

SMILE Securitisation Company 2001 B.V.
(incorporated with limited liability in the Netherlands)

**Euro 2,981,500,000 floating rate Senior Class A1a Notes 2001 due 2027,
Issue Price 100 per cent.**

**Euro 1,000,000,000 floating rate Senior Class A1b Notes 2001 due 2027,
Issue Price 100 per cent.**

**Euro 500,000,000 5.45 per cent. Senior Class A2 Notes 2001 due 2027,
Issue Price 99.99 per cent.**

**Euro 210,000,000 floating rate Mezzanine Class B1 Notes 2001 due 2027,
Issue Price 100 per cent.**

**Euro 30,000,000 5.55 per cent. Mezzanine Class B2 Notes 2001 due 2027,
Issue Price 99.99 per cent.**

**Euro 145,000,000 floating rate Junior Class C1 Notes 2001 due 2027,
Issue Price 100 per cent.**

**Euro 27,500,000 6.00 per cent. Junior Class C2 Notes 2001 due 2027,
Issue Price 99.99 per cent.**

**Euro 85,000,000 floating rate Subordinated Class D1 Notes 2001 due 2027,
Issue Price 100 per cent.**

**Euro 21,000,000 7.10 per cent. Subordinated Class D2 Notes 2001 due 2027,
Issue Price 99.99 per cent.**

Application has been made to list the euro 2,981,500,000 floating rate Senior Class A1a Notes 2001 due 2027 (the '**Senior Class A1a Notes**'), the euro 1,000,000,000 floating rate Senior Class A1b Notes 2001 due 2027 (the '**Senior Class A1b Notes**'), together with the Senior Class A1a Notes, the '**Senior Class A1 Notes**'), the euro 500,000,000 5.45 per cent. Senior Class A2 Notes 2001 due 2027 (the '**Senior Class A2 Notes**'), together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 210,000,000 floating rate Mezzanine Class B1 Notes 2001 due 2027 (the '**Mezzanine Class B1 Notes**'), the euro 30,000,000 5.55 per cent. Mezzanine Class B2 Notes 2001 due 2027 (the '**Mezzanine Class B2 Notes**'), together with the Mezzanine Class B1 Notes, the '**Mezzanine Class B Notes**'), the euro 145,000,000 floating rate Junior Class C1 Notes 2001 due 2027 (the '**Junior Class C1 Notes**'), the euro 27,500,000 6.00 per cent. Junior Class C2 Notes 2001 due 2027 (the '**Junior Class C2 Notes**'), together with the Junior Class C1 Notes, the '**Junior Class C Notes**'), the euro 85,000,000 floating rate Subordinated Class D1 Notes 2001 due 2027 (the '**Subordinated Class D1 Notes**') and the euro 21,000,000 7.10 per cent. Subordinated Class D2 Notes 2001 due 2027 (the '**Subordinated Class D2 Notes**'), together with the Subordinated Class D1 Notes, the '**Subordinated Class D Notes**') on the Official Segment of the stock market of Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes are hereinafter together referred to as the '**Notes**'. The Notes are expected to be issued on 13 December 2001. This Offering Circular constitutes a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam. The effective yield to the first Optional Redemption Date (as defined below) at their issue price shall be for (i) the Senior Class A2 Notes 5.4523 per cent., (ii) the Mezzanine Class B2 Notes 5.5523 per cent., (iii) the Junior Class C2 Notes 6.0023 per cent. and (iv) the Subordinated Class D2 Notes 7.1023 per cent.. The Senior Class A1b Notes will be privately placed.

The Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes shall carry floating rates of interest, to be made quarterly in arrear on each Quarterly Payment Date (as defined in Condition 4(b)), which will be three months Euribor plus a margin for the Senior Class A1 Notes of 0.36 per cent., for the Mezzanine Class B1 Notes of 0.45 per cent., for the Junior Class C1 Notes of 0.90 per cent. and for the Subordinated Class D1 Notes of 1.90 per cent..

The Senior Class A2 Notes, the Mezzanine Class B2 Notes, the Junior Class C2 Notes and the Subordinated Class D2 Notes shall carry, initially, fixed rates of interest, payable annually in arrear, which will be for the Senior Class A2 Notes 5.45 per cent., for the Mezzanine Class B2 Notes 5.55 per cent., for the Junior Class C2 Notes 6.00 per cent. and for the Subordinated Class D2 Notes 7.10 per cent..

If on the first Optional Redemption Date (as defined below) the Notes of the relevant Class have not been redeemed in full, the Notes shall carry interest which will be payable by reference to Floating Rate Interest Periods (as defined herein), which will be three months Euribor plus a margin per annum of, for the Senior Class A Notes 0.80 per cent., for the Mezzanine Class B Notes 1.00 per cent., for the Junior Class C Notes 1.90 per cent. and for the Subordinated Class D Notes 4.10 per cent..

The Notes are scheduled to mature on the Quarterly Payment Date falling in November 2027 (the '**Final Maturity Date**'). On the Quarterly Payment Date falling in February 2002 and each Quarterly Payment Date thereafter, the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with, the Terms and Conditions of the Notes (the '**Conditions**'). On the Quarterly Payment Date falling in November 2011 and each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem all (but not some only) of the Notes, at their Principal Amount Outstanding (as defined herein), subject to and in accordance with the Conditions. On each Optional Redemption Date, unless previously redeemed in full, the Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with, the Conditions.

It is expected that the Senior Class A Notes, on issue, will be assigned an AAA rating by Standard & Poor's Ratings Group, a division of the McGraw Hill Group of Companies ('**S&P**') and/or an Aaa rating by Moody's Investors Service Limited ('**Moody's**') and/or an AAA rating by Fitch Ratings Ltd. ('**Fitch**'), the Mezzanine Class B Notes, on issue, will be assigned an AA rating by S&P and/or an Aa1 rating by Moody's and/or an AA+ rating by Fitch, the Junior Class C Notes, on issue, will be assigned an A rating by S&P and/or an Aa3 rating by Moody's and/or an AA- rating by Fitch and the Subordinated Class D Notes, on issue, will be assigned a BBB rating by S&P and/or a Baa1 rating by Moody's and/or a BBB+ rating by Fitch. A security 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 *Special Considerations* herein.

The Notes will be secured directly by a deed of surety from Stichting Security Trustee SMILE Securitisation 2001 (the 'Security Trustee') and indirectly by a deed of surety from the Seller, a pledge over the Receivables (as described below) and a pledge over all the assets of the Issuer. The right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be subordinated and may be limited as more fully described herein.

The Senior Class A1a Notes, the Senior Class A1b Notes and the Notes of each other Tranche will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which are expected to be deposited with a common depository 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 issue date thereof. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the Senior Class A1a Notes, the Senior Class A1b Notes and the Notes of each other Tranche (each a 'Permanent Global Note'), without coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions. The expression '**Global Notes**' means the Temporary Global Note of the Senior Class A1a Notes, the Senior Class A1b Notes and the Notes of each other Tranche and the Permanent Global Note of the Senior Class A1a Notes, the Senior Class A1b Notes and the Notes of each other Tranche and the expression 'Global Note' means each Temporary Global Note or each Permanent Global Note, as the context may require.

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 Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent (each as defined herein) or, except for certain limited obligations under the Deed of Surety (as defined below) to – *inter alia* – the holders of the Notes (the '**Noteholders**'), the Security Trustee. Furthermore, none of the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent or any other person, in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, 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 Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Security Trustee, the Paying Agent or the Reference Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Lead Manager
ABN AMRO

Senior Co-Lead Manager
Schroder Salomon Smith Barney¹

Co-Lead Manager
Lehman Brothers Inc.

¹ * Schroder is a trademark of Schroder Holdings plc and is used under licence by Salomon Brothers International Limited

IMPORTANT INFORMATION

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

The Seller is responsible solely for the information contained in the following sections of this Offering Circular: *Overview of the Dutch SME Loan Market, ABN AMRO Bank N.V., Description of the Loans and Loan Underwriting and Processing Activities.*

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

No person other than the Issuer or any of the Managers has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 any of the Managers.

Neither this Offering Circular 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 document (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 Offering Circular is set out in the section entitled *Purchase and Sale* below. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular 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 or any of the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular 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 Offering Circular.

The Managers expressly do not undertake to review the financial condition 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 any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to U.S. persons (see *Purchase and Sale* below).

In connection with the issue of the Notes and in accordance with regulations pursuant to the Act on the Supervision of Securities Trade, ABN AMRO Bank N.V. may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time but will in any event be discontinued 30 days after the issue date of the Notes.

All references in this Offering Circular to 'Netherlands guilders', 'guilders', 'Dfl' and 'NLG' refer to a denomination of the currency of the Netherlands (with the understanding that since 1 January 1999 such currency is a sub-denomination of the Euro). All references 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).

CONTENTS

SUMMARY	6
SPECIAL CONSIDERATIONS	15
CREDIT STRUCTURE	23
OVERVIEW OF THE DUTCH SME MARKET	31
ABN AMRO BANK N.V.	32
LOANS UNDERWRITING AND PROCESSING ACTIVITIES	34
DESCRIPTION OF THE LOANS	36
RECEIVABLES PURCHASE AGREEMENT	42
ADMINISTRATION AGREEMENT	46
THE ISSUER	47
USE OF PROCEEDS	49
DESCRIPTION OF SECURITY	50
THE SECURITY TRUSTEE	53
THE GLOBAL NOTES	54
TERMS AND CONDITIONS OF THE NOTES	56
TAXATION IN THE NETHERLANDS	71
PURCHASE AND SALE	73
GENERAL INFORMATION	75
REGISTERED OFFICES	77

SUMMARY

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

Issuer:	SMILE Securitisation Company 2001 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in Amsterdam, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce of Amsterdam, the Netherlands, under number 34165794.
Seller:	ABN AMRO Bank N.V. (the 'Seller'), incorporated under the laws of the Netherlands as a public company with limited liability (<i>'naamloze vennootschap'</i>).
Company Administrator:	ABN AMRO Bank N.V..
Pool Servicer:	ABN AMRO Bank N.V..
Security Trustee:	Stichting Security Trustee SMILE Securitisation 2001, established under the laws of the Netherlands as a foundation (<i>'stichting'</i>).
Shareholder:	The entire share capital of the Issuer is owned by Stichting Holding SMILE Securitisation 2001, established under the laws of the Netherlands as a foundation (<i>'stichting'</i>).
Directors:	ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee and ATC Trustees (Netherlands) B.V., the sole director of Shareholder. The Directors belong to the same group of companies.
Liquidity Facility Provider:	ABN AMRO Bank N.V..
Swap Counterparty:	ABN AMRO Bank N.V..
Floating Rate GIC Provider:	ABN AMRO Bank N.V..
Paying Agent:	ABN AMRO Bank N.V..
Reference Agent:	ABN AMRO Bank N.V..
Notes:	The euro 2,981,500,000 floating rate Senior Class A1a Notes 2001 due 2027 (the 'Senior Class A1a Notes'), the euro 1,000,000,000 floating rate Senior Class A1b Notes 2001 due 2027 (the 'Senior Class A1b Notes' , together with the Senior Class A1a Notes, the 'Senior Class A1 Notes'), the euro 500,000,000 5.45 per cent. Senior Class A2 Notes 2001 due 2027 (the 'Senior Class A2 Notes' , together with the Senior Class A1 Notes, the 'Senior Class A Notes'), the euro 210,000,000 floating rate Mezzanine Class B1 Notes 2001 due 2027 (the 'Mezzanine Class B1 Notes'), the euro 30,000,000 5.55 per cent. Mezzanine Class B2 Notes 2001 due 2027 (the 'Mezzanine Class B2 Notes' , together with the Mezzanine Class B1 Notes, the 'Mezzanine Class B Notes'), the euro 145,000,000 floating rate Junior Class C1 Notes 2001 due 2027 (the 'Junior Class C1 Notes'), the euro 27,500,000 6.00 per cent. Junior Class C2 Notes 2001 due 2027 (the 'Junior Class C2

Notes', together with the Junior Class C1 Notes, the **'Junior Class C Notes'**, the euro 85,000,000 floating rate Subordinated Class D1 Notes 2001 due 2027 (the **'Subordinated Class D1 Notes'**) and the euro 21,000,000 7.10 per cent. Subordinated Class D2 Notes 2001 due 2027 (the **'Subordinated Class D2 Notes'**), together with the Subordinated Class D1 Notes, the **'Subordinated Class D Notes'**) will be issued by the Issuer on 13 December 2001 (or such later date as may be agreed between the Issuer and the Managers) (the **'Closing Date'**). The Senior Class A1b Notes will be privately placed.

The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes are hereinafter together referred to as the **'Notes'**. **'Tranche'** means either the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B1 Notes, the Mezzanine Class B2 Notes, the Junior Class C1 Notes, the Junior Class C2 Notes, the Subordinated Class D1 Notes or the Subordinated Class D2 Notes.

Issue Price:	<p>The issue prices of the Notes will be as follows:</p> <ul style="list-style-type: none"> (i) the Senior Class A1 Notes 100 per cent.; (ii) the Senior Class A2 Notes 99.99 per cent.; (iii) the Mezzanine Class B1 Notes 100 per cent.; (iv) the Mezzanine Class B2 Notes 99.99 per cent.; (v) the Junior Class C1 Notes 100 per cent.; (vi) the Junior Class C2 Notes 99.99 per cent.; (vii) the Subordinated Class D1 Notes 100 per cent.; and (viii) the Subordinated Class D2 Notes 99.99 per cent..
Denomination:	The Notes will be issued in denominations of euro 500,000.
Interest:	<p>Interest on the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes shall be payable by reference to successive interest periods (each a 'Floating Rate Interest Period') and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6(c)) of the Notes on the 22nd day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a 'Quarterly Payment Date'). 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 end on (but exclude) the Quarterly Payment Date falling in February 2002. A 'Business Day' means each day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ('TARGET System') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.</p> <p>Interest on the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes for each Floating Rate Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('Euribor') for three months deposits in euros (determined in accordance with Condition 4(f)) (or in respect of the first Floating Rate Interest Period, the rate which</p>

represents the linear interpolation of Euribor two and three months' deposits in euros) plus, initially, a margin which will be up to the first Optional Redemption Date equal to:

- 0.36 per cent. per annum for the Senior Class A1 Notes;
- 0.45 per cent. per annum for the Mezzanine Class B1 Notes;
- 0.90 per cent. per annum for the Junior Class C1 Notes; and
- 1.90 per cent. per annum for the Subordinated Class D1 Notes.

Up to the first Optional Redemption Date, the interest on the Senior Class A2 Notes, the Mezzanine Class B2 Notes, the Junior Class C2 Notes and the Subordinated Class D2 Notes shall be payable by reference to successive interest periods (each a **'Fixed Rate Interest Period'**) and will be payable in arrear annually in euro in respect of the Principal Amount Outstanding of the Notes on the 22nd day of November (or, if such day is not a Business day, the next succeeding Business Day) in each year (each such day being an **'Annual Payment Date'**). Each successive Fixed Rate Interest Period will commence on (and include) the 22nd day of November and end on (but exclude) the 22nd day of November the succeeding year, except for the first Fixed Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) 22nd November 2002.

The fixed rate of interest per annum will be:

- for the Senior Class A2 Notes 5.45 per cent.;
- for the Mezzanine Class B2 Notes 5.55 per cent.;
- for the Junior Class C2 Notes 6.00 per cent.; and
- for the Subordinated Class D2 Notes 7.10 per cent..

Interest Switch/Step-Up: If on the first Optional Redemption Date (as defined below) the Notes of any Class have not been redeemed in full, the interest applicable to the relevant Class of Notes will accrue at an annual rate equal to the sum of Euribor for three months deposits payable by reference to Floating Rate Interest Periods on each Quarterly Payment Date plus:

- (i) for the Senior Class A Notes a margin of 0,80 per cent. per annum;
- (ii) for the Mezzanine Class B Notes a margin of 1,00 per cent. per annum;
- (iii) for the Junior Class C Notes a margin of 1,90 per cent. per annum; and
- (iv) for the Subordinated Class D Notes a margin of 4,10 per cent. per annum.

Average Life: The estimated cash flow weighted average life of the Notes based on scheduled repayments, an estimated prepayment rate of 1.70 per cent., an annualized monthly default rate of 0.25 per cent. and the redemption of the Notes, subject to Condition 9(b), by the Issuer on the first Optional Redemption Date, will be as follows:

- (i) the Senior Class A1 Notes 4.4 years;
- (ii) the Senior Class A2 Notes 10 years;
- (iii) the Mezzanine Class B1 Notes 4.6 years;
- (iv) the Mezzanine Class B2 Notes 10 years;
- (v) the Junior Class C1 Notes 4.6 years;
- (vi) the Junior Class C2 Notes 10 years;
- (vii) the Subordinated Class D1 Notes 4.6 years; and
- (viii) the Subordinated Class D2 Notes 10 years.

The average life of the Notes given above should be viewed with caution; for further details see *Risks inherent to the Notes* below.

- Final Maturity Date:** Unless previously redeemed as provided below, the Issuer, subject to the Conditions, will redeem the Notes at their respective Principal Amount Outstanding (as defined in Condition 6(c)) on the Quarterly Payment Date falling in November 2027 (the '**Final Maturity Date**').
- Mandatory Redemption:** On the Quarterly Payment Date falling in February 2002 and each Quarterly Payment Date thereafter *until the first Optional Redemption Date*, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to redeem (or partially redeem) at their Principal Amount Outstanding, subject to Condition 9(b),
- (i) the Senior Class A1 Notes by applying the Class A Redemption Available Amount (as defined in Condition 6(c));
 - (ii) the Mezzanine Class B1 Notes by applying the Class B Redemption Available Amount (as defined in Condition 6(c));
 - (iii) the Junior Class C1 Notes by applying the Class C Redemption Available Amount (as defined in Condition 6(c)); and
 - (iv) the Subordinated Class D1 Notes by applying the Class D Redemption Available Amount (as defined in Condition 6(c));

The Redemption Available Amount for the relevant Tranche of Notes takes into account that (a) any Prepayment Redemption Amount (as defined in Condition 6(c)) will only be used to redeem the Senior Class A1 Notes and (b) as long as there is a balance on the relevant Principal Deficiency Ledger (as defined in Condition 6(e)) or a Delinquency Amount (as defined below) in respect of a Tranche of Notes, such Tranche of Notes will not be subject to mandatory redemption except if all Tranches of Notes ranking higher in priority pursuant to Condition 2 have been redeemed in full. If the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes have been redeemed in full, subject to Condition 9(b), prior to the first Optional Redemption Date, the Notes Redemption Available Amount (which includes any Prepayment Redemption Amount) will be deposited on the Master Collection Account (as defined below) and any amounts so deposited will on the first Optional Redemption Date be used for redemption of the Notes as set out in the following paragraph.

On any Optional Redemption Date, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Redemption Available Amount to redeem (or partially redeem) the Notes at their Principal Amount Outstanding, subject to Condition 9(b), in the following order: (i) *first*, the Senior Class A Notes in the following order (x) first towards the Senior Class A1 Notes, until fully redeemed and (y) thereafter towards the Senior Class A2 Notes, until fully redeemed, (ii) *second*, the Mezzanine Class B Notes in the following order: (x) first towards the Mezzanine Class B1 Notes, until fully redeemed and (y) thereafter towards the Mezzanine Class B2 Notes, until fully

redeemed; (iii) *third*, the Junior Class C Notes in the following order: (x) first towards the Junior Class C1 Notes, until fully redeemed and (y) thereafter towards the Junior Class C2 Notes, until fully redeemed, and (iv) *fourth*, the Subordinated Class D Notes in the following order: (x) first towards the Subordinated Class D1 Notes, until fully redeemed and (y) thereafter towards the Subordinated Class D2 Notes, until fully redeemed.

Delinquency Amount means, with respect to a Quarterly Payment Date, in respect of any Tranche of Notes, the positive difference, if any, between (i) the balance of the Delinquency Ledger and (ii) the sum of (a) the balance standing to the credit of the Reserve Account and (b) the amount of (x) the aggregate Principal Amount Outstanding of each Class of Notes ranking lower in priority pursuant to Condition 2, less (y) the balance standing to the debit of the relevant Principal Deficiency Ledger of such Class(es) of Notes on such date.

The **Delinquency Ledger** accounts for 40 per cent. of the principal amount outstanding under Delinquent Receivables.

Delinquent Receivables are Receivables in respect of which (i) amounts, which are due and payable, have remained unpaid for a period exceeding 30 days; or (ii) the servicing has been transferred in accordance with the administration manual to 'Solveon and the Recovery Section within the Financial Restructuring or Recovery department' as described in such administration manual.

Optional Redemption:

Unless previously redeemed in full, on the Quarterly Payment Date falling in November 2011 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer may, at its option, on giving not more than 60 nor less than 30 days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, redeem all (but not some only) Notes, at their Principal Amount Outstanding (as defined in Condition 6(c)) on such date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of a Tranche of Notes, the Issuer may, at its option, partially redeem all (but not some only) Notes at their Principal Amount Outstanding less the relevant Principal Shortfall. Following such redemption the Principal Amount Outstanding of the Notes of the relevant Tranche shall be reduced accordingly and be equal to the Principal Shortfall of such Tranche. The '**Principal Shortfall**' shall, in respect of a Tranche, mean an amount equal to the quotient of the balance on the sub-ledger relating to the relevant Tranche of the Principal Deficiency Ledger divided by the number of Notes of the relevant Tranche on such Optional Redemption Date. On each Quarterly Calculation Date an amount equal to the aggregate Outstanding Principal Amount of all Receivables which have become **Defaulted Receivables** (as defined below) during the Quarterly Calculation Period to which such Quarterly Calculation Date relates will be debited to the relevant Principal Deficiency Ledgers. Defaulted Receivables are Receivables in respect of which foreclosure procedures have commenced. The Principal Deficiency Ledgers will be credited in accordance with Interest Priority of Payments (see *Credit Structure* below).

Redemption for tax reasons:

In the event of certain tax changes affecting any Classes of the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in

respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer may (but is not obliged to) on giving not more than 60 nor less than 30 days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, redeem all (but not some only) of the Notes at their Principal Amount Outstanding (as defined in Condition 6(c)), together with accrued interest thereon up to and including the date of such redemption, subject to and in accordance with the Conditions. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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 depository for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders.
Withholding tax:	All payments by the Issuer in respect of the Notes or Coupons can be made without withholdings or deductions for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities or any political subdivision thereof or therein. If, in the future, the withholding or deduction of such taxes, duties or charges should be required by law, the Issuer will withhold or deduct such taxes, duties or charges for the account of the Noteholders or Couponholders and shall not pay any additional amounts to the Noteholders or Couponholders in respect of the aforementioned withholdings or deductions. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.
Use of proceeds:	The Issuer will use the net proceeds from the issue of the Notes to pay to the Seller the Initial Purchase Price for the Receivables (as described below), pursuant to the provisions of an agreement dated 12 December 2001 (the ' Receivables Purchase Agreement ') and made between the Seller, the Issuer and the Security Trustee. See further <i>Receivables Purchase Agreement</i> below.
Receivables:	Under the Receivables Purchase Agreement, the Issuer will on the Closing Date purchase and accept the assignment of any and all rights (the ' Receivables ') of the Seller against certain borrowers (the ' Borrowers ') under or in connection with certain pre-selected Loans (as defined below).
Repurchase of Receivables:	In the Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Receivable: <ul style="list-style-type: none"> (i) if any of the representations and warranties given by the Seller in respect of the Loans (as defined below) and the Receivables, including the representation and warranty that on the Closing Date the Loans or, as the

case may be, the Receivables meet certain receivables criteria, is untrue or incorrect in respect of such Receivable; or

- (ii) if the Seller agrees with a Borrower to amend the terms of the Loan and as a result thereof such Loan no longer meets certain criteria set forth in the Receivables Purchase Agreement.

Loans:

The Receivables to be sold by the Seller pursuant to the Receivables Purchase Agreement will relate to loans granted to small and medium sized companies resident in the Netherlands which (i) mature prior to 1 January 2025; (ii) may have the benefit of a Security Interest; (iii) are entered into by the Seller and the relevant Borrowers; (iv) meet certain criteria set forth in the Receivables Purchase Agreement and (v) will be selected prior to or on the Closing Date (the **'Loans'**). See *Description of the Loans* below.

Security Interests:

The repayment of a vast majority of the Receivables is secured by one or more security interests, such as a mortgage right (*'hypotheekrecht'*), a right of pledge (*'pandrecht'*) or any other security interest (*'zekerheidsrecht'*) (the **'Security Interests'**). The Security Interests are in the form of so-called Bank Security Rights. The Seller and the Issuer will agree in the Receivables Purchase Agreement that the Seller and the Issuer each have a share (*'aandeel'*) in each co-owned Security Interest equal to a *pro rata* portion by reference to the outstanding principal amount of the Receivables and the lesser of (a) the outstanding principal amount of the Other Receivables on Closing and (b) the outstanding principal amount of the Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable. Other Receivables are the aggregate claim of principal or interest, other than the Receivable, of the Seller vis-à-vis each Borrower outstanding on the Closing Date, if any (see *Special Considerations* below).

Security for the Notes:

The Notes will be secured (a) directly, by a deed of surety to be entered into on the Closing Date between the Security Trustee and certain Secured Parties (as defined in section *Description of Security* below) pursuant to which the Security Trustee will agree to grant a surety (*'borgtocht'*) to the Secured Parties, which include the Noteholders, on a limited recourse basis (the **'Deed of Surety'**); (b) indirectly, through the Security Trustee, by a first ranking pledge by the Seller to the Security Trustee and a second ranking pledge by the Seller to the Issuer over the Receivables; and (c) indirectly, through the Security Trustee, by a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Receivables Purchase Agreement, the Swap Agreement, the Administration Agreement, the Liquidity Facility Agreement, the Floating Rate GIC, the Seller Deed of Surety and in respect of the Transaction Accounts (as referred to below).

The amounts payable to the Noteholders and the other Secured Parties under the Deed of Surety will be limited to the amounts available for such purpose to the Security Trustee which, broadly, will consist of amounts recovered by the Security Trustee on the Receivables and amounts received by the Security Trustee as creditor under the Receivables Purchase Agreement. Payments under the Deed of Surety to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement (as defined in section *Credit Structure*

below). For a more detailed description see *Description of Security* below.

- Administration Agreement:** Under an administration agreement to be entered into on the Closing Date (the **'Administration Agreement'**) between the Issuer, the Company Administrator, the Pool Servicer and the Security Trustee, (i) the Pool Servicer will agree to provide certain administration and management services in relation to the Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Loans and the implementation of arrears procedures including, if applicable, the enforcement of security interests; and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services to the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions (see *Administration Agreement* below).
- Management Agreements:** Each of the Issuer, Stichting Holding SMILE Securitisation 2001 and the Security Trustee has entered into a management agreement (together the **'Management Agreements'**) with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, Stichting Holding SMILE Securitisation 2001 or, as the case may be, the Security Trustee and to perform certain services in connection therewith.
- Liquidity Facility:** On the Closing Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider (the **'Liquidity Facility Agreement'**) under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See *Credit Structure* below.
- Master Collection Account:** The Issuer shall maintain with the Floating Rate GIC Provider an account (the **'Master Collection Account'**), to which all amounts of interest, prepayment penalties and principal received under the Receivables, will be transferred by the Company Administrator in accordance with the Administration Agreement.
- Reserve Account:** On each Quarterly Calculation Date, if and to the extent the Notes Interest Available Amount (as defined in *Credit Structure* below) exceeds the amounts required to meet items (a) up to and including (m) of the Interest Priority of Payments (as defined in section *Credit Structure* below) such excess amount will be used to deposit on or, as the case may be, replenish a reserve account (the **'Reserve Account'**, together with the Master Collection Account, the **'Transaction Accounts'**) held with the Floating Rate GIC Provider, by crediting such amount to the Reserve Account up to the **Reserve Account Target Level**. The Reserve Account Target Level means (a) the higher of (i) one per cent. of the aggregate Principal Amount Outstanding of the Notes on the relevant Quarterly Calculation Date; (ii) the lesser of (x) Euro 10,000,000 and (y) the aggregate Outstanding Principal Amount of the Receivables on the relevant Quarterly Calculation Date; (iii) the amount standing to the debit of the Delinquency Ledger (as defined in *Credit Structure* below); or (b) upon the occurrence of a Notification Event (as defined in *Receivables Purchase Agreement* below) and as a result thereof the Borrowers are notified of the assignment or pledge of the Receivables, unlimited or (c) on the Optional Redemption Date on which the Notes are redeemed in full, subject to

Condition 9(b) or, as the case may be, the Final Maturity Date, zero. 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 (m) in the Interest Priority of Payments in the event of a shortfall of the Notes Interest Available Amount on a Quarterly Calculation Date (as defined in *Credit Structure* below). See further *Credit Structure* below.

- Floating Rate GIC:** The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the '**Floating Rate GIC**') on the Closing Date, under which the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing from time to time to the credit of the Master Collection Account and the Reserve Account.
- Swap Agreement:** On the Closing Date, the Issuer will enter into an interest swap agreement with the Swap Counterparty (the '**Swap Agreement**') to hedge the risk between the rate of interest to be received by the Issuer on the Receivables and the rate of interest payable by the Issuer on the Notes (See *Credit Structure* below).
- Listing:** Application has been made for the Notes to be listed on Euronext Amsterdam.
- Rating:** It is expected that the Senior Class A Notes, on issue, will be assigned an AAA rating by Standard & Poor's Ratings Group, a division of the McGraw Hill Group of Companies ('S&P') and/or an Aaa rating by Moody's Investors Service Limited ('Moody's') and/or an AAA rating by Fitch Ratings Ltd. ('Fitch'), the Mezzanine Class B Notes, on issue, will be assigned an AA rating by S&P and/or an Aa1 rating by Moody's and/or an AA+ rating by Fitch, the Junior Class C Notes, on issue, will be assigned an A rating by S&P and/or an Aa3 rating by Moody's and/or an AA- rating by Fitch and the Subordinated Class D Notes, on issue, will be assigned a BBB rating by S&P and/or a Baa1 rating by Moody's and/or a BBB+ rating by Fitch.
- Governing Law:** The Notes will be governed by and construed in accordance with the laws of the Netherlands.
-

SPECIAL CONSIDERATIONS

Subject to completion

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this document.

Liabilities under the Notes

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 Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent or, except for certain limited obligations under the Deed of Surety as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent or the Reference Agent or any other person in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The ability of the Issuer to meet its obligations in full to (timely) pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Receivables, the proceeds of the sale of any Receivables, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the Floating Rate GIC (See *Credit Structure* below). In addition, the Issuer will have, *inter alia*, available to it the balances standing to the credit of the Reserve Account, if any, and the amount available to be drawn under the Liquidity Facility for certain of its payment obligations.

Deed of Surety

The Notes will be secured, *inter alia*, by the Deed of Surety. Under the terms of the Deed of Surety, the Security Trustee will undertake to pay to the Secured Parties (including the Noteholders), subject to the Priority of Payments upon Enforcement (as described in *Credit Structure* below), all amounts due and payable by the Issuer to the Secured Parties, including amounts due under or in connection with the Notes, if the Issuer does not perform its obligations vis-à-vis the Secured Parties, whether fully or partially. However, the payment obligations to the Secured Parties will be limited, broadly, to amounts received by the Security Trustee as creditor under the Receivables Purchase Agreement and amounts recovered under any of the pledge agreements to which the Security Trustee is a party (as more fully described in *Description of Security* below). Given the limited recourse provisions to be contained in the Deed of Surety, it should not be regarded as credit enhancement for the Notes in economic terms. The Deed of Surety will be entered into for purely technical reasons and will be used to create a recourse claim for the Security Trustee against the Issuer, so that as a matter of Netherlands law the Receivables can be effectively pledged to the Security Trustee by the Seller. In this respect it is noted that, in order to create such recourse claim, the Security Trustee should first pay the relevant amount to the Secured Parties. The Security Trustee will have to borrow such funds under a liquidity facility agreement to be agreed with a liquidity facility provider. Furthermore, it is noted that in legal literature it has been argued that in case of a security structure as used in this transaction the security trustee is not entitled to take recourse on the pledged assets if its recourse claim (*'regresvordering'*) or, as the case may be, its claim based upon subrogation (*'vorderingen verkregen na subrogatie'*) on the debtor (i.e. the Issuer) only arises or, in case of the subrogation claim, is acquired following bankruptcy or suspension of payments (or emergency regulations) of such debtor. The Issuer has been advised that there are strong arguments for arguing that this view is incorrect. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has as a separate and independent obligation, by way of parallel debt, undertaken to pay the Security Trustee amounts equal to the amounts due by it to the Secured Parties. The Issuer has been advised that there are strong reasons to maintain that such a 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 Pledge Agreement I and the Trustee Pledge Agreement II.

Transfer of Legal Title to Receivables

The Receivables Purchase Agreement will provide that the assignment of the Receivables by the Seller to the Issuer will not be notified by the Seller to the Borrowers except if certain events occur. For a description of these notification events reference is made to *Receivables Purchase Agreement* below. Under Netherlands law the assignment of a receivable is only perfected if the assignment has been notified to the debtor. Consequently, prior to such notification, legal title to the Receivables will remain with the Seller. Notification of the assignment to a debtor after the Seller has been declared bankrupt or has become subject to emergency regulations under the Netherlands Act on the Supervision of the Credit System 1992 will not be effective and, consequently, in such event the legal ownership of the Receivables will not pass to the Issuer.

In order to protect the Issuer in the situation that notification of the assignment of the Receivables can no longer be effectively made due to bankruptcy or emergency regulations, the Seller will grant a first-ranking 'silent' right of pledge (i.e. without notification being required) under Netherlands law to the Security Trustee and a second-ranking 'silent' right of pledge to the Issuer over the relevant Receivables and the Issuer will grant a first-ranking 'disclosed' right of pledge to the Security Trustee on the rights deriving from, *inter alia*, the Receivables Purchase Agreement, as more fully described in *Description of Security* below. Notification of the 'silent' rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or emergency regulations have been declared in respect of the Seller. Under Netherlands law the Issuer and the Security Trustee can, in the event of bankruptcy or emergency regulations in respect of the Seller, exercise the rights afforded by law to pledgees as if there were no bankruptcy or emergency regulations. However, bankruptcy or emergency regulations involving the Seller would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or emergency regulations involving the Seller having been declared, will be part of the bankrupt estate, although the relevant pledgee has the right to receive such amounts by preference, after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to two months may apply in case of bankruptcy or emergency regulations involving the Seller, which, if applicable, would delay the exercise of the right of pledge on the Receivables and (iii) the relevant pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the Seller.

Set-off

Under Netherlands law each Borrower will, subject to the legal requirements for set-off being met, be entitled to set-off amounts due by the Seller to him/it (if any), with amounts he/it owes in respect of the Receivables. Such amounts due by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits which the Borrower may have with the Seller. In this respect it is important that the majority of the Borrowers has also a current account with the Seller and that Borrowers may deposit from time to time certain amounts with the Seller. Borrowers may also have counterclaims other than claims resulting from current account balances or deposits with the Seller. The requirements for set-off, as described below, apply *mutatis mutandis* to such counterclaims. In order to invoke a right of set-off the Borrower should have a claim which corresponds to his/its debt to the same counterparty and, furthermore, he/it should be entitled to pay his/its debt as well as to enforce payment of his/its claim(s).

The general conditions applicable to the Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Netherlands law it is uncertain whether such waiver will be valid. Pursuant to Netherlands law a provision contained in the general conditions used by a person could be nullified – *inter alia* – if such provision is unreasonably onerous (*onredelijk bezwarend*) for the counterparty of such person. A clause containing a waiver of set-off by the counterparty contained in the general conditions is, subject to proof to the contrary, presumed to be unreasonably onerous in case such counterparty does not act in the conduct of its profession or trade (i.e. a consumer). The Seller will represent and warrant that, to the best of its knowledge, the Borrowers do not qualify as consumers. However, the fact that in the relationship with a consumer a provision (such as a waiver of set-off) is presumed to be unreasonably onerous may be relevant when

determining whether such provision is unreasonably onerous vis-à-vis a counterparty which is not a consumer, particularly when this counterparty resembles a consumer. Should the waiver not be valid, the Borrowers will, in order to invoke a right of set-off, need to comply with the requirements for set-off.

A requirement for set-off is that the debtor should have a counterclaim which is enforceable at the moment the right of set-off is invoked. The Seller has informed the Issuer that a balance on a current account and, unless otherwise agreed at the time an amount is deposited by a Borrower, a balance on deposit account can be withdrawn at any time and consequently such balance is due (*'opeisbaar'*) at any time. However, the claims of the Borrower are subject to a right of pledge in favour of the Seller created pursuant to the general conditions of the Seller which are applicable to the Loans and, therefore, it may be argued, which would be supported by the Parliamentary History and legal literature, that the Borrower will on this basis not be entitled to invoke a right of set-off.

After assignment and/or pledge of the Receivables to the Issuer and notification thereof to a Borrower, the Borrower will also have set-off rights vis-à-vis the Issuer or, as the case may be, the Security Trustee, provided that the legal requirements for set-off are met and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Receivable or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment and/or pledge of the Receivables and notification thereof to the relevant Borrower. The question whether a court would come to the conclusion that the Receivable and a claim of a Borrower on the Seller in connection with a current account or of any other nature (such as a deposit) result from the same legal relationship will depend on all relevant facts and circumstances involved in the specific matter. A relevant fact involved is that offer letters of the Seller include apart from an offer for the Loan an offer for a current account facility. If the relevant Loan was granted in combination with a current account facility and since payments under the Loan are made by debiting under the current account facility, the Issuer has been advised there is definitely a risk that a court would come to the conclusion that the Receivable and claims the Borrower may have under the current account facility result from the same legal relationship. In cases where a current account relationship was already existing at the moment the Loan was granted, this risk will be more limited. If it is held that the Receivable and a claim of the Borrower result from the same legal relationship, set-off is possible, notwithstanding the assignment or pledge, provided that the other requirements for set-off (to the extent relevant) have been met (see above). As set out above, a balance on a current account and, unless otherwise agreed, a deposit is due (*'opeisbaar'*) at any time. As a consequence, in case of a claim of the Borrower resulting from such balance, the requirement that the claim of the Borrower should have been originated and become due prior to the notification of the assignment or pledge, as set out above under (ii), would be met. Moreover, upon the bankruptcy or emergency regulations involving the Seller becoming effective and subsequent notification of the pledge being made, set-off is possible in respect of claims resulting from deposits in respect of which it was agreed that the balance was not due for an agreed period of time and is likely to be possible in respect of other counterclaims of the Borrower that are not yet due at the time bankruptcy or emergency regulations involving the Seller become effective, unless, due to the nature of the counterclaim, set-off against the bankruptcy-estate is not permitted. If after the moment the Borrower receives notification of the assignment or pledge of the 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 his/its claim vis-à-vis the Company or the Security Trustee for the amount of his/its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account after such moment, notwithstanding that amounts may have been credited.

The Receivables Purchase Agreement provides that if a Borrower sets off amounts due to him by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such 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 Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Receivable. Therefore, provided that the Seller complies with this undertaking, the Issuer will not suffer damages as a result of such set-off.

The Seller will also have the right to set-off any amounts owing to a Borrower against a Receivable in respect of such Borrower. The Receivables Purchase Agreement will provide that, prior to notification of the assignment and/or pledges, the Seller will pay to the Issuer any amounts not received by the Issuer as a result of such right of set-off being invoked by the Seller. After notification of the assignment and/or pledges to the Borrowers, the Seller will no longer have any set-off right against the relevant Borrowers.

Bank Security Rights

All Receivables sold to the Issuer having the benefit of Security Interests, are secured by security rights which not only secure the Loan granted to the Borrower, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller (**'Bank Security Rights'**). Under Netherlands law, it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Bank Security Right, the Bank Security Right will follow such receivable. It is assumed by certain Netherlands legal commentators that a Bank Security Right will only follow the receivable which it secures, if the relationship between a bank and a borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the borrower. Other Netherlands legal commentators have, particularly in recent legal literature, defended the view that Bank Security Rights will (partially) follow the receivable to the extent that it has been assigned.

Given this uncertainty, the Seller has undertaken in the Receivables Purchase Agreement, unless the Security Trustee instructs it otherwise, to partially waive (*'afstand doen'*) or, as the case may be, partially terminate (*'opzeggen'*) the relevant Security Interest to the extent that such Security Interest secures debts other than the relevant Receivable and the Other Receivables, being receivables of the Seller in respect of which the Seller and the Issuer have agreed in the Receivables Purchase Agreement that they will each have a share (*'aandeel'*) in each co-owned Security Interest equal to a *pro rata* portion by reference to the outstanding principal amounts of the Receivables on Closing and the lesser of (a) the outstanding principal amount of the Other Receivables and (b) the outstanding principal amount of such Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable (see *Receivables Purchase Agreement*). Under Netherlands law, a security right can be terminated by the holder of such security right provided that upon creation of the security right the holder of such security rights was granted the right to terminate. In respect of any Security Interests consisting of mortgage rights the Seller has represented in the Receivables Purchase Agreement that it has been granted such right to terminate. In respect of any Security Interests (other than mortgage rights) no such termination right was granted to the Seller and therefore these Security Rights can only be partially waived. A waiver of the Security Interests (other than the mortgage rights) should be effectuated by an agreement between the holder of the security right (i.e. the Seller) and the grantor of such security right (i.e. the Borrower). Pursuant to the general conditions applicable to the Security Interests (other than the mortgage rights), the Borrower has consented in advance to such waiver. The Seller will give notice of such partial waiver to the relevant Borrower in respect of the Security Interests (other than mortgage rights). Such notice is given at the same time the Borrowers will be notified of the assignment and the termination of the mortgage rights (see *Transfer of Legal Title to Receivables* above). As a consequence of such partial waiver or termination the Security Interest would only secure the Receivable assigned to the Issuer and the Other Receivable and would, in effect, cease to be a Bank Security Right. Although there is no case law directly to support this view, the Issuer has been advised that there are no reasons why the Security Interest will not follow the Receivable upon its assignment if the Bank Security Right character is removed through partial waiver or termination prior to transfer of legal title to the Receivables to the Issuer.

The relevant statutory provisions only address termination and waiver in general and legal commentators, although accepting the right of partial termination, do not specifically discuss partial waiver or termination of security rights in the manner described above. It is therefore unclear whether such a partial waiver or termination complies with the relevant statutory requirements. Based upon a reasonable interpretation of the statutory provisions and the views expressed by legal commentators, there are strong reasons for arguing that the Seller can effectively waive or terminate the Security Rights as described above.

The terms of the mortgage deeds relating to the Loans provide for a termination right in general and not specifically for a partial termination right. The general conditions applicable to the Security Interests (other than the mortgage rights) provide for a consent in advance to a waiver and not specifically for a partial waiver. However, the Issuer has been advised that even in the latter case there are strong arguments for arguing that, based upon a reasonable interpretation of the termination provisions, it should include a partial termination right or partial waiver respectively.

Should the Seller be declared bankrupt or subjected to emergency regulations prior to giving notice of the partial termination or the partial waiver, the undertaking to give notice of the partial termination or the partial waiver is no longer enforceable. In such a situation the legal transfer of the relevant Receivables can no longer be effected, although the Issuer and the Security Trustee will remain pledgees of such Receivables (see *Transfer of Legal Title to Receivables* above). However, the fact that notice can no longer be given or the partial waiver can no longer be agreed upon (as the case may be), means that it is uncertain, also depending on the specific facts and circumstances involved, whether the Issuer and the Security Trustee will have the benefit of the Security Interests securing such Receivables and, if a Borrower will fail to comply with its obligations under the relevant Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the Security Interests as pledgee of the Receivables. If not, the assistance of the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the pledgees. It is uncertain whether such assistance will be forthcoming. A similar situation could arise if the Seller is subject to emergency regulations or is declared bankrupt after notice of the partial termination is given or partial waiver is agreed and the courts would come to the conclusion, notwithstanding the arguments against such an interpretation, that a Bank Security Right cannot be converted by way of partial waiver and termination into a security right which only secures the Receivables (and the Other Receivables) or, following such conversion, the Security Interest does not follow the Receivables upon their pledge or assignment. Consequently, the Issuer would not have the benefit of the Security Interests securing such Receivables and would have to rely on the assistance of the Seller's administrator or bankruptcy trustee to foreclose such Security Interests. The Issuer can in such event collect the Receivables in any manner available for creditors under Netherlands law, such as the levy of an attachment on the assets of the relevant Borrower.

In order to procure that the Issuer or, as the case may be, the Security Trustee will have the benefit of the Security Interests if such Security Interests would not follow the Receivables, but would remain with the Seller, the Seller, the Issuer and the Security Trustee will enter into the Seller Deed of Surety on the Closing Date. Under the terms of the Seller Deed of Surety, the Seller will undertake to pay to (a) the Issuer, subject to the dissolving condition (*'ontbindende voorwaarde'*) of the occurrence of a Notification Event relating to the Issuer, and (b) the Security Trustee, subject to the condition precedent (*'opschortende voorwaarde'*) of the occurrence of a Notification Event relating to the Issuer, all amounts due and payable by the Borrowers under the Receivables if the Borrowers do not perform their obligations, whether fully or partially, vis-à-vis the Issuer either as holder of legal title or as pledgee or, as the case may be, the Security Trustee as pledgee of the Receivables. The payment obligations to the Issuer and the Security Trustee will be limited to the *pro rata* portion of the amounts recovered by the Seller by means of foreclosure of the Security Interest securing the relevant Receivables and the Other Receivables (by reference to the outstanding principal amount of the Receivables and the lesser of (a) the outstanding principal amount of the Other Receivables on Closing and (b) the outstanding principal amount of the Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable). However, in case the Seller is declared bankrupt or subject to emergency regulations it is uncertain whether the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) would comply with the Seller Deed of Surety.

Following partial termination or waiver of the Security Interests and notification of the assignment to the Borrowers, subject to what is stated in section *Bank Security Rights* above, the relevant Security Interests would be co-held by the Company and the Seller and would secure both the Receivables and the Other Receivables. In the event that the Security

Interest would partially follow the Receivables, the Security Interests would also be co-held by the Issuer and the Seller. In such event the Security Interests would secure both the Receivables held by the Issuer (or the Security Trustee, as the case may be) and any claims, including any Other Receivables, held by the Seller.

In case the Security Interests are co-held by both the Issuer and the Seller, the rules applicable to co-ownership or community (*'gemeenschap'*) apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights.

In the Receivables Purchase Agreement the Seller and the Issuer will agree that the Issuer will manage and administer such co-held rights. It is uncertain whether the enforcement of the Security Interests will be considered as day-to-day management, and, consequently the consent of the Seller's trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure. The Seller and the Issuer will agree that they each have a share (*'aandeel'*) in each co-owned Security Interest by reference to the outstanding principal amount of the Receivables on Closing and the lesser of (a) the outstanding principal amount of the Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable. It is uncertain whether this arrangement will be enforceable under all circumstances. 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 Company forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Company incurs as a result thereof.

Exercise of call option

In accordance with the Conditions, the Issuer has the option to call all (but not some only) of the Notes on any Optional Redemption Date. Pursuant to the Trust Deed the Issuer has on any Optional Redemption Date the right to sell and assign all (but not some only) Receivables, not being Defaulted Receivables, to a third party, which may also be the Seller, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes. The purchase price of the Receivables, not being Defaulted Receivables, shall be at least an amount equal to the Outstanding Principal Amount, together with interest payable but not yet received, if any, of such Receivable (see *Credit Structure* below). The Issuer may in addition sell and assign Defaulted Receivables. The purchase price of Defaulted Receivables shall be at least equal to the market value of such Defaulted Receivables, as determined by the Security Trustee. No guarantee can be made that the Issuer will exercise this call option. If the call option is not exercised on the first Optional Redemption Date, the interest payable on the Notes will be equal to three-months Euribor plus a margin per annum, such margin to be for the Senior Class A Notes 0.80 per cent. per annum, for the Mezzanine Class B Notes 1.00 per cent. per annum, for the Junior Class C Notes 1.90 per cent. per annum and for the Subordinated Class D Notes 4.10 per cent. per annum.

New proposal for a European Union Directive on the taxation of savings

On 18 July 2001 the European Commission presented a new proposal for an EU Directive on the taxation of savings (Proposal for a Council Directive to ensure effective taxation of savings income in the form of interest payments within the Community, 2001/0164 (CNS)). Contrary to the initial proposal of May 20, 1998, which stipulated that each EU Member State would be allowed to choose between the adoption of a withholding tax system or an information reporting system, all Member States will eventually, that is seven years after the date on which the Directive enters into force, adopt an information reporting system. The proposal will also apply to interest on corporate bonds.

During the seven-year transition period, all EU Member States except Austria, Belgium and Luxembourg will operate an information reporting system. Austria, Belgium and Luxembourg may operate a withholding tax system during the transition period. The EU Member States, including the Netherlands, which will operate the information reporting system from the date on which the Directive enters into force, will automatically communicate information on interest payments by paying agents residing within their jurisdiction to the beneficial owner's Member State of residence without requiring reciprocity. The paying agent is the last intermediary in any given chain of intermediaries who pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner.

The proposed Directive on the taxation of savings should be implemented by the Member States on January 1, 2004. If the proposed Directive is adopted in its current form, an individual holder of Notes who is resident in an EU Member State other than the Netherlands will become subject to the automatic supply of information on interest payments by the Netherlands to the Member State in which the individual is resident. Pending an agreement on the scope and precise text of the Directive, it is not possible to say what final effect the adoption of the proposed Directive on the taxation of savings will have on the Notes or payments in respect thereof.

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 not 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 (i) action taken by a relevant taxation authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to make a withholding or deduction of taxes on any payment to be made under the Swap Agreement to the Issuer (a '**Tax Event**'), the Swap Counterparty may (with the consent of the Issuer and the Rating Agencies) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The Swap Agreement will also be terminable by one party if (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events. The Swap Agreement will terminate on the earlier of the Final Maturity Date and the Optional Redemption Date on which the Notes have been redeemed or written-off in full in accordance with the Conditions.

Risks inherent to the Notes

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

i. Credit Risk

The risk of loss on principal and interest on the Notes due to losses on principal and interest on the Receivables is addressed and mitigated by:

- in the case of the Senior Class A Notes, the subordinated ranking of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes;
- in the case of the Mezzanine Class B Notes, the subordinated ranking of the Junior Class C Notes and the Subordinated Class D Notes;
- in the case of the Junior Class C Notes, the subordinated ranking of the Subordinated Class D Notes;
- the Reserve Account and the Reserve Account Target Level (see *Credit Structure* below);
- the Excess Margin (as defined below in *Credit Structure*);
- the amounts of Notes Interest Available Amount used towards redemption of the Notes on any Optional Redemption Date;
- redemption in respect of the Tranches of Notes subject to mandatory redemption up to the first Optional Redemption Date, will be made *pro rata* except for amounts received by the Issuer as a result of prepayments of Receivables which will be applied towards redemption of the Senior Class A1 Notes. However, as long as there is a Principal Shortfall or a Delinquency Amount in respect of a Tranche of Notes and Tranches of Notes ranking higher in priority pursuant to Condition 2 are outstanding, no payments

towards redemption in respect of such Tranche of Notes will be made. As a consequence, the redemption of Tranches of Notes ranking higher in priority pursuant to Condition 2 will be accelerated.

ii. Liquidity Risk

The risk that interest and/or principal on the Receivables are not received on time thus causing temporary liquidity problems to the Issuer is addressed and mitigated by the Excess Margin, the Reserve Account (to the extent available for such payments) and in certain circumstances the Liquidity Facility.

iii. Prepayment Risk

The risk that prepayment by the Borrowers results in negative carry costs or a change in credit quality profile of the portfolio of Receivables is addressed as follows:

- as a result of the structure of the Swap Agreement the Issuer will not suffer negative carry costs from prepayments;
- the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes permit the return of scheduled principal to Noteholders on the Quarterly Payment Date falling in February 2002 and on each Quarterly Payment Date thereafter on a *pro rata* basis. If the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes have been redeemed in full, subject to Condition 9(b), prior to the first Optional Redemption Date, the scheduled principal collections will be deposited on the Master Collection Account. The Senior Class A1 Notes permit the return of unscheduled principal to the Senior Class A1 Noteholders on the Quarterly Payment Date falling in February 2002 and on each Quarterly Payment Date thereafter. If the Senior Class A1 Notes have been redeemed in full, subject to Condition 9(b), prior to the first Optional Redemption Date, the unscheduled principal collections will be deposited on the Master Collection Account.

iv. Maturity Risk

The risk that the Issuer will not have received sufficient principal to fully redeem the Notes. The Final Maturity Date for the Notes is the Quarterly Payment Date falling in November 2027. On each Optional Redemption Date, the Issuer may at its option redeem all Notes in accordance with Condition 6(e). If the Issuer does not exercise such call option the interest payable in respect of the Notes will be a Euribor based floating rate plus the margin set out above in paragraph *Exercise of the Call Option*. No guarantee can be given that the Issuer will exercise its option to redeem the Notes.

v. Interest Rate Risk

The risk that the interest received on the Receivables and the Transaction Accounts is not sufficient to pay the interest on the Notes. This risk is addressed by the Swap Agreement.

CREDIT STRUCTURE

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

Loan Interest Rates

The interest rate of each Loan is fixed, subject to a reset from time to time, or floating. Interest rates vary between individual Loans. The range of interest rates is described further in *Description of the Loans* below.

Cash Collection Arrangements

Payments by the Borrowers under the Loans are due on a regular basis, interest being payable in arrear or in advance. All payments made by Borrowers will be paid into collection accounts maintained with the Seller. The collection accounts will also be used for the collection of monies paid in respect of other loans and in respect of other monies belonging to the Seller.

On each Receivables Payment Date (being the 10th day following the last day of each Receivables Calculation Period (defined below)) the Seller shall transfer (or procure that the Pool Servicer transfers on its behalf) to the Master Collection Account all amounts of principal, interest, prepayment penalties and fees received by the Seller in respect of the Loans and paid to the Seller's collection accounts during the immediately preceding Receivables Calculation Period (defined below).

For these purposes a **'Receivables Calculation Period'** is the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of the same calendar month.

Transaction Accounts

The Issuer will maintain with the Floating Rate GIC Provider the Master Collection Account to which all amounts received in respect of the Loans will be paid.

The Company 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 Receivables Payment Date in respect of the Loans 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.

If and to the extent the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes have been redeemed in full, subject to Condition 9(b), prior to the first Optional Redemption Date, all principal receipts will be deposited in the Master Collection Account maintained with the Floating Rate GIC Provider.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of A-1 by S&P, the Issuer will use its best efforts (a) to obtain within 30 days a third party having the required rating for the Floating Rate GIC Provider (i) to guarantee the obligations of the Floating Rate GIC Provider resulting from (and to the extent that) the aggregate balances of the Transaction Accounts exceed 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date or (ii) to replace the Floating Rate GIC Provider or (b) to find any other solution acceptable to S&P, Moody's and Fitch to maintain the then current ratings of the Notes.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than (a) A-1 by S&P and/or (b) P-1 by Moody's and/or (c) F1 by Fitch, the Issuer will use its best efforts to obtain within 30 days a third party having the required rating for the Floating Rate GIC Provider to guarantee the obligations of the Floating Rate GIC Provider, to replace the Floating Rate GIC Provider or to find any other solution acceptable to S&P, Moody's and Fitch to maintain the then current ratings of the Notes.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the 5th business day prior to each Quarterly Payment Date) as being received during the Quarterly Calculation Period (as defined Condition 6(c)) immediately preceding such Quarterly Calculation Date (items (i) up to and including (xii) being hereafter referred to as the **'Notes Interest Available Amount'**):

- (i) as interest on the Receivables;
- (ii) as amounts other than referred to under item (i), (iv) and (v) received under the Receivables to the extent such amounts do not relate to principal;
- (iii) as interest credited to the Transaction Accounts;
- (iv) as prepayment penalties under the Receivables;
- (v) as Net Proceeds on any Receivables, to the extent such proceeds do not relate to principal;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
- (viii) as amounts received in connection with a repurchase of Receivables pursuant to the Receivables Purchase Agreement or any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (ix) as amounts received in connection with a sale of Receivables, pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (x) as amounts received as Post-Foreclosure Proceeds on the Receivables;
- (xi) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) in accordance with the Liquidity Facility Agreement (see below) on the immediately succeeding Quarterly Payment Date; and
- (xii) as amounts received under the Seller Deed of Surety to the extent such amounts do not relate to principal;

will pursuant to 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 except that item (xi) may not be applied towards items (g), (i), (k) and (m)) (the **'Interest Priority of Payments'**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, of fees and expenses due and payable to the Company Administrator and the Pool Servicer under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the

Issuer's liability, if any, to tax and fees and expenses of any legal advisor, auditor or accountant appointed by the Issuer and sums due to the relevant rating agencies and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and the fees due to the Liquidity Facility Provider under the Liquidity Facility Agreement;

- (d) *fourth*, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding any gross-up amounts to be paid pursuant to the Liquidity Facility Agreement and payable under (o) below, or, following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (other than amounts due in connection with the termination of the Swap Agreement including a Settlement Amount (as defined therein));
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of each Tranche of the Senior Class A Notes;
- (g) *seventh*, in or towards making good, *pro rata*, any shortfall reflected in the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger until the debit balance, if any, on the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger are reduced to zero;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of each Tranche of the Mezzanine Class B Notes;
- (i) *ninth*, in or towards making good, *pro rata*, any shortfall reflected in the Class B1 Principal Deficiency Ledger and the Class B2 Principal Deficiency Ledger until the debit balance, if any, on the Class B2 Principal Deficiency Ledger and the Class B2 Principal Deficiency Ledger are reduced to zero;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of each Tranche of the Junior Class C Notes;
- (k) *eleventh*, in or towards making good, *pro rata*, any shortfall reflected in the Class C1 Principal Deficiency Ledger and the Class C2 Principal Deficiency Ledger until the debit balance, if any, on the Class C1 Principal Deficiency Ledger and the Class C2 Principal Deficiency Ledger are reduced to zero;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of each Tranche of the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards making good, *pro rata*, any shortfall reflected in the Class D1 Principal Deficiency Ledger and the Class D2 Principal Deficiency Ledger until the debit balance, if any, on the Class D1 Principal Deficiency Ledger and the Class D2 Principal Deficiency Ledger are reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of any sums required to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level (defined below);
- (o) *fifteenth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) gross-up amounts due, if any, to the Liquidity Facility Provider pursuant to Clause 9.2 of the Liquidity Facility Agreement and (ii) additional amounts due to the Liquidity Facility Provider pursuant to Clause 13 of the Liquidity Facility Agreement;

- (p) *sixteenth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any amounts due under the Swap Agreement in connection with the termination of the Swap Agreement including a Settlement Amount (as defined therein);
- (q) *seventeenth*, (i) until but excluding the first Optional Redemption Date, in or towards satisfaction of a Deferred Purchase Price Instalment of the Seller and (ii) on any Optional Redemption Date in or towards satisfaction of principal amounts due on the Notes on the relevant Quarterly Payment Date or, as the case may be, the Final Maturity Date (see *Principal Priority of Payments* below).

Payments may be made from the Master Collection Account other than on a Quarterly Payment Date only to satisfy amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business.

Priority of Payments in respect of principal

The sum of the following amounts, as defined in Condition 6(c) calculated as at any Calculation Date, as being received during the immediately preceding Calculation Period (items (a) up to and including (h) hereinafter referred to as the **'Notes Redemption Available Amount'**):

- (a) by means of repayment and prepayment of principal under the Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties;
- (b) as Net Proceeds (as defined in Condition 6(c)(iv)) on any Receivable, to the extent such proceeds relate to principal;
- (c) in connection with a repurchase of Receivables pursuant to the Receivables Purchase Agreement and any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts relate to principal;
- (d) in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (e) as amounts received from the Seller under the Seller Deed of Surety to the extent such amounts relate to principal;
- (f) as the amounts by which any and all Principal Deficiency Ledgers are credited on the immediately succeeding Quarterly Payment Date in accordance with the Trust Deed and the Administration Agreement;
- (g) on any Optional Redemption Date as an amount equal to the 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 (a) up to and including (p); and
- (h) the 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 on the preceding Quarterly Payment Date;

will be applied by the Issuer on the next succeeding 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'**):

up to the first Optional Redemption Date

in or towards satisfaction, on a *pro rata* basis according to the respective amounts thereof, of principal amounts due under

- (i) the Senior Class A1 Notes by applying the Class A Notes Redemption Available Amount (which includes any prepayment redemption amounts) (as defined in Condition 6(c));

- (ii) the Mezzanine Class B1 Notes by applying the Class B Notes Redemption Available Amount (which excludes any prepayment redemption amounts) (as defined in Condition 6(c));
- (iii) the Junior Class C1 Notes by applying the Class C Notes Redemption Available Amount (which excludes any prepayment redemption amounts) (as defined in Condition 6(c)); and
- (iv) the Subordinated Class D1 Notes by applying the Class D Notes Redemption Available Amount (which excludes any prepayment redemption amounts) (as defined in Condition 6(c));

on any Optional Redemption Date or, as the case may be, the Final Maturity Date

- (a) *first*, in or towards satisfaction, of principal amounts due under (i) first, the Senior Class A1 Notes, until, subject to Condition 9(b), fully redeemed, (ii) then, the Senior Class A2 Notes, until fully redeemed;
- (b) *second*, in or towards satisfaction, of principal amounts due under (i) first, the Mezzanine Class B1 Notes, until, subject to Condition 9(b), fully redeemed and (ii) then, the Mezzanine Class B2 Notes, until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under (i) first, the Junior Class C1 Notes, until, subject to Condition 9(b), fully redeemed and (ii) then, the Junior Class C2 Notes, until fully redeemed;
- (d) *fourth*, in or towards satisfaction of principal amounts due under (i) first, the Subordinated Class D1 Notes, until, subject to Condition 9(b), fully redeemed and (ii) then, the Subordinated Class D2 Notes, until fully redeemed;
- (e) *fifth*, in or towards satisfaction of a Deferred Purchase Price (as defined in *Receivables Purchase Agreement* below) to the Seller.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Deed of Surety will be paid to the Secured Parties (including the Noteholders) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **'Priority of Payments upon Enforcement'**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, (iii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iv) the fees and expenses of any legal advisor, auditor, accountants appointed by the Company and/or, as the case may be, the Security Trustee and the Rating Agencies and (v) the fees and expenses of the Company Administrator and the Pool Servicer under the Administration Agreement;
- (b) *second*, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (l) below;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) all amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Company upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any other costs to be paid by the Company on such early termination payable under subparagraph (k) below;

- (d) *fourth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards satisfaction *pro rata*, according to the respective amounts thereof, of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) *sixth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) *eighth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (j) *tenth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of principal due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (k) *eleventh*, to the Swap Counterparty in or towards payments of any amounts due under the Swap Agreement in respect of the Company's obligations in respect of the costs (other than any Settlement Amounts (as defined therein)) to be paid by the Company upon an early termination of the Swap Agreement, as determined in accordance with its terms;
- (l) *twelfth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (m) *thirteenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller.

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than the Final Maturity Date and the Optional Redemption Date on which the Notes are redeemed in full subject to Condition 9(b)) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available in the Reserve Account and before any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (l) (inclusive) (but not items (g), (i) and (k) and, for the avoidance of doubt, (m)) in the Interest Priority of Payments in full on that Quarterly Payment Date taking into account, for the avoidance of doubt, any repayment of a drawing under the Liquidity Facility made on the immediately preceding Quarterly Payment Date. The Liquidity Facility Provider will rank in priority in respect of payments and security to the Notes.

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than A-1 by S&P and/or P1 by Moody's and/or F1+ by Fitch and (ii) the Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative Liquidity Facility Provider within 30 days of such downgrading and the then current ratings of the Notes is materially adversely affected, the

Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a **'Liquidity Facility Stand-by Drawing'**) and credit such amount to the Master Collection Account with a corresponding credit to a ledger to be known as the **'Liquidity Facility Stand-by Ledger'**. Amounts so credited to the Master Collection Account may be utilised by the Issuer in the same manner as amounts under the Liquidity Facility as if the Liquidity Facility had not been so drawn. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, **'Liquidity Facility Maximum Amount'** means, on each Quarterly Calculation Date, an amount equal to 1 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date.

Reserve Account

On each Quarterly Calculation Date, if and to extent the Notes Interest Available Amount exceeds the amounts required to meet items (a) up to and including (m) in the Interest Priority of Payments, such excess amount will be used to deposit on or, as the case may be, replenish the Reserve Account. The balance standing to the credit of the Reserve Account shall be nil on the Closing Date and shall be built up until the balance reaches the Reserve Account Target Level. The Reserve Account Target Level means (a) the higher of (i) one per cent. of the aggregate Principal Amount Outstanding of the Notes on the relevant Quarterly Calculation Date, (ii) the lesser of (x) Euro 10,000,000 and (y) the aggregate Outstanding Principal Amount of the Receivable on the relevant Quarterly Calculation Date and (iii) the amount standing to the debit of the Delinquency Ledger; or (b) upon the occurrence of a Notification Event (as defined in *Receivables Purchase Agreement*) and as a result thereof the Borrowers are notified of the assignment or pledge of the Receivables, unlimited; or (c) on the Optional Redemption Date on which the Notes are redeemed in full, subject to Condition 9(b) or, as the case may be, the Final Maturity Date, zero. If on any Quarterly Payment Date the balance standing to the credit of the Reserve Account exceeds the Reserve Account Target Level, such excess will be debited from the Reserve Account and form part of the Notes Interest Available Amount on such Quarterly Payment Date.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (m) inclusive of the Interest Priority of Payments.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising eight sub-ledgers, known as the **'Class A1 Principal Deficiency Ledger'**, the **'Class A2 Principal Deficiency Ledger'**, the **'Class B1 Principal Deficiency Ledger'**, the **'Class B2 Principal Deficiency Ledger'**, the **'Class C1 Principal Deficiency Ledger'**, the **'Class C2 Principal Deficiency Ledger'**, the **'Class D1 Principal Deficiency Ledger'** and the **'Class D2 Principal Deficiency Ledger'**, respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses (as defined below) on the Receivables (each respectively the **'Class A1 Principal Deficiency'**, the **'Class A2 Principal Deficiency'**, the **'Class B1 Principal Deficiency'**, the **'Class B2 Principal Deficiency'**, the **'Class C1 Principal Deficiency'**, the **'Class C2 Principal Deficiency'**, the **'Class D1 Principal Deficiency'** and the **'Class D2 Principal Deficiency'** and each a **'Principal Deficiency'**). Any Principal Deficiency shall be debited, *pro rata* (by reference to the aggregate Principal Amount Outstanding of the Tranches of the relevant Class of Notes), according to the respective amounts thereof to the Class D1 Principal Deficiency Ledger and the Class D2 Principal Deficiency Ledger (such debit items being re-credited at item (m) of the Interest Priority of Payments) so long as the debit balance on such sub-ledgers is less than the Principal Amount Outstanding of the Subordinated Class D1 Notes and the Subordinated Class D2 Notes, respectively (the **'Class D Principal Deficiency Limit'**) and thereafter such amounts shall be debited, *pro rata*, according to the respective amounts thereof to the Class C1 Principal Deficiency Ledger and the Class C2 Principal Deficiency Ledger, respectively (such debit items being re-credited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledgers is less than the Principal Amount Outstanding of the Junior Class C1 Notes and the Junior Class C2 Notes, respectively (the **'Class C Principal Deficiency Limit'**) and thereafter such amounts shall be debited, *pro rata*, according to the respective amounts thereof to the Class B1 Principal Deficiency Ledger and the Class B2 Principal Deficiency Ledger, respectively (such debit items being re-credited at item (i) of the Interest Priority of Payments) so long as the debit balance on such sub-ledgers is less than the Principal Amount Outstanding of the Mezzanine Class B1

Notes and the Mezzanine Class B2 Notes, respectively (the '**Class B Principal Deficiency Limit**') and thereafter such amounts shall be debited, *pro rata*, according to the respective amounts thereof to the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger (such debit items being re-credited at item (g) of the Interest Priority of Payments). Any re-crediting will take place *pro rata* by reference to the balances of the ledgers of the Tranches of the relevant Class of Notes.

Realised Losses means, on any Quarterly Calculation Date, the amount of the difference between (a) the Outstanding Principal Amount on all Receivables which have become Defaulted Receivables during the relevant Quarterly Calculation Period and (b) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of such Defaulted Receivables. **Defaulted Receivables** are Receivables in respect of which foreclosure proceedings have commenced during a Quarterly Calculation Period.

Interest Rate Hedging

The Loan Criteria (as defined under *Receivables Purchase Agreement* below) require that all Loans bear a fixed rate of interest, subject to a reset from time to time, or floating. The interest rate payable by the Issuer with respect to the Notes is either until the first Optional Redemption Date a fixed rate of interest or a rate calculated as a margin over Euribor. After the first Optional Redemption Date the interest payable in respect of all Classes of Notes then outstanding is calculated as a margin over Euribor. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date to the Swap Counterparty, the amount of (i) the sum of the interest scheduled to be received on the Receivables during the relevant Quarterly Calculation Period and (ii) the amounts referred to under items (ii) and (iv) of the definition of Notes Interest Available Amount received during the relevant Quarterly Calculation Period less (x) an excess margin of 0.95 per cent. per annum applied to the Outstanding Principal Amount of the Receivables on the first day of the relevant Quarterly Calculation Period (the '**Excess Margin**') and less (y) the operating expenses to be paid on such Quarterly Payment Date as set out in items (a) up to and including (c) of the Interest Priority of Payments. The Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest or, as the case may be, to the fixed rate of interest applied to the Principal Amount Outstanding of the relevant Tranche of Notes on the first day of the relevant Floating Rate Interest Period or Fixed Rate Interest Period, as the case may be, less an amount equal to (a) in respect of the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes, 5 per cent. of 20 per cent. of the aggregate balances standing to the debit of the relevant Principal Deficiency Ledgers, if any, on the relevant Quarterly Payment Date and (b) in respect of the Senior Class A2 Notes, the Mezzanine Class B2 Notes, the Junior Class C2 Notes and the Subordinated Class D2 Notes, (x) up to the first Optional Redemption Date 5 per cent. of 20 per cent. of the average of the aggregate balances standing to the debit of the relevant Principal Deficiency Ledgers, if any, on the each Quarterly Payment Date during the relevant Fixed Rate Interest Period and (y) after the first Optional Redemption Date, 5 per cent. of 20 per cent. of the aggregate balances standing to the debit of the relevant Principal Deficiency Ledgers, if any, on the relevant Quarterly Payment Date.

Pursuant to the Swap Agreement, if the unsecured, unsubordinated and unguaranteed short term debt obligations of the Swap Counterparty are assigned a rating of less than (a) A-1 by S&P or (b) P1 by Moody's or (c) F1+ by Fitch or any such rating is withdrawn by S&P or Moody's or Fitch then the Swap Counterparty will be obliged, within thirty days of such reduction or withdrawal of any such rating, to use its best endeavours (at the option of the Swap Counterparty) (i) to transfer and assign its rights and obligations under the Swap Agreement to a third party having a rating acceptable to S&P, Moody's and Fitch or (ii) to enter into an agreement with a third party, having a rating acceptable to S&P, Moody's and Fitch, which party will guarantee the obligations of the Swap Counterparty under the Swap Agreement; or otherwise (a) the Swap Counterparty will provide collateral sufficient to maintain the then current ratings of the Notes at the level which would have subsisted but for the then current ratings of the Swap Counterparty or (b) the Swap Counterparty will find any other solution acceptable to S&P, Moody's and Fitch to maintain the then current ratings of the Notes.

OVERVIEW OF THE DUTCH SME MARKET

No less than 99 per cent. of private enterprises in the Netherlands consists of medium and small-scale businesses – a percentage representing more than 515,000 companies and 200,000 associations. Together they provide employment for 2.3 million people (60 per cent. of the Dutch labour force) and account for some 52 per cent. of the national income generated in the private sector. Medium and small-scale companies thus play an essential role in economic growth and the creation of employment. The average annual growing rate is about 2 per cent.

With an overall market penetration of over 35 per cent. ABN AMRO has a firm position amidst the three dominating banking institutions in this market. Next to these there are a number of niche players targeting specific market segments. Foreign (non-Dutch) financial institutes do not play any significant role in the Dutch SME market.

In the Netherlands, the SME customers are served by the Business Unit Netherlands ('BU NL'), which is part of the Consumer & Commercial Clients Strategic Business Unit. In the Netherlands ABN AMRO operates an extensive retail network of over 700 branches.

In general SME customers are provided with an integrated package of financial services, including payment services, medium and long term loans, flexible debit and credit facilities as well as insurance products. Focussing on the loan products, ABN AMRO has an overall volume based product share of about 15 per cent. This position is the result of a historically critical loan granting policy, as well as sophisticated acceptance and evaluation criteria. In terms of portfolio risks these norms have resulted in a healthy customer portfolio.

ABN AMRO BANK N.V.

History and Incorporation

ABN AMRO Holding N.V. ('Holding') is incorporated under the Netherlands law by deed of 30 May 1990 as the holding company of the Seller. The Articles of Association of Holding were last amended by a notarial deed of 17 May 2001 executed before Mr. R.J.C. van Helden, Notary Public of Amsterdam. Holding's main purpose is to own the Seller and its subsidiaries. Holding owns 100 per cent. of the shares of the Seller and is jointly and severally liable for all liabilities of the Seller. The Seller traces its origin to the formation of the 'Nederlandsche Handel-Maatschappij, N.V.' in 1825 pursuant to a Dutch Royal Decree of 1824. The Seller's Articles of Association were last amended by deed of 17 May 2001. The Seller is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of the Seller is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

Activities and Results

The ABN AMRO group ('ABN AMRO group'), which consists of Holding and its subsidiaries, is a global banking group offering a wide range of commercial and investment banking products and services on a global basis through its network of approximately 3,500 offices and branches in more than 70 countries and territories. ABN AMRO group is the largest banking group based in the Netherlands with total consolidated assets of EUR 543.2 billion as at 31 December 2000. ABN AMRO group has a substantial presence in the United States, where it is one of the largest foreign banking groups based on total assets held in the country and it also has a substantial presence in Brazil where it acquired Banco Real, the fourth largest privately held bank in the country, in November 1998. During 1999, ABN AMRO group also acquired a presence in Italy.

ABN AMRO group's performance reflects the group's broad diversification of revenue sources and risks on the basis of clients, products and geography, its leading position in its home markets and a cautious management approach that focuses on shareholder value, profitability and cost control. ABN AMRO group aims to create maximum economic value for its shareholders through a constant relationship focus on the financial services needs of its chosen client segments and a strict adherence to its financial targets. ABN AMRO group is operating in three principal customer segments, whereby the objective is to maximise the value of each of these businesses as well as the synergies between them. ABN AMRO group's strategy is to use its strong capital base to pursue both organic growth and expansion through acquisitions with the goal of enhancing its position in key regions, broadening the range of products and services offered and entering new markets that it believes have significant long-term growth and profitability potential without risking its ability to achieve its targets for financial performance.

Organisational Structure

The Seller and its numerous subsidiaries are organised into three strategic business units ('SBUs'): the Wholesale Clients SBU, the Consumer & Commercial Clients SBU and the Private Clients & Asset Management SBU. In addition, the Seller owns ABN AMRO Lease Holding N.V. and ABN AMRO Bouwfonds Nederlandse Gemeenten N.V., two independently managed subsidiaries. The three SBU's are supported by the Corporate Center which includes group risk management, group audit, group finance, Corporate Communications, IT standards and human resources policy.

Managing Board	Year of Appointment
R.W.J. Groenink (Chairman)	1988
R.W.F. van Tets	1988
J.M. de Jong	1989
W.G. Jiskoot	1997
R.G.C. van den Brink	1997
T. de Swaan	1999
J.Ch.L. Kuiper	1999
D. Collee	2000
S.L. Rial	2000
H. Scott-Barrett	2000

Supervisory Board	Year of Appointment
A.A. Loudon, Chairman	1994
H.B. van Liemt, Vice-Chairman	1986
W. Overmars	1990
W. Dik	1993
S. Keehn	1996
C.H. van der Hoeven	1997
M.C. van Veen	1997
A. Burgmans	1998
D.R.J. Baron de Rothschild	1999
Mrs L.S. Groenman	1999
Mrs T.A. Maas-de Brouwer	2000
P.J. Kalff	2000

The chosen address of the Supervisory and Managing Boards is the registered office of the Seller.

Statutory Auditors

Holding's financial year is based on the calendar year and under Netherlands law the company is required to have statutory auditors. Ernst & Young Accountants act as the auditors of the financial statements of Holding.

Credit Ratings

Ratings	Fitch	Moody's	S&P
Long Term	AA	Aa2	AA
Short Term	F1+	P-1	A-1+

Capitalisation

The following table sets out the consolidated capitalisation of Holding as at the dates specified below:

	30-6-2001	2000	1999
	(unaudited)		
<i>(in millions of EUR)</i>			
Shareholders' equity as at beginning of the period	12,544	12,016	10,762
Goodwill	(3,102)	(1,453)	(814)
Revaluations	–	(20)	6
Retained earnings and stock dividends	1,140	1,846	1,840
Exercise of option rights and conversion	6	56	39
Currency translation differences	10	98	215
Sale AEB	1,033		
Other	(10)	1	(32)
Treasury stock	76	(21)	(29)
Shareholders' equity as at the end of the period	11,545	12,523	11,987

Additional information

Recent press releases issued by ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com/pressroom>.

Information on the Issuer's website referred to above does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in the Notes.

LOANS UNDERWRITING AND PROCESSING ACTIVITIES

Credit Risk Management

The ABN AMRO Corporate Centre is responsible for formulating and setting the overall policy framework for credit-, country-, market-, industry-, product- and operational risk for the Seller. This is done in close co-operation with the SBUs. The credit risk management-function within C&CC is structured along regional lines with Credit Risk Management Netherlands, part of the BU NL, ('CRM NL') being, amongst others, responsible for the Netherlands. CRM NL formulates the overall credit policy regarding their focus area within the frameworks and delegated authorities set by the Corporate Centre to the branches of the network, thereby providing the account managers with guidelines.

Origination

The Loans have been originated through the Seller's extensive Dutch retail network, covering over 700 branches in the Netherlands. Loan products are sold by specially trained account managers. The training is not only focused on commercial skills but also focused on risk management related subjects.

Acceptance

The account manager is supported by a credit processing tool for applications (and annual reviews). This system contains also an expert system, which helps the account manager to make the application proposal and results in an automated analysis.

Before an account manager can present a prospective SME client an offer to enter into a loan agreement, the credit risk is assessed by the regional credit analyst before the credit proposal is put forward for approval to the relevant credit authority. Loan size combined with existing credit facilities (together Obligor Exposure) determine the authorised credit body in the organisation.

Key elements in the approval process are:

- separation of commercial function and approval authority. The account manager prepares a credit proposal, the regional credit analyst gives him/hers independent credit analysis in writing, after which the proposal together with the analysis is submitted for approval to the relevant authorised persons/committee, based on the character of the proposal and the amount of the exposure;
- as to ensure an objectivity and consistency of the risk assessment, a proposal needs to be assessed and approved by two experienced and independent persons or a credit committee with a quorum of at least three experienced officers.

Monitoring and Servicing of the Loans

The administration procedures are carried out automatically by a system that supports the credit process or, if manually, regionally by Central Credit Administration Centres. These centres are responsible for the overall input into the loan systems. Finally they are responsible for filing the original loan documents and the collateral securities.

The daily monitoring of individual credit facilities is the responsibility of the account manager. With respect to their credit portfolio, the account managers receive each week a portfolio summary and a list of (unauthorised) overdrafts on the current accounts daily. The payments of interest and redemption on the loans are collected by direct debit from the current account.

Credit facilities with an Obligor Exposure exceeding EUR 115,000 are reviewed annually. The review takes place based on financial information (annual report) – provided by the client – and a his/her payment behaviour in the past year. This may lead to adjustment of the credit qualification and other conditions. In cases of starting companies and/or new clients it is recommended during the first two years of a credit, that a six-monthly review is carried out.

For credit facilities up to an Obligor Exposure of EUR 115,000 (including loan products – limit soon to be increased to EUR 500,000) the monitoring process is supported by

behavioural scoring strategies. If the risk indicator (the 'Customer Risk Grade' – to be calculated monthly) is positive in combination with a low risk credit qualification, no annual review has to be carried out. If the Customer Risk Grade indicates a higher risk profile the account manager has to take immediate action.

Foreclosure Procedures in general

If the financial position of a client has deteriorated, which is identified during periodic review or if a client fails to meet his commitment arising from any contractual relationship, the Loan will be transferred to a special department, the Financial Restructuring and Recovery department ('FR&R'). This department will begin a dialogue with the Obligor to assess his financial position, and if FR&R is of the opinion that the company could recover from the situation which it is in, it will draft a procedural plan, which the Obligor is demanded to comply with.

If FR&R assesses the financial difficulties of the Obligor as being too severe, or if the SME client does not agree to the proposed procedural plan, then the Loan is immediately qualified as 'defaulting'. It will then be transferred to one of the two foreclosure departments within the Seller: (i) Solveon for Loans to an Obligor on which the Bank has a total exposure of less than EUR 125,000 (limit soon to be increased to EUR 250,000); or (ii) the Financial Recovery Department in all other cases.

Foreclosures by Solveon on Loans up to EURO 125,000 (soon to be increased to Euro 250,000)

Collection Agency Solveon, 100 per cent. owned by the Seller, specialises in foreclosing on large numbers of relatively small loans, which it does on the basis of a procedural plan in a mainly computerised and standardised way. Once a SME client has been transferred to Solveon, the loan is cancelled in writing and the entire outstanding sum is demanded.

Foreclosure on Loans in excess of Euro 125,000 (soon to be increased to Euro 250,000)

In the event the Seller doubts the continuity of the SME client, transfer of the servicing of the loan to FR&R takes place, i.e. the general criteria of the Seller are no longer met and the Seller is determined to end the relationship, usually by selling of the collateral security given by the SME client to the Seller.

The objective of FR&R is risk management along with maintaining the corporate relationship. At first, the potential loss for the Seller has to be limited (risk management).

The procedure which will be used, corresponds with the methodology of Solveon with the remark that the organisational structure and the collateral security position provided, are more complex, due to their size. Consequently, the foreclosure process will be more tailor-made. Depending on the collateral security position, the morality and the financial situation of the client, FR&R decides what the most effective repayment method is, either forced or gradually, in order to optimise the result. During a gradual repayment the credit facility will be slowly reduced to zero, without immediate foreclosure or without foreclosure at all. During a foreclosure the credit facility will be reduced per instant and part(s) of the SME client will be foreclosed (through sale of assets) or the collateral security is kept in custody.

Employees of the Seller involved in the loan origination or servicing department of the Seller are not able to identify whether a loan is held by the Seller or held by the Issuer.

DESCRIPTION OF THE LOANS

The products offered in the SME market are characterised by different repayment schedules. The standard repayment schedule of the Loans is linear, although alternative redemption schedules are offered, including (i) annuity repayments, (ii) bullet repayment at maturity, whereby in the vast majority of the loans the tenor is limited to a maximum of 7 years; (iii) tailor made repayment schedules, whereby tenor for this repayment type is limited principally to 10 years, and one of the aforementioned redemption schedules combined with an initial interest-only period which may not exceed 2 years from inception of the Loan. Repayments are principally made quarterly in arrears.

As for interest payments, two interest arrangements can be identified; (i) fixed rate interest payments whereby the interest is fixed for a certain period. After such period, the interest is reset. On an interest-reset date, the borrower can choose for: a new interest rate, either fixed or floating to repay the outstanding remaining balance in full, without any costs, or (ii) floating rate interest payments.

Portfolio Characteristics of the Provisional Pool as of September 26, 2001.

Table A. Key Characteristics

Key Characteristics	
Outstanding Principal Balance (EURO x 1,000)	5,200,464
Average Outstanding Balance per Borrower (EURO x 1,000)	260
Maximum Loan Value (EURO x 1,000)	9,983
Number of Loans	31,469
Number of Borrowers	19,964
Weighted Average Seasoning (months)	44
Weighted Average Maturity (months)	135

Table B. Loan Size

Loan Size	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
0 ≤ Loan Size < 25	6,237	90,101	1.7%	59.5	80.1%
25 ≤ Loan Size < 50	6,069	224,202	4.3%	96.7	76.8%
50 ≤ Loan Size < 75	4,173	258,083	5.0%	118.1	76.4%
75 ≤ Loan Size < 100	3,050	264,658	5.1%	132.1	75.2%
100 ≤ Loan Size < 150	3,719	455,682	8.8%	139.3	75.5%
150 ≤ Loan Size < 250	3,584	690,891	13.3%	147.3	76.2%
250 ≤ Loan Size < 500	2,622	918,115	17.7%	146.4	77.0%
500 ≤ Loan Size < 1,000	1,267	885,985	17.0%	139.9	80.7%
1,000 ≤ Loan Size < 2,000	524	716,214	13.8%	138.9	87.5%
2,000 ≤ Loan Size < 5,000	207	587,549	11.3%	126.2	94.5%
5,000 ≤ Loan Size ≤ 10,000	17	108,984	2.1%	109.2	100.0%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table C. Exposure per Borrower

Borrower Exposure ('B.E.')	Number Of Borrowers	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
0 ≤ B.E. < 25	3,051	43,233	0.8%	53.9	85.1%
25 ≤ B.E. < 50	2,870	106,008	2.0%	89.8	82.1%
50 ≤ B.E. < 75	2,284	141,421	2.7%	112.0	81.6%
75 ≤ B.E. < 100	1,733	150,538	2.9%	126.1	80.1%
100 ≤ B.E. < 150	2,428	299,306	5.8%	134.3	78.6%
150 ≤ B.E. < 250	2,759	534,134	10.3%	144.6	76.2%
250 ≤ B.E. < 500	2,507	876,653	16.9%	147.0	74.4%
500 ≤ B.E. < 1,000	1,338	928,954	17.9%	141.4	76.2%
1,000 ≤ B.E. < 2,000	630	881,325	16.9%	138.5	81.5%
2,000 ≤ B.E. < 5,000	319	940,429	18.1%	124.7	90.3%
5,000 ≤ B.E. ≤ 10,000	45	298,463	5.7%	126.8	98.4%
Total	19,964	5,200,464	100.0%	134.9	81.2%

Table D. Origination Date

Origination Date	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
1974 – 1989	1,455	112,632	2.2%	110.9	89.3%
1990	399	30,921	0.6%	122.3	80.6%
1991	427	50,144	1.0%	129.8	85.7%
1992	947	87,162	1.7%	124.0	85.7%
1993	1,987	240,377	4.6%	123.8	90.6%
1994	1,864	235,609	4.5%	134.2	86.6%
1995	1,659	272,957	5.2%	134.4	81.5%
1996	2,579	431,023	8.3%	140.3	79.3%
1997	3,248	543,918	10.5%	138.1	83.7%
1998	4,069	701,916	13.5%	136.9	80.6%
1999	5,463	1,070,403	20.6%	140.3	81.1%
2000	5,322	1,028,658	19.8%	135.1	74.3%
2001	2,050	394,742	7.6%	124.5	86.3%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table E. Maturity

Maturity	Number Of Loans	Aggregate Outstanding Principal Amount <i>(EUR x 1,000)</i>	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
2002 <= Maturity < 2005	6,344	530,074	10.2%	26.2	84.7%
2005 <= Maturity < 2010	9,837	1,443,121	27.7%	68.5	82.3%
2010 <= Maturity < 2015	5,901	1,078,515	20.7%	127.9	81.6%
2015 <= Maturity < 2020	5,895	1,262,768	24.3%	190.2	80.8%
2020 <= Maturity <= 2025	3,492	885,986	17.0%	237.9	77.4%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table F. Interest Rate Type

Interest Rate Type	Number Of Loans	Aggregate Outstanding Principal Amount <i>(EUR x 1,000)</i>	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
Floating	7,001	977,472	18.8%	141	0.00%
Fixed till Maturity	7,057	777,330	14.9%	53	100.00%
Fixed + Reset	17,411	3,445,662	66.3%	152	100.00%
Total	31,469	5,200,464	100.0%	135	81.20%

Table G. Payment Frequency

Payment Frequency	Number Of Loans	Aggregate Outstanding Principal Amount <i>(EUR x 1,000)</i>	Proportion of Total (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
Monthly	11,983	1,599,712	30.8%	149.8	74.0%
Bi-monthly	1	68	0.0%	16.0	100.0%
Quarterly	19,034	3,510,628	67.5%	128.5	84.3%
Semi-annual	375	61,991	1.2%	128.1	83.7%
Annual	76	28,065	0.5%	102.1	97.3%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table H. Absolute Fixed Rate

Absolute Fixed Rate	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Total (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
0.0% ≤ r < 4.0%	34	11,393	0.3%	123.4	100.0%
4.0% ≤ r < 4.5%	490	165,087	3.9%	120.2	100.0%
4.5% ≤ r < 5.0%	2,045	442,266	10.5%	134.8	100.0%
5.0% ≤ r < 5.5%	2,945	547,345	13.0%	132.8	100.0%
5.5% ≤ r < 6.0%	4,781	967,062	22.9%	135.4	100.0%
6.0% ≤ r < 6.5%	6,016	949,955	22.5%	133.2	100.0%
6.5% ≤ r < 7.0%	5,163	772,196	18.3%	138.3	100.0%
7.0% ≤ r < 7.5%	2,032	248,257	5.9%	126.6	100.0%
7.5% ≤ r < 8.0%	643	81,525	1.9%	120.1	100.0%
8.0% ≤ r < 8.5%	190	24,377	0.6%	124.7	100.0%
8.5% ≤ r < 9.0%	69	5,691	0.1%	90.5	100.0%
9.0% ≤ r < 9.5%	16	1,889	0.0%	187.7	100.0%
9.5% ≤ r < 10.0%	16	4,634	0.1%	102.4	100.0%
10.0% ≤ r < 10.5%	7	634	0.0%	86.6	100.0%
10.5% ≤ r < 11.0%	11	495	0.0%	77.4	100.0%
11.0% ≤ r ≤ 12.0%	10	187	0.0%	39.0	100.0%
Total	24,468	4,222,992	100.0%	133.4	100.0%

Table I. Spread to the Seller Base Rate for Floating Rate Loans

Spread relative to the Seller Base Rate	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Total (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
s < -2.00%	1	664	0.1%	115.0	0.0%
-2.00% ≤ s < -1.75%	0	0	0.0%	0.0	0.0%
-1.75% ≤ s < -1.50%	4	3,719	0.4%	135.7	0.0%
-1.50% ≤ s < -1.25%	14	8,885	0.9%	133.6	0.0%
-1.25% ≤ s < -1.00%	54	20,596	2.1%	126.3	0.0%
-1.00% ≤ s < -0.75%	257	76,417	7.8%	114.6	0.0%
-0.75% ≤ s < -0.50%	680	156,730	16.0%	131.1	0.0%
-0.50% ≤ s < -0.25%	1,429	226,245	23.1%	144.0	0.0%
-0.25% ≤ s < 0.00%	2,244	274,990	28.1%	147.9	0.0%
0.00% ≤ s < 0.25%	1,798	173,384	17.7%	153.4	0.0%
0.25% ≤ s < 0.50%	369	27,240	2.8%	138.4	0.0%
0.50% ≤ s < 0.75%	103	6,862	0.7%	103.6	0.0%
0.75% ≤ s < 1.00%	32	1,314	0.1%	76.3	0.0%
1.00% ≤ s ≤ 4.00%	16	427	0.0%	80.4	0.0%
Total	7,001	977,472	100.0%	141.3	0.0%

Table J. Interest Reset Dates for relevant Loans

Year of Reset	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Total (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
2001	918	224,245	6.5%	114.9	100.0%
2002	3,827	600,778	17.4%	123.2	100.0%
2003	3,187	542,221	15.7%	133.0	100.0%
2004	3,714	704,767	20.5%	148.2	100.0%
2005	2,095	476,856	13.8%	164.3	100.0%
2006	1,633	354,339	10.3%	170.2	100.0%
2007	286	82,427	2.4%	182.5	100.0%
2008	505	123,858	3.6%	192.7	100.0%
2009	712	186,423	5.4%	199.2	100.0%
2010	313	83,162	2.4%	203.5	100.0%
2011	183	57,736	1.7%	218.0	100.0%
2012	9	1,994	0.1%	227.6	100.0%
2013	5	1,241	0.0%	209.3	100.0%
2014	19	4,695	0.1%	215.6	100.0%
2015	1	130	0.0%	229.0	100.0%
2016	3	565	0.0%	241.9	100.0%
2019	1	227	0.0%	257.0	100.0%
Total	17,411	3,445,662	100.0%	151.7	100.0%

Table K. Credit Qualification

Seller Credit Qualification	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
1	12,409	2,027,930	39.0%	136.3	79.4%
2	10,136	1,701,724	32.7%	134.8	83.4%
3	8,924	1,470,810	28.3%	133.2	81.1%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table L. Legal nature of underlying Borrower

Legal nature	Number Of Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
Private Companies	11,466	3,109,503	59.8%	124.7	84.7%
Government related, not guaranteed	19	28,947	0.6%	103.5	100.0%
Non-profit Foundations/association	1,261	261,493	5.0%	162.9	95.8%
Self-Employed and firms	18,723	1,800,522	34.6%	149.1	72.7%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table M. Sector Distribution

	Number O Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
Agriculture	5,433	580,538	11.2%	166.3	46.6%
Horticulture	994	172,737	3.3%	129.0	63.8%
Services industry	4,087	812,378	15.6%	137.0	84.3%
Various	1,980	488,831	9.4%	126.0	87.8%
Industrial	3,032	762,898	14.7%	117.7	85.6%
Building and Construction	1,468	211,578	4.1%	136.9	80.3%
Wholesale	2,235	547,022	10.5%	122.4	85.3%
Trade	4,018	369,394	7.1%	128.4	83.5%
Medical	2,352	272,275	5.2%	125.4	93.9%
Automotive	1,129	176,758	3.4%	153.1	83.9%
Leisure	1,797	200,814	3.9%	143.9	82.1%
Transport	1,379	264,395	5.1%	126.3	91.7%
Non-profit	1,565	340,845	6.6%	156.5	93.6%
Total	31,469	5,200,464	100.0%	134.9	81.2%

Table N. Geographical Distribution

Province	Number O Loans	Aggregate Outstanding Principal Amount (EUR x 1,000)	Proportion of Pool (%)	W.A. Time to Maturity (months)	Proportion Fixed + Reset
Drenthe	1,146	168,340	3.2%	133.6	88.4%
Flevoland	701	131,756	2.5%	133.0	79.4%
Friesland	2,251	304,686	5.9%	143.5	69.0%
Gelderland	3,708	660,854	12.7%	140.5	74.5%
Groningen	1,722	254,642	4.9%	138.9	84.8%
Limburg	1,936	299,466	5.8%	134.8	72.8%
Noord Brabant	4,387	756,746	14.6%	135.7	80.6%
Noord Holland	4,273	739,028	14.2%	131.2	84.8%
Overijssel	3,016	446,639	8.6%	140.9	79.1%
Utrecht	1,669	307,760	5.9%	133.5	83.3%
Zuid Holland	5,483	990,364	19.0%	128.3	87.4%
Zeeland	1,126	127,269	2.4%	132.0	85.3%
Not yet known	51	12,915	0.2%	143.3	47.9%
Total	31,469	5,200,464	100.0%	134.9	81.2%

RECEIVABLES PURCHASE AGREEMENT

Under the Receivables Purchase Agreement the Issuer will, on the Closing Date, purchase and accept from the Seller the assignment of the Receivables. The assignment of the Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**'Notification Events'**). The Issuer will be entitled to all proceeds in respect of the Receivables following such assignment as of 1 December 2001.

Purchase Price

The purchase price for the Receivables shall consist of an initial purchase price (the **'Initial Purchase Price'**), which shall be payable on the Closing Date, and a deferred purchase price (the **'Deferred Purchase Price'**). The Deferred Purchase Price shall be equal to (i) prior to an Enforcement Notice, the positive difference, if any, between (a) up to the first Optional redemption Date, the Notes Interest Available Amount and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (p) and (b) thereafter, on the Optional Redemption Date on which the Notes are redeemed in full or, as the case may be, the Final Maturity Date the Notes Redemption Available Amount as calculated on such date and the sum of all amounts payable by the Issuer as set forth in the Principal Priority of Payments under (a) up to and including (d) on such date and (ii), after an Enforcement Notice, the amount remaining after payments in respect of item (a) up to and including (l) as set forth in the Priority of Payments upon Enforcement have been made (see *Credit Structure* above) on such date. For the avoidance of doubt, after the first Optional Redemption Date, the Deferred Purchase Price shall not be payable before the Notes have been redeemed in full and all other liabilities of the Issuer have been met.

Representations and warranties

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

- (a) the Seller has full right and title to the Receivables and power to assign the Receivables and no restrictions on the sale and transfer of the Receivables are in effect and the Receivables are capable of being transferred;
- (b) the Receivables are free and clear of any encumbrances and attachments and no option rights have been granted in favour of any third party with regard to the Receivables;
- (c) each Receivable and the Security Interest, if any, are governed by Netherlands law;
- (d) each Receivable and the Security Interest, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower;
- (e) all mortgage rights, rights of pledge and other security rights granted to secure the Receivables constitute valid mortgage rights (*'hypotheekrechten'*), rights of pledge (*'pandrechten'*) and other security rights (*'zekerheidsrechten'*) respectively on the assets which are subject to the mortgage rights and rights of pledge and other security rights and, to the extent relating to the mortgage rights, have been entered into the appropriate public register (*'Dienst van het Kadaster en de Openbare Registers'*);
- (f) each of the Loans will have been granted in accordance with all applicable legal requirements and the Seller's standard underwriting criteria and procedures prevailing at the time of origination which procedures do not materially differ from procedures of a prudent Dutch lender;
- (g) each Loan was originated by the Seller;
- (h) each of the Receivables meets the Receivables Criteria as set forth below;
- (i) the Loan Conditions do not impose any restriction on the assignment and/or pledge of the Receivables;

- (k) upon creation (*'vestiging'*) of each mortgage right securing the Loans, the Seller was granted power by the mortgage deed to unilaterally terminate such mortgage right and such power to terminate has not been revoked, terminated or amended;
- (l) the general conditions applicable to the Security Interests (other than the mortgage rights) provide for a consent in advance by the Borrower to a waiver of such Security Interests;
- (m) to the best of its knowledge, the relevant Borrower did when entering into the Loan act in the conduct of its/his profession or trade;

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Loans and the Receivables proves to have been untrue or incorrect, the Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of 14 days, the Seller shall repurchase and accept re-assignment of the Receivable for a price equal to the outstanding principal amount of the Receivable together with interest payable but not yet received up to but excluding the date of repurchase and re-assignment of the Receivable and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and reassignment).

The Seller shall also undertake to repurchase and accept reassignment of a Receivable if it agrees with a Borrower to amend the terms of the relevant Loan and as a result thereof the relevant Loan does no longer meet the Receivables Criteria (as set out below) and the representations and warranties of the Receivables Purchase Agreement (as set out above).

Receivables Criteria

Each of the Receivables will meet on the Closing Date the following criteria:

- (a) the Borrower is a resident of the Netherlands;
- (b) the Receivables are in existence and maintained with the Seller prior to such Receivables being sold to the Company;
- (c) the Receivables are payable in NLG or EURO;
- (d) interest and principal payments are scheduled to be made periodically throughout the term of the relevant Loan;
- (e) the Receivables were originated and funded in full by the Seller at the latest one month prior to 4 December 2001 and no additional drawings can be made under the relevant Loan;
- (f) on 4 December 2001, none of the Receivables is in arrears;
- (g) at least one payment has been made in full under the Receivable;
- (h) the last payment of either interest or principal is scheduled to be made in the period from and including 1 July 2002 until but excluding 1 January 2025;
- (i) the aggregate Outstanding Principal Amount under all Receivables with the same Borrower is not more than EURO 10,000,000;
- (j) the Borrower is a:
 - (i) private enterprise (*'particulier bedrijf'*);
 - (ii) government related company (*'overheidsbedrijf'*);
 - (iii) not-for-profit association or foundation (*'vereniging of stichting zonder zakelijk doel'*) or
 - (iv) free practitioner (*'zelfstandige of firma'*);

- (k) on 4 December 2001 the Receivables have a credit qualification in the Seller's systems of '1', '2' or '3'.

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 Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller or such other party; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Receivables Purchase Agreement or under any Relevant Document to which it is a party or any other party (except the Issuer and the Security Trustee) does not comply with any of the obligations under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) 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 a material part of the Seller's assets; or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for the granting of suspension of payments or for bankruptcy or for the appointment of a receiver or a similar officer of it or any or all of its assets; or
- (e) the Seller during a period of any two consecutive months fails to have a solvency ratio on a consolidated basis equal to or greater than the percentage required by Clause 4001 of the Guidelines issued pursuant to the Wtk as set out in the Netherlands Central Bank's Credit System Supervision Manual as amended from time to time (*'Handboek Wtk'*) or pursuant to Clause 4101 of the Handboek Wtk the actual liquidity it not greater or equal to the required liquidity under the broad liquidity test, as defined in such Clause 4101 of the Handboek Wtk; or
- (f) the Netherlands Central Bank has restricted the Seller's powers in accordance with Clause 28.3(a) of the Wtk or has made an official announcement as referred to in Clause 28.3(b) of the Wtk and within two weeks after any such events the Seller has not taken the necessary steps resulting in such measures being withdrawn; or
- (g) the rating assigned to the unsecured, unsubordinated and unguaranteed short term debt obligations of the Seller falls below A-1 by S&P or is withdrawn and/or P1 by Moody's or is withdrawn and/or F1 by Fitch or is withdrawn;

then the Seller shall (i) in the case of the occurrence of any of the notification events set forth under (e) up to and including (g), if the Security Trustee instructs the Seller or (ii) in the case of the occurrence of a notification event, other than any of the notification events set forth under (e) up to and including (g), unless the Security Trustee instructs the Seller otherwise, forthwith notify the Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of (a) its termination (*'opzegging'*) of any mortgage rights in as far as they secure other debt than the Receivables and Other Receivables (or, if the aggregate claims of the Seller on the relevant Borrower at such time is less than such Other Receivables, the lower amount); and/or (b) its waiver (*'afstand'*) of the Security Interests (other than mortgage rights), in as far as they secure other debts than the Receivables and the Other Receivables; and (c) the assignment of the Receivables or, at its option, the Issuer shall be entitled to make such notification itself. The Security Trustee shall (i) in the case of the occurrence of any of the notification events (e) up to and including (g) not instruct the Seller to give notice of partial termination and assignment as described above, unless it has received confirmation from any of S&P, Moody's and Fitch that a downgrading of the Notes

will occur as a result of not giving such notice or (ii) in the case of the occurrence of any notification event other than (e) up to and including (g), only instruct the Seller not to give notice of partial termination and assignment as described above, if it has received confirmation from S&P, Moody's and Fitch that no downgrading of the Notes will occur as a result of not giving such notice.

Security Interests

The Seller and the Issuer will agree that they will each have a share ('*aandeel*') in each co-owned Security Interest equal to a *pro rata* portion by reference to the outstanding principal amount of the Receivables and the lesser of (a) outstanding principal amount of the Other Receivables on Closing and (b) the outstanding principal amount of the Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable, and that, consequently, in case of foreclosure of a co-owned Security Interest the proceeds thereof will be divided accordingly.

For the event the Security Interest are co-held (see *Special Considerations* above), the Seller will grant to the Issuer an irrevocable power of attorney with the right of substitution, to enforce the Security Interests and to perform acts of disposal in respect of such Security Interests. Furthermore, the Seller and the Issuer will agree that the Issuer will be responsible for the day-to-day management ('*beheer*') of the Security Interests. To the extent applicable, the Seller and the Issuer will agree that they will not request the division of the co-held Security Interest.

ADMINISTRATION AGREEMENT

In the Administration Agreement the Pool Servicer will agree to provide processing activities to the Issuer on a day-to-day basis in relation to the Loans and the Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Receivables and the implementation of arrears procedures including the enforcement of mortgage rights, rights of pledge and/or other security rights (see further *Loan Underwriting and Processing Activities* above).

The Pool Servicer will be obliged to process the Loans and the Receivables at the same level of skill, care and diligence as loans in its own or, as the case may be, the Seller's portfolio similar to the Loans.

The Company Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, (a) the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer from the Reserve Account, (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) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made pursuant to the Conditions under the Notes.

THE ISSUER

The Issuer was incorporated with limited liability under the laws of the Netherlands on 30 November 2001 under number B.V. 1181868. The corporate seat (*'statutaire zetel'*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam.

The objectives of the Issuer 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 mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge 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 euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holding SMILE Securitisation 2001.

Stichting Holding SMILE Securitisation 2001 is a foundation (*'stichting'*) incorporated under the laws of the Netherlands on 22 November 2001. The objects of Stichting Holding SMILE Securitisation 2001 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 Holding SMILE Securitisation 2001 is ATC Trustees (Netherlands) B.V..

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

The managing director of the Issuer is ATC Management B.V..

The managing directors of ATC Management B.V. are Mr. D.P. Stolp, Mr. J.H. Scholts, Mr. G.F.X.M. Nieuwenhuizen and Mr. R.F. Govaerts.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2002.

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	euro	90,000
Issued Share Capital	euro	18,000

Borrowings

Senior Class A1a Notes	euro	2,981,500,000
Senior Class A1b Notes	euro	1,000,000,000
Senior Class A2 Notes	euro	500,000,000
Mezzanine Class B1 Notes	euro	210,000,000
Mezzanine Class B2 Notes	euro	30,000,000
Junior Class C1 Notes	euro	145,000,000
Junior Class C2 Notes	euro	27,500,000
Subordinated Class D1 Notes	euro	85,000,000
Subordinated Class D2 Notes	euro	21,000,000

Auditors' Report

The following is the text of a report received by the Board of Managing Directors of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

'To the Directors of
SMILE Securitisation Company 2001 B.V.'

Amsterdam, 11 December 2001

Dear Sirs:

SMILE Securitisation Company 2001 B.V. (the 'Company') was incorporated on 30 November 2001 under number B.V. 1181868 with an issued and fully paid share capital of euro 18,000. The Company has not yet prepared any financial statements. Since its incorporation, the Company has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction described in the Offering Circular dated 11 December 2001.

Yours faithfully,
Ernst & Young Accountants

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be applied on the Closing Date to pay the Initial Purchase Price for the Receivables purchased under the Receivables Purchase Agreement. The net proceeds of the Notes, to be issued on the Closing Date, amount to euro 4,991,242,450.

DESCRIPTION OF SECURITY

The Notes will be secured by the Deed of Surety to be entered into by the Security Trustee with (i) the Managers as initial Noteholders, (ii) the Directors, (iii) the Company Administrator, (iv) the Pool Servicer, (v) the Paying Agent, (vi) the Reference Agent, (vii) the Liquidity Facility Provider, (viii) the Swap Counterparty and (ix) the Seller (the **'Secured Parties'**). The Security Trustee will agree in the Deed of Surety to grant a surety (*'borgtocht'*) to the Secured Parties and will undertake to pay, as surety, after the date on which an Enforcement Notice has been received (see Condition 10 below) from time to time as soon as reasonably possible and practicable, to the Secured Parties, an amount corresponding to the sum of any amounts due and payable 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 Company Administrator and the Pool Servicer under the Administration Agreement;
- (d) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (f) to the Swap Counterparty under the Swap Agreement;
- (g) to the Seller under the Receivables Purchase Agreement;

provided that such amount shall never exceed the Surety Available Amount which consists of the sum of (a) amounts recovered (*'verhaald'*) by it on the Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II; (b) amounts received in connection with the penalty provided in the Receivables Purchase Agreement; and (c) the amount of any advance having been made available to the Security Trustee under a recourse liquidity facility agreement to the extent the amount so made available will be recovered under (a) or (b) above and will not exceed the amount of such advance. Any amounts will be paid to the Secured Parties in accordance with and subject to the Priority of Payments upon Enforcement (see *Credit Structure* above).

The Seller shall grant a first ranking right of pledge (*'pandrecht'*) (the **'Trustee Pledge Agreement I'**) over the Receivables to the Security Trustee on the Closing Date. Security in respect of the Receivables will be given by the Seller since it will have the legal title to the Receivables, until notification has been made. After notification to the Borrowers of the assignment of the Receivables by the Seller to the Issuer (which will only be made upon the occurrence of Notification Events, see *Receivables Purchase Agreement* above), legal title to the Receivables will pass to the Issuer and the Trustee Pledge Agreement I will provide that the Issuer (who shall be a party to such pledge agreement) will be bound by the provisions thereof in such event.

The Trustee Pledge Agreement I will secure all liabilities of the Seller under the Receivables Purchase Agreement, including the obligation to pay a penalty if, for whatever reason, the transfer of legal ownership of Receivables to the Issuer is not completed. The penalty will be due to the Issuer or, if a Trustee I Notification Event (as defined in the Trustee I Pledge Agreement) has occurred, to the Security Trustee. The penalty is drafted in such manner that any detrimental effects resulting from the failure to transfer legal ownership of the Receivables to the Issuer will, to the extent possible, be eliminated. Any amount due to the Security Trustee will be reduced by any amount paid in respect of the penalty to the Issuer and any amount due to the Issuer in respect of the penalty will be reduced by the amount paid to the Security Trustee.

In addition, the Trustee Pledge Agreement I will be created as security for all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee in connection with the Deed of Surety. If the Security Trustee pursuant to its penalty claims on

the Seller cannot fully recover all amounts required to meet its obligations under the Deed of Surety, it can create a recourse claim under the Deed of Surety against the Issuer by paying further amounts to the Noteholders and the other Secured Parties. The obligations of the Security Trustee in this respect will, therefore, be conditional upon it having funds available to effectuate such payment. For this purpose, the Security Trustee should borrow an amount equal to the amount which it has as at such date collected and which it will be entitled to recover under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II (see below). After having paid the Noteholders and the other Secured Parties using such borrowed funds, the Security Trustee will be entitled to reimbursement in respect of payments made by it under the Deed of Surety. It will therefore be entitled to apply the amounts held by it under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II to pay its recourse claim and use these amounts to repay drawings made under the recourse liquidity facility agreement together with interest thereon and any related costs. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer will as a separate and independent obligation, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties.

The Deed of Surety shall serve as security for the benefit of the Secured Parties, including each of the Noteholders. The claims of the Noteholders will rank in priority of payment as set forth in Condition 2.

The pledge on the Receivables provided in the Trustee Pledge Agreement I will not be notified to the Borrowers except in case of certain Trustee I Notification Events. These Trustee I Notification Events will be similar to the Notification Events defined in the Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*'stil pandrecht'*) within the meaning of section 3:239 of the Netherlands Civil Code.

In order to secure the obligation of the Seller to transfer legal title to the Receivables to the Issuer, the Seller will grant a second ranking right of pledge (the **'Company Pledge Agreement'**) over the Receivables to the Issuer on the Closing Date. Since a right of pledge can only be vested as security for a monetary claim, this pledge will secure the payment of the penalty by the Seller, provided in the Receivables Purchase Agreement, as described above. This right of pledge on the Receivables will also be a 'silent' pledge as described above.

The Issuer will also vest a right of pledge (the **'Trustee Pledge Agreement II'**) in favour of the Security Trustee on the Closing Date. This right of pledge secures any and all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee resulting from or in connection with the Deed of Surety and will be vested on all rights of the Issuer under or in connection with (i) the Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Liquidity Facility Agreement, (iv) the Floating Rate GIC, (v) the Swap Agreement and (vii) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a 'disclosed' right of pledge (*'openbaar pandrecht'*).

A vast majority of the Receivables are secured by the Security Interests. For the event that the Security Interests would not follow the Receivables upon assignment and/or pledge to the Issuer and the Security Trustee respectively (see *Special Considerations* above) the Seller will issue the Seller Deed of Surety. Under the terms of the Seller Deed of Surety, the Seller will undertake to pay to (a) the Issuer, subject to the dissolving condition (*'ontbindende voorwaarde'*) of the occurrence of a Trustee I Notification Event relating to the Issuer; and (b) the Security Trustee, subject to the condition precedent (*'opschortende voorwaarde'*) of the occurrence of a Trustee I Notification Event relating to the Issuer, all amounts due and payable by the Borrowers in respect of the Receivables, if and to the extent such Borrowers do not perform their obligation to repay the relevant Receivables after legal title to the Receivables is transferred to the Issuer. The payment obligation of the Seller to the Issuer and the Security Trustee will be limited to the *pro rata* portion of the amounts recovered by the Seller under the relevant Security Interests applied towards redemption of the relevant Receivable and the Other Receivables, if any (by reference to the outstanding principal amount of the relevant Receivable on Closing and the lesser of (a) the outstanding principal amount of the relevant Receivable on Closing and (b) the

outstanding principal amount of the Other Receivables by the date the relevant Receivable becomes a Defaulted Receivable). The Seller Deed of Surety will be used to create a recourse claim for the Seller against the relevant Borrower so that it can enforce the Security Interests if and to the extent such Security Interests would not have followed the Receivables.

THE SECURITY TRUSTEE

Stichting Security Trustee SMILE Securitisation 2001 (the '**Security Trustee**') is a foundation ('stichting') incorporated under the laws of the Netherlands on 22 November 2001. It has its corporate seat in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee; (b) to act as surety in favour of the Noteholders, as well as in favour of other creditors of the Issuer; (c) to acquire security rights as agent and/or trustee and/or for itself; (d) to hold, administer and to enforce the security rights mentioned under (c); (e) to borrow money and (f) 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 Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Mr. O.B. Linker and Mr. D.P. Stolp. Mr. Stolp is also director of ATC Management B.V., which is the sole director of the Issuer.

THE GLOBAL NOTES

Each Class of the Notes shall be initially represented by (i) in the case of the Senior Class A1 Notes a temporary global note (a **'Temporary Global Note'**) in bearer form, without coupons, in the principal amount of (a) euro 2,981,500,000 for the Senior Class A1a Notes and (b) euro 1,000,000,000 for the Senior Class A1b Notes, (ii) in the case of the Senior Class A2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 500,000,000, (iii) in the case of the Mezzanine Class B1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 210,000,000, (iv) in the case of the Mezzanine Class B2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 30,000,000, (v) in the case of the Junior Class C1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 145,000,000, (vi) in the case of the Junior Class C2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 27,500,000, (vii) in the case of the Subordinated Class D1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 85,000,000 and (viii) in the case of the Subordinated Class D2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 21,000,000 will be deposited with Société Générale Bank & Trust, Luxembourg as common depository for Euroclear N.V./S.A., as operator of Euroclear and Clearstream, Luxembourg on or about 13 December 2001. Upon deposit of each such Temporary Global Note Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class or, as the case may be, Tranche of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the **'Exchange Date'**) for interests in a permanent global note (each a **'Permanent Global Note'**), in bearer form, without coupons, in the principal amount of the Senior Class A1a Notes, the Senior Class A1b Notes and the Notes of the relevant other Tranche as respectively (the expression **'Global Notes'** meaning the Temporary Global Notes of each Tranche and the Permanent Global Notes of each Tranche and the expression **'Global Note'** means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note, the Permanent Global Note will remain deposited with the common depository.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Definitive Notes only in the circumstances described below. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

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 relative accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice 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 the Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression **'Noteholder'** shall be construed accordingly, but without prejudice to the entitlement of the bearer of relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (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 13 December 2001, 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 Permanent Global Note in respect of the Senior Class A1a Notes and the Senior Class A1b Notes respectively;
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes;
- (iii) Mezzanine Class B1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B1 Notes;
- (iv) Mezzanine Class B2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B2 Notes;
- (v) Junior Class C1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class C1 Notes;
- (vi) Junior Class C2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class C2 Notes;
- (vii) Subordinated Class D1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class D1 Notes;
- (viii) Subordinated Class D2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class D2 Notes;

in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-U.S. beneficial ownership.

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 Definitive Note if they are issued. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See section The Global Notes below.

The issue of the euro 2,981,500,000 floating rate Senior Class A1a Notes 2001 due 2027 (the 'Senior Class A1a Notes'), the euro 1,000,000,000 floating rate Senior Class A1b Notes 2001 due 2027 (the 'Senior Class A1b Notes', together with the Senior Class A1a Notes, the 'Senior Class A1 Notes'), the euro 500,000,000 5.45 per cent. Senior Class A2 Notes 2001 due 2027 (the 'Senior Class A2 Notes', and together with the Senior Class A1 Notes the 'Senior Class A Notes'), the euro 210,000,000 floating rate Mezzanine Class B1 Notes 2001 due 2027 (the 'Mezzanine Class B1 Notes'), the euro 30,000,000 5.55 per cent. Mezzanine Class B2 Notes 2001 due 2027 (the 'Mezzanine Class B2 Notes', and together with the Mezzanine Class B1 Notes the 'Mezzanine Class B Notes'), the euro 145,000,000 floating rate Junior Class C1 Notes 2001 due 2027 (the 'Junior Class C1 Notes'), the euro 27,500,000 6.00 per cent. Junior Class C2 Notes 2001 due 2027 (the 'Junior Class C2 Notes', and together with the Junior Class C1 Notes the 'Junior Class C Notes'), the 85,000,000 floating rate euro Subordinated Class D1 Notes 2001 due 2027 (the 'Subordinated Class D1 Notes') and the euro 21,000,000 7.10 per cent. Subordinated Class D2 Notes 2001 due 2027 (the 'Subordinated Class D2 Notes', and together with the Subordinated D1 Notes the 'Subordinated Class D Notes', together with the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the '**Notes**') was authorised by a resolution of the managing director of SMILE Securitisation Company 2001 B.V. (the '**Issuer**') passed on 10 December 2001. The Notes are issued under a Trust Deed dated 13 December 2001 (the '**Trust Deed**') between, amongst others, the Issuer, Stichting Holding SMILE Securitisation 2001 and Stichting Security Trustee SMILE Securitisation 2001 (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest and principal coupons appertaining to the Notes (the '**Coupons**'), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the '**Paying Agency Agreement**') dated 13 December 2001 between the Issuer, the Security Trustee and ABN AMRO Bank N.V. as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) an Administration Agreement (the '**Administration Agreement**') dated 13 December 2001 between the Issuer, ABN AMRO Bank N.V. as the '**Company Administrator**', ABN AMRO Bank N.V. as '**Pool Servicer**' and the Security Trustee, (iv) a deed of surety (the '**Deed of Surety**') dated 13 December 2001 between the Security Trustee and the Managers as initial holders of the Notes (the '**Noteholders**') and others, (v) a pledge agreement (the '**Trustee Pledge Agreement I**') dated 13 December 2001 between ABN AMRO Bank N.V. (the '**Seller**'), the Security Trustee and the Issuer, (vi) a pledge agreement (the '**Company Pledge Agreement**') dated 13 December 2001 between the Seller and the Issuer and (vii) a pledge agreement (the '**Trustee Pledge Agreement II**') dated 13 December 2001 between the Issuer, the Security Trustee and others (together with the two other pledge agreements referred to under (v) and (vi) above, the '**Pledge Agreements**').

Certain words and expressions used below are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 12 December 2001 and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Except where the context requires otherwise, such words and expressions shall have the same meanings in these Conditions. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes as the case may be and '**Tranche**' means either the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B1 Notes, the Mezzanine Class B2 Notes, the Junior Class C1 Notes, the Junior Class C2 Notes, the Subordinated Class D1 Notes or the Subordinated Class D2 Notes.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Surety, the Pledge Agreements and the Master Definitions Agreement are available for inspection, free of

charge, by holders of the Notes at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Fred. Roeskestraat 123, 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 Deed of Surety and the Pledge Agreements.

1. Form, Denomination and Title

The Notes will be in bearer form, serially numbered with Coupons attached on issue, in denominations of euro 500,000 each. Under Netherlands law, 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), 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 Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank, and will always rank, *pari passu* and rateably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9, the Trust Deed and the Deed of Surety (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 Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes; and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Deed of Surety and the Pledge Agreements, which will create the following security rights:
- (i) a deed of surety ('*borgtocht*') on a limited recourse basis by the Security Trustee to, among others, the Noteholders;
 - (ii) a first ranking pledge by the Seller to the Security Trustee over the Receivables;
 - (iii) a second ranking pledge by the Seller to the Issuer over the Receivables;
 - (iv) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights
 - (a) against the Seller under or in connection with the Receivables Purchase Agreement and the Seller Deed of Surety;
 - (b) against the Company Administrator under or in connection with the Administration Agreement;
 - (c) against the Pool Servicer under or in connection with the Administration Agreement;
 - (d) against the Swap Counterparty under or in connection with the Swap Agreement;
 - (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC;
 - (f) against the Floating Rate GIC Provider in respect of the Transaction Accounts; and
 - (g) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement.
- (d) The Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Subordinated Class D Notes and the Junior Class C Notes will rank in priority to the Subordinated Class D Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Noteholders of a Class of Notes ranking in priority to other Class(es) of Notes, if, in the Security Trustee's opinion, there is a conflict between the

interests of the Noteholders of such Classes 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 set forth in the Trust Deed determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice, and shall not, except to the extent permitted and contemplated by the Receivables Purchase Agreement, the Administration Agreement, the Pledge Agreements, the Deed of Surety, the Seller Deed of Surety, the Master Definitions Agreement, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Note Purchase Agreement, the Notes, the Paying Agency Agreement and the Trust Deed (together the **'Relevant Documents'**) or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Offering Circular dated 13 December 2001 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 any part of its assets;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Deed of Surety, the Pledge Agreements, the Seller Deed of Surety or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than the Master Collection Account and the Reserve Account, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(iv).

4. Interest

(a) *Period of Accrual*

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

Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated (i) on the basis of the actual days elapsed in the Floating Rate Interest Period (as defined below) divided by 360 days; and (ii) on the basis of the actual number of days elapsed in the Fixed Rate Interest Period (as defined below) divided by 365 days, or in the case of a Fixed Rate Interest Payment Date falling in a leap year, 366 days.

(b) Interest Periods and Payment Dates

Interest on the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes, shall be payable by reference to successive interest periods (each a **'Floating Rate Interest Period'**) and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes on the 22nd day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a **'Quarterly Payment Date'**). 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) 22nd February 2002. **'Business Day'** means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Up to the first Optional Redemption Date (as defined in Condition 6 (e)) interest on the Senior Class A2 Notes, the Mezzanine Class B2 Notes, the Junior Class C2 Notes and the Subordinated Class D2 Notes shall be payable by reference to successive interest periods (each a **'Fixed Rate Interest Period'**) and will be payable in arrear annually in euro in respect of the Principal Amount Outstanding (as defined in Condition 6(c)) of the Notes on the 22nd day of November (or, if such day is not a Business day, the next succeeding Business Day) in each year (each such day being an **'Annual Payment Date'**). Each successive Fixed Rate Interest Period will commence on (and include) the 22nd day of November and end on (but exclude) the next succeeding the 22nd day of November, except for the first Fixed Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the 22nd day of November 2002.

If on the first Optional Redemption Date (as defined in Condition 6 (e)) any Class of Notes has not been redeemed in full, interest on such Class of Notes shall be payable by reference to Floating Rate Interest Periods.

(c) Interest on the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Note and the Subordinated Class D1 Notes up to the first Optional Redemption Date

Up to the first Optional Redemption Date interest on the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes for each Floating Rate Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate (**'Euribor'**) for three months deposits in euros (or, in respect of the first Floating Rate Interest Period, the rate which represents the list or interpolation of Euribor two and three months deposits in euros) increased with a margin of

- (i) 0.36 per cent. per annum for the Senior Class A1 Notes;
- (ii) 0.45 per cent. per annum for the Mezzanine Class B1 Notes;
- (iii) 0.90 per cent. per annum for the Junior Class C1 Notes; and
- (iv) 1.90 per cent. per annum for the Subordinated Class D1 Notes.

(d) Interest on the Senior Class A2 Notes, the Mezzanine Class B2 Notes, the Junior Class C2 Notes, the Subordinated Class D2 Notes up to the first Optional Redemption Date

Up to the first Optional Redemption Date the rate of interest, in respect of each Fixed Rate Interest Period, applicable to:

- (i) the Senior Class A2 Notes shall be 5.45 per cent. per annum;
- (ii) the Mezzanine Class B2 Notes shall be 5.55 per cent. per annum;
- (iii) the Junior Class C2 Notes shall be 6.00 per cent. per annum; and
- (iv) the Subordinated Class D2 Notes shall be 7.10 per cent. per annum.

(e) Interest on the Notes following the first Optional Redemption Date

If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, the interest applicable to the Notes will accrue at an annual rate equal to the sum of

Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0,80 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1,00 per cent. per annum;
- (iii) for the Junior Class C Notes, a margin of 1,90 per cent. per annum; and
- (iv) for the Subordinated Class D Notes, a margin of 4,10 per cent. per annum.

(f) Euribor

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

- (i) For each Floating Rate Interest Period, the Reference Agent will obtain the rate equal to Euribor for three months deposits in euros by reference to the Euribor rate as determined and published jointly by the European Banking Federation and ACI – The Financial Market Association and which appears for information purposes on the Telerate Page 248 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) at or about 11:00 a.m. (Central European time) on the day that is two 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 major banks in the Euro-zone interbank market (the **‘Euribor Reference Banks’**) to provide a quotation for the rate at which it offers three months Euro deposits 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
 - (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as are provided; and
- (iii) If only one such quotation is provided, the Reference Agent will determine the arithmetic mean (rounded if necessary as aforesaid) of the rates quoted by at least two major banks as aforesaid, 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 month deposits by leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the Euro interbank offered rate for Euro deposits as determined in accordance with this paragraph (f), 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 as last determined in relation thereto.

(g) Determination of the Floating Rates of Interest and Calculation of the Interest Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine for the Classes of Notes the sum of Euribor increased with the relevant margin (each a ‘Floating Rate of Interest’) the Floating Rates of Interest for each relevant 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 Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes respectively. The determination of the relevant Floating Rates of Interest and the Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(h) Notification of the Floating Rates of Interest and the Interest Amount

As soon as possible after determination thereof, the Reference Agent will cause the relevant Floating Rates of Interest and the relevant Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes or, as the case may be, the relevant Tranche of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Company Administrator, Euronext Amsterdam N.V. and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Official Daily List (*'Officiële Prijscourant'*). The Floating Rate Interest Period, the Interest Amount and 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.

(i) Determination or Calculation by Security Trustee

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

(j) Reference Banks and Reference Agent

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four Euribor Reference Banks and a Reference Agent. Subject to prior written consent of the Security Trustee, the Issuer has the right to terminate the appointment of the Reference Agent or of any Euribor Reference Bank by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Euribor Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Euribor Reference Bank or the Reference Agent shall be terminated, the Issuer, with the prior written consent of the Security Trustee, will appoint a successor Euribor Reference Bank or Reference Agent (as the case may be) 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 Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to a Euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the relevant Final Maturity Date (as defined in Condition 6(a)), or such earlier date the Notes become due and payable, the Definitive Notes shall be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons may 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 ('Local Business Day'), the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, and in the case of payment by transfer to a Euro account as referred to above, the Paying Agent shall not

be obliged to credit such account until the Local Business Day immediately following the Business Day.

- (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 agent located in the United States of America will be appointed and the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V. shall be located in the Netherlands. 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 and purchase

(a) Final redemption

Unless previously redeemed as provided below, the Issuer will, in respect of each Class of Notes, subject to Condition 9(b), redeem the Notes on the Quarterly Payment Date falling in November 2027 (the **'Final Maturity Date'**).

(b) Mandatory Redemption on any Quarterly Payment Date up to the first Optional Redemption Date

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to redeem (or partially redeem) on the Quarterly Payment Date falling in February 2002 and each Quarterly Payment Date thereafter up to (but excluding) the first Optional Redemption Date at their respective Principal Amount Outstanding, subject to Condition 9(b): (i) the Senior Class A1 by applying the Class A Notes Redemption Available Amount; (ii) the Mezzanine Class B1 Notes by applying the Class B Notes Redemption Available Amount; (iii) the Junior Class C1 Notes by applying the Class C Notes Redemption Available Amount; and (iv) the Subordinated Class D1 Notes by applying the Class D Notes Redemption Available Amount;

Mandatory Redemption on any Optional Redemption Date

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged on any Optional Redemption Date to apply the Notes Redemption Available Amount to redeem (or partially redeem) the Notes (including the Senior Class A1 Notes, the Mezzanine Class B1 Notes, the Junior Class C1 Notes and the Subordinated Class D1 Notes, if applicable) at their Principal Amount Outstanding, subject to Condition 9(b), in the following order: (i) *first*, the Senior Class A Notes in the following order (x) first, the Senior Class A1 Notes, until fully redeemed and (y) thereafter, the Senior Class A2 Notes, until fully redeemed, (ii) *second*, the Mezzanine Class B Notes in the following order: (x) first, the Mezzanine Class B1 Notes, until fully redeemed and (y) thereafter the Mezzanine Class B2 Notes, until fully redeemed; (iii) *third*, the Junior Class C Notes in the following order: (x) first the Junior Class C1 Notes until fully redeemed and (y) thereafter the Junior Class C2 Notes, until fully redeemed, and (iv) *fourth*, the Subordinated Class D Notes in the following order: (x) first the Subordinated Class D1 Notes, until fully redeemed and (y) thereafter the Subordinated Class D2 Notes, until fully redeemed.

(c) Definitions

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

- (i) The **'Principal Amount Outstanding'** on any Quarterly Calculation Date, shall mean the principal amount of any 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 Calculation Date;
- (ii) **'Notes Redemption Available Amount'** shall mean, on any Quarterly Calculation Date, the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period:
- (a) by means of repayment and prepayment of principal under the Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties;

- (b) as Net Proceeds (as defined in Condition 6(c)(iv) below) on any Receivable, to the extent such proceeds relate to principal;
 - (c) in connection with a repurchase of Receivables pursuant to the Receivables Purchase Agreement and any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts relate to principal;
 - (d) in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
 - (e) as amounts received from the Seller under the Seller Deed of Surety to the extent such amounts relate to principal;
 - (f) as the amounts by which any and all Principal Deficiency Ledger are credited on the immediately succeeding Quarterly Payment Date in accordance with the Trust Deed and the Administration Agreement;
 - (g) on any Optional Redemption Date, as an amount received on the immediately succeeding Quarterly Payment Date equal to the 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 (a) up to and including (p); and
 - (h) the 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 on the preceding Quarterly Payment Date;
- (iii) **'Class A Notes Redemption Available Amount'** means, with respect to any Quarterly Calculation Date, the sum of (i) an amount equal to (x) divided by (y) multiplied by (z), whereby

(x) = the aggregate Principal Amount Outstanding of the Senior Class A1 Notes;
 (y) = the sum of the aggregate Principal Amount Outstanding of the Notes which are subject to mandatory redemption on the relevant Quarterly Payment Date less, in case there is a balance in respect to any Principal Deficiency Ledger or a Delinquency Amount in respect of any Tranche of Notes ranking lower in priority than the Senior Class A Notes, the aggregate Principal Amount Outstanding of such Tranche(s) of Notes;
 (z) = the Notes Redemption Available Amount less the Prepayment Redemption Amount; and
 (ii) the Prepayment Redemption Amount, until the Senior Class A1 Notes are redeemed in full;

'Class B Notes Redemption Available Amount' means, with respect to any Quarterly Calculation Date, the amount of (a) in case there is a balance on the Class B Principal Deficiency Ledger or a Delinquency Amount and all Classes of Notes ranking higher in priority pursuant to Condition 2 have not been redeemed in full on or prior to the relevant Quarterly Payment Date, zero; or otherwise (b) an amount equal to (x) divided by (y) multiplied by (z), whereby

(x) = the aggregate Principal Amount Outstanding of the Mezzanine Class B1 Notes;
 (y) = the sum of the aggregate Principal Amount Outstanding of the Notes which are subject to mandatory redemption on the relevant Quarterly Payment Date of Notes less, in case there is a balance in respect to any Principal Deficiency Ledger or Delinquency Amount in respect of any Tranche of Notes, the aggregate Principal Amount Outstanding of such Tranche(s) of Notes;
 (z) = the Notes Redemption Available Amount less the Prepayment Redemption Amount;

'Class C Notes Redemption Available Amount' means, with respect to any Quarterly Calculation Date, the amount of (a) in case there is a balance on the Class C Principal Deficiency Ledger or a Delinquency Amount and all Classes of notes ranking higher in priority pursuant to Condition 2 have not been redeemed in full on or prior to the relevant Quarterly Payment Date, zero; or otherwise (b) an amount equal to (x) divided by (y) multiplied by (z), whereby

(x) = the aggregate Principal Amount Outstanding of the Junior Class C1 Notes;
 (y) = the sum of the aggregate Principal Amount Outstanding of the Notes which are subject to mandatory redemption on the relevant Quarterly Payment Date less, in case

there is a balance in respect to any Principal Deficiency Ledger or Delinquency Amount in respect of any Tranche of Notes, the aggregate Principal Amount Outstanding of such Tranche(s) of Notes;

(z) = the Notes Redemption Available Amount less the Prepayment Redemption Amount;

'Class D Notes Redemption Available Amount' means, with respect to any Quarterly Calculation Date, the amount of (a) in case there is a balance on the Class D Principal Deficiency Ledger or a Delinquency Amount and all Classes of notes ranking higher in priority pursuant to Condition 2 have not been redeemed in full on or prior to the relevant Quarterly Payment Date, zero; or otherwise (b) an amount equal to (x) divided by (y) multiplied by (z) whereby

(x) = the aggregate Principal Amount Outstanding of the Subordinated Class D1 Notes;

(y) = the sum of the aggregate Principal Amount Outstanding of the Notes which are subject to mandatory redemption on the relevant Quarterly Payment Date less, in case there is a balance in respect to any Principal Deficiency Ledger or Delinquency Amount in respect of any Tranche of Notes, the aggregate Principal Amount Outstanding of such Tranche(s) of Notes;

(z) = the Notes Redemption Available Amount less the Prepayment Redemption Amount; and

- (iv) The principal amount so redeemable in respect of each Senior Class A Note (each a **'Class A Principal Redemption Amount'**) on the relevant Quarterly Payment Date shall be the Class A Notes Redemption Available Amount divided by the number of Senior Class A Notes subject to such redemption (rounded down to the nearest Euro), provided always that the Class A Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Senior Class A Note.

The principal amount so redeemable in respect of each Mezzanine Class B Note (each a **'Class B Principal Redemption Amount'**) on the relevant Quarterly Payment Date shall be the Class B Notes Redemption Available Amount divided by the number of Mezzanine Class B Notes subject to such redemption (rounded down to the nearest Euro), provided always that the Class B Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Mezzanine Class B Note.

The principal amount so redeemable in respect of each Junior Class C Note (each a **'Class C Principal Redemption Amount'**) on the relevant Quarterly Payment Date shall be the Class C Notes Redemption Available Amount divided by the number of Junior Class C Notes subject to such redemption (rounded down to the nearest Euro), provided always that the Class C Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Junior Class C Note.

The principal amount so redeemable in respect of each Subordinated Class D Note (each a **'Class D Principal Redemption Amount'**) on the relevant Quarterly Payment Date shall be the Junior D Notes Redemption Available Amount divided by the number of Subordinated Class D Notes subject to such redemption (rounded down to the nearest Euro), provided always that the Class D Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Subordinated Class D Note.

The principal amount so redeemable in respect of each Note (each a **'Principal Redemption Amount'**) on the relevant Quarterly Payment Date shall be (a) up to the first Optional Redemption Date any and all of the Class A Principal Redemption Amount, the Class B Principal Redemption Amount, the Class C Principal Redemption Amount and the Class D Principal Redemption Amount and (b) on any Optional Redemption Date the Notes Redemption Available Amount divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro). The Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Tranche. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

- (v) **'Prepayment Redemption Amount'** means, with respect to a Quarterly Payment Date, the positive difference, if any, between (a) the aggregate Notes Redemption Available Amount excluding item (h) thereof, from the Closing up to and including the relevant Quarterly Calculation Period and (b) the sum of (i) the aggregate amount of repayment of principal under the Receivables scheduled on Closing to be received by the Issuer, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, from the Closing up to and including the relevant Quarterly Calculation Period and (ii) the aggregate Prepayment Redemption Amounts relating to Quarterly Calculation Periods up to but excluding the relevant Quarterly Calculation Period which have been applied towards redemption of the Notes;
- (vi) **'Net Proceeds'**, shall, with respect to any Defaulted Receivable, mean the pro rata amount (by reference of the outstanding principal amounts of the Defaulted Receivable on Closing and the lesser of (a) the relevant Other Receivables on Closing and (b) the outstanding principal amount of the Other Receivables on the date the relevant Receivable becomes a Defaulted Receivable) of (a) the proceeds of foreclosure on any collateral securing the Receivable, (b) the proceeds, if any, of collection of any insurance policies in connection with the Receivable, including but not limited to life insurance and fire insurance, (c) the proceeds of any guarantees or sureties, including the limited recourse deed of surety issued by the Seller in favour of the Issuer, and (d) the proceeds of foreclosure on any other assets of the relevant borrower, after deduction of foreclosure costs as calculated per the last day of the Quarterly Calculation Period in which a Receivable becomes a Defaulted Receivable;
- (vii) **'Quarterly Calculation Date'** means, in relation to a Quarterly Payment Date, the fifth business day prior to such Quarterly Payment Date;
- (viii) **'Quarterly Calculation Period'** means, in relation to a Quarterly Calculation Date, the three successive Receivables Calculation Periods immediately preceding such Quarterly Calculation Date, except for the first Quarterly Calculation Period which will commence on the Closing Date and end on the last day of the Receivables Calculation Period immediately preceding the first Quarterly Payment Date;
- (viii) **'Receivables Calculation Period'** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of the same calendar month;
- (ix) **'Delinquency Amount'** means, with respect to a Quarterly Payment Date, in respect of any Tranche of Notes, the positive difference, if any, between (i) the balance of the Delinquency Ledger and (ii) the sum of (a) the balance standing to the credit of the Reserve Account and (b) the aggregate Principal Amount Outstanding of each Class of Notes ranking lower in priority pursuant to Condition 2, less the balance standing to the debit of the relevant Principal Deficiency Ledger of such Class(es) of Notes on such date;
- (d) *Determination of Amounts*
- (i) On each Quarterly Calculation Date after 22 February 2002, the Issuer shall determine (or cause the Company Administrator to determine) (a) the Principal Redemption Amount of each Class of Notes, if any, and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, the common depository, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Euronext Official Daily List (*'Officiële Prijscourant'*). If no Principal 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 Company Administrator to determine) the Principal Redemption Amount, or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or, or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (d) and paragraph (b) and (c) above (but based upon the information in its possession as to the Notes Redemption Available Amount and each such determination or calculation shall be deemed to have been made by the Issuer.

(e) Optional Redemption

Unless previously redeemed in full, on the Quarterly Payment Date falling in November 2011 and on each Quarterly Payment Date thereafter (each an **'Optional Redemption Date'**) the Issuer may, at its option, on giving not more than 60 nor less than 30 days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, redeem all (but not some only) Notes, at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of a Class of Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) Notes at their Principal Amount Outstanding less the relevant Principal Shortfall. Following such redemption the Principal Amount Outstanding of the Notes of the relevant Tranche shall be reduced accordingly and be equal to the Principal Shortfall of such Tranche. The **'Principal Shortfall'** shall mean an amount equal to the quotient of the balance on the Principal Deficiency Ledger of the relevant Tranche divided by the number of Notes of the relevant Tranche on such Optional Redemption Date.

(f) Purchases

The Company may at any time purchase Notes at any price in the open market or otherwise. Such Notes may, at the option of the Company, be held, re-issued or resold.

(g) General

In the event of certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer may (but is not obliged to) on giving not more than 60 nor less than 30 days' written notice to the Security Trustee and the Noteholders in accordance with Condition 13, redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

7. Taxation

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

8. Prescription

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

9. Subordination

(a) Interest

Interest on the Notes, other than on the Senior Class A Notes, shall be payable in accordance with the provisions of Conditions 4 and 6, subject to the terms of this Condition.

In the event that on any Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on a Class of Notes, other than the Senior Class A Notes, on the 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 such Class of Notes. In the event of a shortfall, the Issuer shall credit the relevant Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on such Class of Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on that Class of 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 relevant Class of 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 Note of the relevant Class on the next succeeding Quarterly Payment Date.

(b) Principal

If, on any Quarterly Payment Date, there is a balance on the Principal Deficiency Ledger of any Tranche of Notes, then, notwithstanding any other provisions of these Conditions, the Noteholders of the relevant Tranche of Notes shall not be entitled to any repayment of principal on such Quarterly Payment Date until all Tranches of Notes ranking higher in priority pursuant to Condition 2 have been redeemed in full. The Noteholders of a Class of Notes shall have no further claim against the Issuer for the Principal Amount Outstanding of such Class of Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which (a) the Issuer no longer holds any Receivables in respect of which, in the reasonable opinion of the Security Trustee, foreclosure proceedings have not been ended and (b) there are no balances standing to the credit of the Transaction Accounts.

Upon the delivery of an Enforcement Notice, until the date on which the Principal Amount Outstanding of all Notes of a Class is reduced to zero, the Noteholders of a Class of Notes ranking lower in priority pursuant to Condition 2 will not be entitled to any repayment of principal until all Classes of Notes ranking higher in priority pursuant to Condition 2 have been redeemed in full. The Notes will then be redeemed in the following order: (i) *first, pro rata and pari passu*, the Senior Class A Notes, until fully redeemed; (ii) *second, pro rata and pari passu* the Mezzanine Class B Notes until fully redeemed; (iii) *third, pro rata and pari passu*, the Mezzanine Class C Notes, until fully redeemed; and (iv) *fourth, pro rata and pari passu*, the Subordinated Class D Notes, until fully redeemed;

(c) General

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 shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee at its discretion may and, if so directed by an Extraordinary Resolution of the Noteholders of the Class of Notes ranking highest in priority pursuant to Condition 2 as at such time are outstanding (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 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, in the reasonable opinion of the Security Trustee, such failure is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*'conservatoir beslag'*) or an executory attachment (*'executoriaal beslag'*) on any major part of the Issuer's assets is made and not discharged or released within a period of 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 winding-up 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 (*'surséance van betaling'*) or for bankruptcy (*'faillissement'*) or is declared bankrupt;

provided that no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of a Class of Notes, irrespective of whether an Extraordinary Resolution is passed by the Noteholders of such Class, unless an Enforcement Notice in respect of the Class(es) of Notes ranking higher in priority pursuant to Condition 2 as at such time are outstanding 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 a Class of Notes, the Security Trustee shall not be required to have regard to the interests of the Noteholders of any Class of Notes ranking lower in priority, pursuant to Condition 2.

11. Enforcement

- (a) At any time after the Notes of any Class become due and payable, the Security Trustee, at its discretion and without further notice, may take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Deed of Surety, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and Coupons, but it need not institute any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Noteholders of the Class of Notes ranking highest in priority pursuant to Condition 2 as at such time outstanding 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 and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note shall have been paid in full. The Noteholders accept and agree that, apart from any recourse claims in connection with the Deed of Surety, the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

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

13. Notices

With the exception of the publications by the Reference Agent referred to in Condition 4 and by the Issuer referred to in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper with a general circulation in Europe as the Security Trustee shall approve and, as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V., in the English language in the Euronext Official Daily List (*'Officiële Prijscourant'*). Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders of each Class of Notes to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class, including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes 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 if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default in which case no such default is required.

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. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, and at such a meeting an Extraordinary Resolution will be adopted with not less than a two-thirds majority of the votes validly cast, 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 votes validly cast in respect of 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 will be adopted with not less than a two-thirds majority of the votes validly cast, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the votes validly cast, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class shall be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of a Class of Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of a Class of Notes shall take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Noteholders of any Class of Notes ranking higher in priority pursuant to Condition 2 as at such time are outstanding.

An Extraordinary Resolution of the Noteholders of a Class of Notes shall only be effective (a) when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Noteholders of any Class of Notes ranking higher in priority pursuant to Condition 2 as at such time are outstanding or (b) when the Security Trustee is of the opinion that it will be materially prejudicial to the interests of

the Noteholders of any Class of Notes ranking higher in priority pursuant to Condition 2 as at such time are outstanding, in case it shall have been sanctioned by an Extraordinary Resolution of the Noteholders of such Class(es) of Notes ranking higher in priority pursuant to Condition 2 as at such time are outstanding. The Trust Deed imposes no such limitations on the powers of the Noteholders of a Class of Notes, the exercise of which will be binding on the Noteholders of any Class of Notes ranking lower in priority of any Class of Notes pursuant to Condition 2 as at such time are outstanding irrespective of the effect on their interests.

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

- (b) 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 which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (a) the Security Trustee has notified S&P, Moody's and Fitch and (b) S&P, Moody's and Fitch have confirmed that the then current rating of the Notes will not be adversely affected by any such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.
- (c) 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 Noteholders of a Class of Notes 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 and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

17. Additional obligations

For as long as the Notes are listed on Euronext Amsterdam N.V., the Issuer will comply with the provisions set forth in Article 2.1.20 Section a-g of Schedule B of the Rules and Regulations (*'Fondsenreglement'*) of Euronext Amsterdam N.V. or any amended form of the said provisions as in force at the date of the issue of the Notes.

TAXATION IN THE NETHERLANDS

The information given below is neither intended as tax advice nor purports to describe all of the tax considerations which may be relevant to a prospective purchaser of the Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Notes or Note Coupons.

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

- (A) All payments by the Issuer in respect of the Notes or Coupons can be made without withholdings or deductions for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities or any political subdivision thereof or therein. If, in the future, the withholding or deduction of such taxes, duties or charges should be required by law, the Issuer will withhold or deduct such taxes, duties or charges for the account of the Noteholders or Couponholders and shall not pay any additional amounts to the Noteholders or Couponholders in respect of the aforementioned withholdings or deductions.
- (B) A holder of a Note or Coupon, who derives income from such Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon, will not be subject to Dutch taxation on income or capital gains, unless:
 - (a) the holder is, or is deemed to be, resident in the Netherlands; or
 - (b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
 - (c) the holder has a substantial interest, whether deemed or actual, in the Issuer and that substantial interest does not form part of the business assets of the holder; or
 - (d) the holder is a natural person who is associated (as defined in articles 3.91(2)(b) and 3.92(2)(b),(3) of the Income Tax Act of 2001) with another natural person who has a substantial interest in the Issuer; or
 - (e) the holder is a natural person and such income or gain is attributable to his activities in the Netherlands, other than business or employment activities (*'belastbaar resultaat uit overige werkzaamheden in Nederland'*).

In general, under most treaties for the avoidance of double taxation with respect to taxes on income to which the Netherlands is party, the Netherlands do not have the right to levy taxes on such income or gains in the situations mentioned under d) and e) above, unless the holder has a fixed base in the Netherlands, to which such income or gain is attributable.

- (C) If the holder is, or is deemed to be, resident in the Netherlands and income or gains in respect of the Notes and/or Coupons is not attributable to an enterprise of such a holder, and such a holder cannot be considered as deriving income as meant under (B) condition (d) or (e) in respect of the Notes and/or Coupons, the actual income derived from and the actual gains realised on the Notes and/or Coupons will not be taxable. In that case taxable income (i.e. income from savings and investment) is determined on the basis of a presumptive, or deemed, return on capital, rather than on the basis of actual income (such as interest actually received). This deemed return has been fixed at 4 per cent. of average net capital, that is, assets less qualifying liabilities, measured over the year from 1 January to 31 December. The 4 per cent. is applied after deduction of an exempt amount (EUR 17,600). The deemed income is then taxed at a flat rate of 30 per cent.
- (D) There will be no Dutch gift, estate or inheritance taxes levied on the transfer of a Note or Coupon by way of gift by a holder, or upon the death of a holder, unless:
 - (a) the holder is, or is deemed to be, resident in the Netherlands;
 - (b) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is, or is deemed to be, resident in the Netherlands; or

- (c) such Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands.
 - (E) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution, delivery and enforcement by legal proceedings of the Notes or Coupons or the performance of the Issuer's obligations under the Relevant Documents.
 - (F) No value-added tax will be due in the Netherlands in respect of payments made in consideration for the issue of the Notes, either in respect of payments of interest and principal or in respect of the transfer of a Note or Coupon.
 - (G) A holder of a Note or Coupon will not become, and will not be deemed to be, resident in the Netherlands by the sole virtue of holding such Note or Coupon or the execution, performance, delivery and/or enforcement of the Relevant Documents.
-

PURCHASE AND SALE

ABN AMRO Bank N.V., Salomon Brothers International Limited and Lehman Brothers International (Europe) (the **'Managers'**) have, pursuant to a note purchase agreement dated 12 December 2001, among the Managers, the Issuer and the Seller (the **'Note Purchase Agreement'**), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the relevant Class of Notes.

United Kingdom

Each of the Managers has agreed that (i) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 and, to the extent in force, all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom, before the repeal of section 57 of the Financial Services Act 1986, any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on. After the repeal of section 57 of the Financial Services Act 1986, it 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 Financial Services and Markets Act 2000) received by it in connection with the issue or sale of such Notes in circumstances in which section 21 (1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **'Securities Act'**) and are subject to US tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, United States persons. Each of the Managers has agreed that it will not offer, sell or deliver the Notes within the United States or to United States persons except as permitted by the Note Purchase Agreement.

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

As applicable, terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act and the U.S. Internal Revenue Code and regulations thereunder.

France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that it has not distributed or caused to be distributed and has undertaken that it will not distribute or cause to be distributed this Offering Circular or any amendment or supplement to it or any other offering material relating to the Notes to the public in the Republic of France. The Issuer has undertaken not to offer, directly or indirectly, any Notes to the public in the Republic of France.

Germany

Each of the Managers has acknowledged that the Notes are subject to the restrictions provided in the Securities Selling Prospectus Act of the Federal Republic of Germany (Wertpapier-Verkaufsprospektgesetz) of December 13, 1990, as amended (the **'Securities**

Selling Prospectus Act) with respect to Euro-Securities (Euro-Wertpapiere); in particular, the Notes may not be offered in Germany by way of public promotions. Each of the Managers represents and confirms that it is aware of the fact that no German selling prospectus (Wertpapier-Verkaufsprospekt) has been or will be published in respect of the Notes and that it will comply with the Securities Selling Prospectus Act. In particular, each Manager undertakes not to engage in public offerings in the Federal Republic of Germany with respect to the Notes otherwise than in accordance with the Securities Selling Prospectus Act and any other act replacing or supplementing such Act, and all other applicable laws and regulations.

Republic of Italy

In the Republic of Italy the Notes will be offered exclusively to Professional Investors (as defined below), to which the relevant offer is exclusively destined. Accordingly, no Notes will be offered, sold or delivered and no copies of the Offering Circular or of any other document relating to the Notes and the relevant offer will be distributed in the Republic of Italy except to 'Professional Investors', such being the persons and entities defined by the CONSOB (the Italian Commission for Companies and the Stock Exchange), in compliance with the terms and procedures provided by Legislative Decree No. 58 of 24 February, 1998 (the '**Decree No. 58**') in Article 31, second paragraph, of the Regulation No. 11971 of 14 May, 1999, as subsequently amended and supplemented (the '**Regulation No. 11971**'),

provided that any such offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September, 1993 (the '**Decree No. 385**'), Decree No. 58, CONSOB Regulation No. 11522 of 1 July, 1998, as amended and supplemented, and any such other applicable laws and regulations;
- (b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993 and the relevant implementing instructions of the Bank of Italy, pursuant to which the issue and offer of securities in Italy is subject to a prior and/or subsequent notification to, and/or authorisation by, the Bank of Italy, unless an exemption, depending, among other things, on the amount of the issue and the characteristics of the securities, applies; and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy or any other regulatory authority.

General

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted; persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 10 December 2001.
 2. The Senior Class A1a Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014034609 and ISIN XSo140346098 and Fondscode 13773.
 3. The Senior Class A1b Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014034765 and ISIN XSo140347658 and Fondscode 13774.
 4. The Senior Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities clearing corporation of and will bear common code 014035222 and ISIN XSo140352229 and Fondscode 13749.
 5. The Mezzanine Class B1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014035281 and ISIN XSo140352815 and Fondscode 14118.
 6. The Mezzanine Class B2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014035362 and ISIN XSo140353623 and Fondscode 14119.
 7. The Junior Class C1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014035290, ISIN XSo140352906 and Fondscode 14120.
 8. The Junior Class C2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 014035397, ISIN XSo140353979 and Fondscode 14121.
 9. The Subordinated Class D1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities clearing corporation of and will bear common code 014035338 and ISIN XSo140353383 and Fondscode 14170.
 10. The Subordinated Class D2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities clearing corporation of and will bear common code 014035435 and ISIN XSo140354357 and Fondscode 14171.
 11. There has been no material adverse change in the financial position or prospects of the Issuer since 30 November 2001.
 12. Ernst & Young Accountants have given and have not withdrawn their written consent to the issue of this offering circular with their report included herein in the form and context in which it appears.
 13. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
 14. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation of the Issuer;
-

- (ii) the Receivables Purchase Agreement;
 - (iii) the Note Purchase Agreement;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Deed of Surety;
 - (vii) the Trustee Pledge Agreement I;
 - (viii) the Trustee Pledge Agreement II;
 - (ix) the Company Pledge Agreement;
 - (x) the Seller Deed of Surety;
 - (xi) the Administration Agreement;
 - (xii) the Floating Rate GIC ;
 - (xiii) the Swap Agreement;
 - (xiv) the Liquidity Facility Agreement;
 - (xv) the Master Definitions Agreement.
15. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.
16. The articles of association of the Issuer are incorporated herein by reference. A free copy of the Issuer's articles of association is available at the office of the Issuer.
-

REGISTERED OFFICES

ISSUER

SMILE Securitisation Company 2001 B.V.
Frederik Roeskestraat 123
1076 EE AMSTERDAM
THE NETHERLANDS

SELLER

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP AMSTERDAM
THE NETHERLANDS

POOL SERVICER

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP AMSTERDAM
THE NETHERLANDS

COMPANY ADMINISTRATOR

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP AMSTERDAM
THE NETHERLANDS

SECURITY TRUSTEE

Stichting Security Trustee SMILE Securitisation 2001
Frederik Roeskestraat 123
1076 EE AMSTERDAM
THE NETHERLANDS

PAYING AGENT AND REFERENCE AGENT

ABN AMRO Bank N.V.
Kemelstede 2
4817 ST BREDA
THE NETHERLANDS

LISTING AGENT

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP AMSTERDAM
THE NETHERLANDS

LEGAL ADVISER

NautaDutilh
Prinses Irenestraat 59
1077 WV AMSTERDAM
THE NETHERLANDS

AUDITORS

Ernst & Young Accountants
Drentestraat 20
1083 HK AMSTERDAM
THE NETHERLANDS

[This page is intentionally left blank.]

[This page is intentionally left blank.]
