999
1077 XV Amsterdam
The Netherlands

