

Acier 2009-I B.V.

(incorporated with limited liability in the Netherlands with its statutory seat in Amsterdam, the Netherlands)

**euro 391,550,000 floating rate Senior Class A Mortgage-Backed Notes 2009 due 2057,
issue price 100 per cent.**
**euro 137,600,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2009 due 2057,
issue price 100 per cent.**
**euro 5,300,000 floating rate Subordinated Class C Notes 2009 due 2057,
issue price 100 per cent.**

The Prospectus has been approved by the Irish Financial Services Regulatory Authority, as competent authority under the Prospectus Directive 2003/71/EC. The Irish Financial Services Regulatory Authority only approves the Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the euro 391,550,000 floating rate Senior Class A Mortgage-Backed Notes 2009 due 2057 (the '**Senior Class A Notes**'), the euro 137,600,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2009 due 2057 (the '**Mezzanine Class B Notes**') and the euro 5,300,000 floating rate Subordinated Class C Notes 2009 due 2057 (the '**Subordinated Class C Notes**') and together with the Senior Class A Notes and the Mezzanine Class B Notes (the '**Notes**'), to be issued by Acier 2009-I B.V. (the '**Issuer**'), to be admitted to the official list and trading on its regulated market. This document constitutes a Prospectus within the meaning of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the '**Prospectus Directive**') and is issued in compliance with the Prospectus Directive and relevant implementing measures in Ireland for the purpose of giving information with regard to the issue of the Notes. The Notes are expected to be issued and admitted to trading on or about 20 May 2009.

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be Euribor for three (3) month deposits in euro (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three month deposits in euro rounded if necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus a margin per annum, (the '**Relevant Margin**'). Up to and including the first Optional Redemption Date, the Relevant Margin will be 0.20 per cent. per annum for the Senior Class A Notes, 0.25 per cent. per annum for the Mezzanine Class B Notes and 0.30 per cent. per annum for the Subordinated Class C Notes. If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full subject to and in accordance with the terms and conditions of the Notes (the '**Conditions**'), then the Relevant Margin in respect of such Class will be reset and will be 0.40 per cent. per annum for the Senior Class A Notes, 0.50 per cent. per annum for the Mezzanine Class B Notes and 0.60 per cent. per annum for the Subordinated Class C Notes. Where the withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

The Notes are scheduled to mature on the Quarterly Payment Date falling in April 2057 (the '**Final Maturity Date**'). On the Quarterly Payment Date falling in July 2009 and on each Quarterly Payment Date thereafter, the Notes (other than the Subordinated Class C Notes) will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with, the Conditions through the application of the Notes Redemption Available Amount on such date. On the Quarterly Payment Date falling in April 2013 and each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) Notes (other than the Subordinated Class C Notes) at their Principal Amount Outstanding in the circumstances set out in, subject to and in accordance with Conditions 6(c) and, in the case of the Mezzanine Class B Notes, subject to Condition 9(b). On the Quarterly Payment Date falling in July 2009 and each Quarterly Payment Date thereafter, the Subordinated Class C Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(d) through the application of the amount remaining of the Notes Interest Available Amount after all payments or deposits ranking higher in priority in the Interest Priority of Payments have been made in full on such date. In addition, subject to and in accordance with the Conditions, the Issuer has the option to redeem all of the Notes, other than the Subordinated Class C Notes, in whole but not in part upon the occurrence of a Tax Change. Finally, the Issuer will redeem the Notes, other than the Subordinated Class C Notes, in accordance with Condition 6(b), if the Seller exercises its Regulatory Call Option and/or the Clean-up Call Option in accordance with Condition 6(b) and subject to, in the case of the Mezzanine Class B Notes, to Condition 9(b).

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an AAA rating by Fitch Ratings Ltd ('**Fitch**'). The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see chapter *Risk Factors* herein.

The Notes will be indirectly secured by a right of pledge over the Mortgage Receivables and the Life Beneficiary Rights and a right of pledge over the Issuer's rights under or in connection with (most) of the Relevant Documents, vested by the Issuer in favour of Stichting Security Trustee Acier 2009-I (the '**Security Trustee**'). The right to payment of interest and principal on the Mezzanine Class B Notes and the Subordinated Class C Notes will be subordinated and may be limited as more fully described in the Conditions and the Relevant Documents.

The Notes of each Class will initially be represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited with the Nederlands Centraal Instituut voor Effectenverkeer B.V. ('**Euroclear Netherlands**') on or about the Closing Date. Interests in each of the Temporary Global Notes will be exchangeable for interests in a permanent global note of the relevant Class (the '**Permanent Global Note**'), without coupons (the expression '**Global Notes**' means each Temporary Global Note and each Permanent Global Note and the expression 'Global Note' means each Temporary Global Note or each Permanent Global Note, as the context may require) not earlier than forty (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 Notes in definitive bearer form as described in the Conditions.

The Notes will be solely the obligations of the Issuer. The Notes will not be the obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee, in whatever capacity acting. Furthermore, the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

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

The date of this Prospectus is 20 May 2009.

Manager

Rabobank International

IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Prospectus, other than the information for which the Seller is responsible as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information (except for the information for which the Seller is responsible as referred to in the following paragraph) contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: "*Overview of the Dutch Residential Mortgage Market*", "*The Seller*", "*Description of the Mortgage Loans*" and "*Mortgage Loan Underwriting and Servicing*". To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third parties contained and specified as such in aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

This Prospectus is to be read in conjunction with the articles of association of the Issuer which can be obtained at the office of the Issuer (see chapter *General Information* below). Neither this Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

The Irish Financial Services Regulatory Authority has approved this document in relation to the Notes which are to be listed on the Irish Stock Exchange or any other EU regulated market.

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

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 Prospectus is set out in chapter *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 Prospectus in accordance with applicable laws and regulations.

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

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus. Neither the Issuer nor any party has any obligation to update this Prospectus, after completion of the offer of the Notes.

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

The language of the Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to persons as defined in Regulation S under the Securities Act except in certain transactions permitted by US tax regulations and Regulation S under the Securities Act (see chapter *Purchase and Sale* below). The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering on accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

In connection with the issue of the Notes, Rabobank International (the '**Stabilising Manager**') (or any duly appointed person acting for the Stabilising Manager) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but must end no later than the earlier of thirty (30) days after the Closing Date and sixty (60) days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any duly appointed person acting for the Stabilising Manager) in accordance with all applicable laws and regulations as amended from time to time.

All references to '**Euro**', '**EUR**' and '**euro**' refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union) and all references to '**CHF**' or "Swiss Franc" refer to the currency of Switzerland.

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any amendment and supplement thereto. Civil liability will only attach to the Issuer, being the entity which has tabled the summary and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

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

The transaction

The Issuer will purchase and, on the Closing Date, accept the assignment from the Seller of the Mortgage Receivables (i.e. the rights in respect of loan parts under or in connection with certain pre-selected Mortgage Loans originated by the Seller and which will include upon the purchase of any Substitute Mortgage Receivables, such Substitute Mortgage Receivables) and accept on the Closing Date the assignment of the Life Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Life Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the proceeds thereof, other than the proceeds of the issue of the Subordinated Class C Notes, to pay to the Seller the Initial Purchase Price for the relevant Mortgage Receivables sold and assigned on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement. Furthermore, the Issuer will pay the Deferred Purchase Price to the Seller, which is to be paid on each Quarterly Payment Date in Deferred Purchase Price Instalments, if any (see further chapter *Mortgage Receivables Purchase Agreement*). On the Closing Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price and deposited on the Construction Account.

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

On each Quarterly Payment Date up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date the Issuer will purchase from the Seller and accept the assignment of the Substitute Mortgage Receivables and accept the assignment of the Life Beneficiary Rights relating thereto subject to the fulfilment of certain conditions and to the extent offered by the Seller. In respect of such purchases the Issuer shall apply all amounts of principal received in connection with a repurchase of the Mortgage Receivables as a result of a Mortgage Loan Amendment or a CHF-EUR Switch. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be the sum of an initial purchase price, being the Outstanding Principal Amount in respect of such Substitute Mortgage Receivables on the first day of the month wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Substitute Mortgage Receivables. On the relevant Quarterly Payment Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price and deposited on the Construction Account (see further chapter *Mortgage Receivables Purchase Agreement*).

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Swap Agreements, the Floating Rate GIC and drawings under the Liquidity Facility Agreement and drawings made from the Reserve Account to make payments of, *inter alia*, principal and interest due in respect of the Notes.

The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see chapter *Credit Structure*) and (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Subordinated 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 limited as more fully described herein under chapters *Credit Structure* and *Terms and Conditions of the Notes*.

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

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to EONIA or, as the case may be, CHF overnight LIBOR, on the balance standing from time to time to the credit of the Transaction Accounts (see chapter *Credit Structure*).

Pursuant to the Potential Set-Off Reserve Subordinated Loan Agreement, the Issuer will be entitled to make drawings from time to time on each Quarterly Payment Date in an amount equal to the positive difference between the Potential Set-Off Reserve Account Required Amount and the balance standing to the credit of the Potential Set-Off Reserve Account, until such time as the Senior Class A Notes have been redeemed in full. The Issuer shall make drawings from the Potential Set-Off Reserve Account on any Quarterly Payment Date if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date, not received the full amount due but unpaid in respect of any such Mortgage Receivable(s).

Pursuant to the Administration Agreement (i) the Pool Servicer will – inter alia – provide the Pool Services to the Issuer, (ii) the Defaulted Loan Servicer will – inter alia – provide the Defaulted Loan Services and (iii) the Issuer Administrator will provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions. Furthermore, in the Administration Agreement, the Back-up Servicer has agreed to replace the Pool Servicer and the Defaulted Loan Servicer and to perform the Pool Services and the Defaulted Loan Services respectively subject to the condition precedent ("*opschortende voorwaarde*") of the occurrence of any termination event in respect of the Pool Servicer and the Defaulted Loan Servicer respectively (see chapter *Administration Agreement*).

To mitigate the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes and in order to mitigate the risk of exchange rate between EUR and CHF, the Issuer will enter into the Interest Rate Swap Agreement and the Currency Swap Agreement respectively (see chapter *Credit Structure*).

The Issuer

Acier 2009-I B.V. is a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under the laws of the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The Issuer is established to issue the Notes. The entire issued share capital of the Issuer is owned by Stichting Holding Acier 2009-I.

Security

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Life Beneficiary Rights and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents.

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

The Trust Deed sets out the priority of the claims of the Secured Parties. For a more detailed description see chapters *Credit Structure* and *Description of Security* below.

Co-held Borrower Investment Pledge

In respect of each co-held Borrower Investment Pledge, the Seller, the Issuer and/or the Security

Trustee (as applicable) will agree that in case of foreclosure, the share ("*aandeel*") in the foreclosure proceeds of each co-held Borrower Investment Pledge of the Seller will be equal to any claims against the relevant Borrower owned by the Seller from time to time (the '**Other Claims**'), if any, and the share of the Issuer and/or the Security Trustee will be equal to the Net Proceeds from such Borrower Investment Pledge less the amount of the Other Claims, if any. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure, the share ("*aandeel*") in the foreclosure proceeds of each jointly-held security interest of the Security Trustee and/or the Issuer, other than a Borrower Investment Pledge, will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. For a more detailed description see chapter *Risk Factors* below.

Limited Recourse

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant priority of payments as set forth in this Prospectus. The Noteholders and the other Secured Parties shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Life Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Transaction Accounts and (iii) the amounts received under the Relevant Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

Interest on the Notes

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be Euribor for three (3) month deposits in euro (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three month deposits in euro rounded if necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus the Relevant Margin. On the first Optional Redemption Date, the margin on the Notes will be reset subject to and in accordance with the Conditions.

Redemption of the Notes

Unless previously redeemed, the Issuer will redeem all of the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in April 2057, subject to, in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes, Condition 9(b).

Provided that no Enforcement Notice has been served in accordance with Condition 10 on the Quarterly Payment Date falling in July 2009 and on each Quarterly Payment Date thereafter, the Issuer will be obliged to apply the Notes Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Mortgage Receivables or (ii) in connection with a repurchase or sale of the Mortgage Receivables, to the extent such amount relates to principal, less amounts used for the purchase of Substitute Mortgage Receivables (up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date) to (partially) redeem the Notes (other than the Subordinated Class C Notes) sequentially starting with the Senior Class A Notes, until fully redeemed, and thereafter the Mezzanine Class B Notes.

The Subordinated Class C Notes will be (partially) redeemed on the Quarterly Payment Date falling in July 2009 and each Quarterly Payment Date thereafter in accordance with Condition 6(d).

The Issuer will have the option to redeem all of the Notes (other than the Subordinated Class C Notes), but not some only, on each Optional Redemption Date at their Principal Amount Outstanding in accordance with Condition 6(c) and subject to, in the case of the Mezzanine Class B Notes, Condition 9(b). Also, the Issuer will have the option to redeem the Notes (other than the Subordinated Class C Notes) at their respective Principal Amount Outstanding upon the occurrence of a Tax Change in accordance with the Condition 6(f) and subject to, in respect of the Mezzanine Class B Notes, Condition 9(b). Finally, the Issuer will redeem the Notes (other than the Subordinated Class C Notes) in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class B Notes,

Condition 9(b), if the Seller exercises the Clean-Up Call Option or the Regulatory Call Option. The Subordinated Class C Notes will be (partially) redeemed on the Quarterly Payment Date falling in July 2009 and each Quarterly Payment Date thereafter in accordance with Condition 6(d). For a more detailed description see chapter *Terms and Conditions of the Notes*.

Listing

Application has been made to list the Notes on the Irish Stock Exchange.

Rating

It is a condition precedent to the issuance of the Notes that the Senior Class A Notes, on issue, be assigned an AAA rating by Fitch. The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated.

Risk factors

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

RISK FACTORS

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

RISK FACTORS REGARDING THE ISSUER

The Notes will be solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee. Furthermore, none of the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee nor any other person in whatever capacity acting will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Swap Counterparties, the Pool Servicer, the Issuer Administrator, the Back-up Servicer, the Directors, the Paying Agent, the Reference Agent, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described in the Relevant Documents).

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds in respect of the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreements and the receipt by it of interest in respect of the balance standing to the credit of the Transaction Accounts. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amounts available to be drawn under the Liquidity Facility Agreement for certain of its payment obligations (see further chapter *Credit Structure*). The Issuer does not have any other resources available to it to meet its obligations under the Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Relevant Documents (as defined in the chapter *Terms and Conditions of the Notes*), which may result in the Issuer not being able to meet its obligations under the Notes. It should be noted that there is a risk that (a) Staalbankiers N.V. in its capacity as Seller, Pool Servicer, Defaulted Loan Servicer and as provider of the Potential Set-Off Reserve Subordinated Loan will not meet its obligations vis-à-vis the Issuer, (b) ATC Financial Services B.V. in its capacity as Issuer Administrator will not meet its obligations vis-à-vis the Issuer under the Administration Agreement, (c) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. in its capacity as Floating Rate GIC Provider, Liquidity Facility Provider, Reference Agent and as Paying Agent will not meet its obligations vis-à-vis the Issuer under the Relevant Documents, (c) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank International, London Branch in its capacity as Interest Rate Swap Counterparty and Currency Swap Counterparty will not meet its obligations vis-à-vis the Issuer under the Relevant Documents, (e) Achmea Hypotheekbank N.V. in its capacity as Back-up Servicer will not meet its obligations vis-à-vis the Issuer under the

Administration Agreement and (f) ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. will not perform their respective obligations under the relevant Management Agreements.

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

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees regardless of any bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer but prior to notification of the pledge to the Security Trustee but after bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four (4) months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise ("*uitwinnen*") of the right of pledge on the Mortgage Receivables, but not the collection ("*innen*") thereof and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer if such future receivable comes into existence after the Issuer's bankruptcy or suspension of payments becomes effective. The Issuer has been advised that the assets pledged to the Security Trustee under the Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments. With respect to the effectiveness of the rights of pledge on the Life Beneficiary Rights and the Construction Amounts reference is made to the section *Risks relating to Life Beneficiary Rights under the Life Insurance Policies* and *Risk related to Construction Amounts being set-off with the Mortgage Receivables* respectively below).

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

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

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

License requirement under the Act on Financial Supervision

Under the Act on Financial Supervision ("*Wet op het financieel toezicht*" or "*Wft*") as amended from time to time, which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitoert*") loans granted to consumers, such as the Issuer, must have a license under that Act. As the Mortgage Loans are granted to consumers, the Issuer must have a licence. However, an exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on Financial Supervision. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Pool Servicer and the Defaulted Loan Servicer. The Pool Servicer and the Defaulted Loan Servicer hold a license as a bank under the Act on Financial Supervision and the Issuer thus benefits from the exemption. However, if the appointment of the Pool Servicer and the Defaulted Loan Servicer under the Administration Agreement is terminated, the Issuer

will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on Financial Supervision. In the Administration Agreement, the Back-up Servicer has agreed to replace the Pool Servicer and the Defaulted Loan Servicer and become the Pool Servicer and the Defaulted Loan Servicer under the Administration Agreement by way of contract transfer of all rights and obligations of Staal in its capacity as Pool Servicer and Defaulted Loan Servicer respectively subject to the condition precedent ("*opschortende voorwaarde*") of the occurrence of any of the termination events (as set out therein) in respect of the Pool Servicer and the Defaulted Loan Servicer respectively (see chapter *Administration Agreement*) and the Back-up Servicer being duly licenced under the Act on Financial Supervision. The Back-up Servicer will represent and undertake, in the Administration Agreement, that it has and will continue to have its licence under the Act of Financial Supervision. If the Administration Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle ("*afwikkelen*") its existing agreements, which may ultimately result in, among others, an early redemption of the Notes.

Risk related to the termination of the Swap Agreements

In respect of the Interest Rate Swap Agreement and the Currency Swap Agreement the following shall apply.

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

Each of the Swap Agreements will be terminable by one party if *inter alia* (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement or (iii) an Enforcement Notice is served or (iv) the remedy period for a Tax Event has expired. Events of default under each of the Swap Agreements in relation to the Issuer will be limited to (i) non-payment under the relevant Swap Agreement and (ii) insolvency events in respect of the Issuer. If any of the Swap Agreements terminates the Issuer will be exposed to changes in the relevant rates of interest and/or currency. As a result, unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Notes.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

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

Under Dutch law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effected by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Mortgage Receivables will be assigned on the Closing Date and, in respect of Substitute Mortgage Receivables, if any, on each Quarterly Payment Date up to (but excluding) the first Optional Redemption Date by the Seller to the Issuer through a deed of assignment which will be registered with the appropriate authorities. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers, except upon the

occurrence of any of the Assignment Notification Events (see chapter *Mortgage Receivables Purchase Agreement*).

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. Pursuant to the Mortgage Receivables Purchase Agreement on each day of the calendar month or if this is not a business day the next succeeding business day the Seller shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller on the day immediately preceding such day in respect of the Mortgage Receivables to the relevant Issuer Collection Account in accordance with the Administration Agreement. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. If the Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers to the Seller prior to notification of the assignment to the Issuer but after bankruptcy or emergency regulations in respect of the Seller having been declared will be part of the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the estate ("*boedelschuldeiser*") and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate.

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

Under Dutch law a debtor has a right of set-off if it has a claim that is due and payable which corresponds to its debt to the same counterparty and is entitled to pay his debt as well as to enforce payment of his claim.

Subject to these requirements being met, each Borrower will be entitled to set-off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. Such amounts due and payable by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits made with the Seller by a Borrower. Also, such claim of a Borrower against the Seller could, *inter alia*, result from Options forming part of an Investment Portfolio or other services rendered by the Seller to the Borrower, such as investment advice or investment management services, including in connection with Investment Mortgage Loans, rendered by the Seller or for which the Seller is responsible or liable. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

The Seller has represented in the Mortgage Receivables Purchase Agreement that according to the conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Considering the wording of this clause, it is uncertain whether this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller. Moreover, under Dutch law it is uncertain whether the conditions in this respect will be valid. Should the waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above) and further provided that (i) the counterclaim of the relevant Borrower against the Seller results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the relevant Borrower against the Seller has been originated and become due and payable ("*opeisbaar*") prior to the assignment of the Mortgage Receivable and notification thereof to the Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of deposits, including any deposits in connection with a construction amount, it will depend on the terms of the deposit whether the balance thereof will be due and payable at the moment of notification of the

assignment. The Issuer has been informed by the Seller that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable ("*opeisbaar*") at any time. With respect to Options forming part of an Investment Portfolio, the Issuer has been informed that on the Cut-Off Date, only a small part of the Borrowers have Options and that Options are not due and payable unless the relevant Borrower is entitled to exercise such Options. If following receipt of notification of the assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account or if a Borrower exercises its Option, the Borrower will only be permitted to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account or of the amount equal to the exercised Options after receipt of such notification, notwithstanding that amounts may have been credited. Current accounts, deposits and Options are taken into account when calculating the Potential Set-Off Amount (see *Credit Structure* below).

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Code. Under the Dutch Bankruptcy Code a person who is both debtor and creditor of the bankrupt entity can set off its debt with its claims, if each claim (i) came into existence prior to the moment at which the bankruptcy became effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To further secure the obligations of the Seller in this respect, the Seller will have an obligation to grant to the Issuer the Potential Set-Off Reserve Subordinated Loan in favour of the Issuer and the Security Trustee respectively up to the Potential Set-Off Reserve Account Required Amount, until such time as the Senior Class A Notes have been redeemed in full. (see *Credit Structure* below). Notwithstanding this, if the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Potential Set-Off Reserve Subordinated Loan Agreement or if the amount of set-off would exceed the balance standing to the credit of the Potential Set-Off Reserve Account, set-off by Borrowers could lead to losses under the Notes.

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

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

The mortgage deeds relating to the Mortgage Receivables sold and assigned to the Issuer by the Seller provide that the mortgage rights ("*hypotheekrechten*") created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller (such mortgage rights referred to as '**Bank Mortgages**'). The Seller has also the benefit of (i) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant lessees in respect of rental payments (the '**Lease Amounts**') due under lease agreements ("*huurovereenkomsten*") entered into in respect of the Mortgaged Assets ('**Borrower Lease Pledge**'), (ii) a right of pledge on all rights of a Borrower under the building insurance policies ("*opstalverzekeringen*"), (iii) a right of pledge on the rights of the relevant Borrower in connection with the Investment Accounts ('**Borrower Investment Pledge**') and (iv) a right of pledge on the rights of a Borrower in connection with the Life Insurance Policies ('**Borrower Insurance Pledge**'), which in each case, secure the same debts as the Bank Mortgages (together the '**Borrower Pledges**' and the Borrower Pledges together with the Bank Mortgages, the '**Bank Security Rights**'). In addition (i) with respect to any Mortgage Receivables

resulting from Mortgage Loans with more than one Borrower, such Borrowers are jointly and severally liable ("*hoofdelijk aansprakelijk*") for the repayment of the relevant Mortgage Receivable resulting from such Mortgage Loan and (ii) some of the Mortgage Receivables have the benefit of a deed of surety ("*borgtocht*") or a guaranty ("*garantie*") or a positive/negative mortgage declaration ("*positieve/negatieve hypotheekverklaring*"). (The joint and several liability, the deeds of surety and the positive/negative mortgage declaration shall be referred to as the '**Other Collateral**').

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

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

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

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

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

The preceding paragraph applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Trustee Receivables Pledge Agreement as the conditions applicable to the Mortgage Loans also do not provide that in case of pledge of the Mortgage Receivables the Bank Security Rights will follow the Mortgage Receivables.

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

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, such rights will be co-held by the Issuer (or, as the case may be, the Security Trustee, as pledgee) and the Seller and would secure both the Mortgage Receivables held by the Issuer (or, as the case may be, the Security Trustee, as pledgee) and any claims against the relevant Borrower owned by the Seller

from time to time (the '**Other Claims**').

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

The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure, the share ("*aandeel*") in the foreclosure proceeds of each jointly-held security interest of the Security Trustee and/or the Issuer, other than a Borrower Investment Pledge, will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. In respect of each co-held Borrower Investment Pledge, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure, the share ("*aandeel*") in the foreclosure proceeds of each co-held Borrower Investment Pledge of the Seller will be equal to the Other Claims held by the Seller, if any, and the share of the Issuer and/or the Security Trustee will be equal to the foreclosure proceeds of the Borrower Investment Pledge less the amount of the Other Claims, if any. In addition, the Seller will undertake vis-à-vis the Issuer and the Security Trustee to only assign, pledge or transfer any Other Claims provided that the assignee, the pledgee or the transferee of such Other Claims has agreed in writing to be bound by this arrangement and to the obligation to impose the arrangement on any subsequent transferee or assignee and so on.

It is not certain that this arrangement in respect of each Security Right will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee ("*curator*") or administrator ("*bewindvoerder*"). Furthermore, it is noted that this arrangement may not be effective against the Borrower. In this respect it will be agreed that in case of a breach by the Seller of its obligations under these arrangements or if any of such arrangement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Quarterly Calculation Period. Such compensation will be paid by the Seller forthwith. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments. If the Seller would not make such payments, this could result in losses under the Notes.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the co-held Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, the relevant bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. To further secure the obligations of the Seller under this arrangement, the Seller shall vest on the Closing Date a right of pledge on the Other Claims in favour of the Issuer and the Security Trustee respectively. In addition, the Seller shall undertake to vest a right of pledge on any Other Claims resulting from any new legal relationships with any of the Borrowers after the Closing Date on each Quarterly Payment Date in favour of the Issuer and the Security Trustee respectively. Such pledge will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the amount of the Other Claims in the foreclosure proceeds of a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. However, it is not certain whether this arrangement will be enforceable in all circumstances. Each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claim of a Borrower if the Outstanding Principal Amount in respect of the Mortgage Receivable has been repaid in full.

Risk that certain Borrower Pledges will not be effective

The Seller has the benefit of Borrower Lease Pledges if the relevant Mortgaged Asset is leased. The Issuer has been advised that there is specific case law according to which the obligation to pay rent under a lease agreement is considered to arise only as such payments become due and payable from time to time and, as a consequence, will be regarded by a Dutch court as a future right. Therefore, such right of pledge on the receivables under the lease agreements which become due and payable after or on the date on which the pledgor (the Borrower) has been declared bankrupt, been made subject to suspension of payments or been made subject to a debt restructuring scheme pursuant to the Dutch Bankruptcy Code is not effective and cannot be invoked against the pledgor's real estate ("*boedel*").

The same applies to (i) any Borrower Investment Pledge to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*") and (ii) any Borrower Insurance Pledge to the extent the rights of the Borrower qualify as future claims, such as the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Life Insurance Policies.

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

The Seller has represented that under the investment mortgage loans ("*beleggingshypotheken*") (the '**Investment Mortgage Loans**'), the securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Securities Giro Act ("*Wet Giraal Effectenverkeer*", the '**Wge**') or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under *Risk of set-off and defences by Borrowers in case of insolvency of Life Insurance Companies* below. In respect of Options, reference is made to *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above.

Risks related to investment advice

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

Risks relating to Life Beneficiary Rights under the Life Insurance Policies

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

The Seller will undertake in the Mortgage Receivables Purchase Agreement to use its best efforts to, following an Assignment Notification Event, (a) terminate the appointment of the Seller as beneficiary and (b) to appoint as first beneficiary up to the Outstanding Principal Amount of the relevant Mortgage Receivable (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of the occurrence of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event. For the event that a Borrower Insurance Proceeds Instruction has been given, the Seller will undertake to use its best efforts, following an Assignment Notification Event, to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction in favour of (i) the Issuer subject to the

dissolving condition ("*ontbindende voorwaarde*") of the occurrence of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event up to the Outstanding Principal Amount of the relevant Mortgage Receivable. The termination and appointment of a beneficiary under the Life Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved, including the Life Insurance Companies. It is uncertain whether such co-operation will be forthcoming.

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

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

If any of the Life Insurance Companies would no longer be able to meet its obligations under the Life Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in amounts payable under the Life Insurance Policies not or only partly being available for payment of the Mortgage Receivables. This may again lead to the Borrower trying to invoke set-off rights and defences as further discussed below which may have the result that the Mortgage Receivables will be, fully or partially extinguished ("*tenietgaan*") or cannot be recovered for other reasons which could lead to losses under the Notes.

If the amounts payable under the Life Insurance Policy are not applied towards redemption of the Mortgage Receivable, the Borrower may try to invoke a right of set-off of the amount due under the Mortgage Receivable with amounts payable under or in connection with the Life Insurance Policy. As set out in paragraph *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim which corresponds to his debt to the same counterparty. The Life Insurance Policies are contracts between the relevant Life Insurance Company and the Borrowers and the Mortgage Loans are contracts between the Seller and the Borrowers. Therefore, Borrowers, in order to invoke a right of set-off, would have to establish that the Seller and the Life Insurance Company should be regarded as one legal entity or that possibly set-off is allowed, even in the absence of a single legal entity, since, based upon interpretation of case law, the Life Insurance Policies and the relevant Mortgage Loans are to be regarded as one inter-related relationship.

Another requirement is that the Borrowers should have a counterclaim that is due and payable. If any Life Insurance Company is declared bankrupt or has become subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Life Insurance Policy and to receive a commutation payment ("*afkoopson*"). These rights are subject to the Borrower Insurance Pledge (see above). However, despite this pledge it may be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. Apart from the right to terminate the Life Insurance Policies, the Borrowers are also likely to have the right to dissolve the Life Insurance Policies and to claim restitution of premia paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off with such claim by Borrowers.

Finally, set-off vis-à-vis the Issuer and/or the Security Trustee after notification of the assignment and pledge would be subject to the additional requirements for set-off after assignment and/or pledge being

met (see paragraph *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above).

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

The Issuer has been advised that, taking into account that the Seller will represent and warrant that with respect to each Life Mortgage Loan (i) there is no connection, whether from a legal or commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy with any of the Life Insurance Companies other than the relevant Borrower Insurance Pledge and the rights as beneficiary, (ii) the Life Mortgage Loans with any of the Life Insurance Companies and the Life Insurance Policies are not marketed as one product or under one name, (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) the Borrowers have not been encouraged in any way to choose a Life Insurance Policy with a Life Insurance Company which belongs to the same group as the Seller, it is unlikely that a court would honour set-off defences of the Borrowers.

Risk related to the Construction Amounts being set-off with the Mortgage Receivable

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Amount to be paid out for the building or improvements of the Mortgaged Assets. Such amounts are deposited on an account with the Seller which is pledged to the Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables, on the relevant Quarterly Payment Date. Such amount will be deposited on the Construction Account. On each Quarterly Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amount and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

The Construction Amounts are usually paid out within twelve (12) months. Incidentally, the Seller pays out the Construction Amounts after a period of twelve (12) months. Upon the expiry of a period of twelve (12) months or otherwise agreed between the Seller and the Borrower, the remaining Construction Amount will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts standing to the balance of the Construction Account will be used for redemption of the Notes in accordance with Condition 6(b). The Seller will undertake in the Mortgage Receivables Purchase Agreement that any Construction Amount remaining upon the expiry of a period of twelve (12) months or as otherwise agreed between the Seller and the Borrower will be set-off against the relevant EUR Mortgage Receivables up to the amount of the Construction Amount. If an Assignment Notification Event set out under (c) and/or (d) has occurred, the Issuer will no longer be under the obligation to pay

such remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Amounts are considered to be existing receivables. It could be argued that such part of the Mortgage Receivable concerned comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is paid out on or after the date on which the Seller is declared bankrupt or has become subject to emergency regulations. In such a situation, the Issuer will have no further obligation to pay out to the Seller the remaining of the Initial Purchase Price.

Risk that interest rate reset rights will not follow the Mortgage Receivables

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

Maturity of Mortgage Loans

The Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that the Mortgage Loans with an aggregate Outstanding Principal Amount of not more than euro 6.066.982,59 on the Cut-Off Date are entered into for an unlimited period of time and, unless agreed otherwise at any time, the Borrower is not obliged to repay the principal sum borrowed (the '**Principal Sum**'). Furthermore, a number of Mortgage Loans have a maturity date which falls after the Final Maturity Date.

However, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that the mortgage deed and the Seller's general terms and conditions applicable to loans and mortgages (the '**General Conditions**') contain clauses which set out the events pursuant to which the Seller may demand repayment of the Principal Sum or pursuant to which the Principal Sum is immediately due and payable, which include, *inter alia*, (i) the death of the Borrower or, (ii) a sale or transfer ("*vervreemding*") of the Mortgaged Asset or (iii) the Borrower leaving the Mortgaged Asset to take up his residence outside the Netherlands.

In view of the above, it is possible that at the Final Maturity Date one or more Mortgage Loans will not have been (fully) repaid by the relevant Borrowers. As a consequence, there is a risk that at the Final Maturity Date the Issuer will not have sufficient funds available to fully redeem all Notes. However, the Issuer has been advised that, taking into account conservative assumptions based on mortality tables and the dates of birth of the Borrowers, it is very likely that the Mortgage Receivables will be redeemed in full prior to the Final Maturity Date. This risk is further mitigated by the obligation of the Issuer to use its best efforts to sell the Mortgage Receivables still outstanding on the Final Maturity Date and to apply the proceeds in (partial) redemption of the Notes.

Reduced value of investments may affect the proceeds under certain types of Mortgage Loans

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

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

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Mortgage Loans to which Life Insurance Policies are connected or Investment Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions, offerors of these products (and

intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved ("*ontbonden*") or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional materials provided to the Borrower. Also, depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases if the value of investments made under Life Insurance Policies or the Investment Mortgage Loans is not sufficient to redeem the relevant Mortgage Receivables.

On this topic there have been, without limitation, (i) reports from the AFM and, at the request of the Dutch Association of Insurers ("*Verbond van Verzekeraars*"), the Commission on Transparency of Investment Insurances ("*Commissie transparantie beleggingsverzekeringen*"; the "*Commissie De Ruiter*"), (ii) a letter from the Dutch Minister of Finance to Parliament and (iii) press articles stating that civil law suits or class actions have already been or may be started against insurers. The Dutch Association of Insurers has in a public communication (a) underwritten the recommendations of the *Commissie De Ruiter*, stating that it sees these as a logical next step in the various steps which have in previous years been made to improve transparency and (b) said that insurers will (1) verify whether in the past in individual cases mistakes have been made and if so, correct these mistakes and (2) provide customers having an investment insurance policy with all relevant information regarding their insurance policy. The latter is intended to where necessary with retrospective effect provide any missing information.

The Dutch Minister of Finance has informed Parliament (i) that the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*", and the Ombudsman and Dispute Commission ("*Geschillencommissie*") active therein) is with the introduction of the Wft on 1 January 2007 the sole institute for dispute resolution in connection with financial services, (ii) that he has requested such Ombudsman and the Chairman of such Dispute Commission to suggest a balanced approach so as to hopefully prevent a multitude of individual disputes and (iii) that such Ombudsman and Chairman have in the meantime proposed a balanced approach to deal with complaints which, if all parties co-operate, could accelerate a solution and could result in a compromise for an important number of cases. On 4 March 2008 the Ombudsman presented his recommendations. Eureko supports those recommendations, provided they will lead to a binding agreement supported by all stakeholders involved, including the whole sector and the supervisory authorities. Recently a number of insurers each acting separately announced that it has reached agreement with certain claimant organisations on the compensation of its customers for the costs of Life Insurance Policies entered into with these insurers.

If Investment Mortgage Loans and Life Mortgage Loans to which Life Insurance Policies are connected would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Investment Pledge, the Borrower Insurance Pledge and the Life Beneficiary Rights respectively). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Life Mortgage Loans or the Investment Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will be different depending on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in the event of an insolvency of the insurer (see *Risk of set-off or defences by Borrowers in case of insolvency of Life Insurance Companies*), except if the Seller is itself liable, whether jointly with the insurer or separately, *vis-à-vis* the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer may be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower. The Issuer has been advised by the Seller that so far no actions have been announced against the Seller in relation to the risks described above in relation to Life Mortgage Loans and Investment Mortgage Loans.

The Issuer has been advised that the above risks largely depend on which specific information has been

provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective investors, have been complied with. Any such set-off or defences may effect the value of the Mortgage Receivables which may lead to losses under the Notes.

Position of Eureka Group

The material subsidiaries of Eureka in the insurance business have investigated the status of their Life Insurance Policies. The investigation shows that, in general, those subsidiaries have abided by the laws and regulations current at the time. Such subsidiaries are considering adjusting certain aspects of their operations in order to ensure that they will continue to comply with their duty of care to customers in the future. The investigation further showed that improvements can be made to processes and procedures not directly linked to the Life Insurance Policies. So far the subsidiaries involved in the insurance business have received relatively few information requests or complaints, and no legal claims. Eureka is considering solutions for this issue but currently does not consider itself to have obligations in this respect.

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

Payments on the Mortgage Receivables are subject to credit, liquidity, currency and interest rate risks. This may be due to, among other things, market interest rates, the exchange rate between the Swiss Franc and the Euro, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

Risks of losses associated with Mortgage Receivables secured by second Mortgage(s) ("*hypotheekrecht(en) tweede in rang*")

In respect of some Mortgage Receivables the Issuer only benefits from a Mortgage ranking second in priority. There is a risk that if the Mortgages are enforced, the foreclosure proceeds remaining after the claim of the holder of first ranking Mortgage has been redeemed in full may not be sufficient to redeem the relevant Mortgage Receivable, which may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. However, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that, in respect of the Mortgage Receivables which are only secured by second ranking Mortgages, when calculating the LTV, the maximum amount for which the first ranking Mortgage can be enforced is deducted from the foreclosure value.

RISKS FACTORS REGARDING THE MORTGAGE ASSETS AND THE OTHER COLLATERAL

Risks of Losses associated with declining values of Mortgaged Assets

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

Risks related to tenants

Some of the Borrowers rely on payments made by tenants under occupational leases to repay their Mortgage Receivables. The ability of such Borrowers to make payments in respect of the relevant Mortgage Receivables could be adversely affected if occupancy levels at the relevant Mortgaged Assets were to fall or if a significant number of tenants were unable to meet their obligations under the occupational leases. There can be no assurance that tenants will renew their respective occupational leases or that new tenants will be found to take up replacement occupational leases. Even if such renewals are effected or replacement occupational leases will be on terms (including rental levels) as

favourable to the relevant Borrower as those which exist on the Closing Date, or that the covenant strength of tenants who renew their occupational leases or new tenants who replace them will be the same or equivalent to, those existing on the Closing Date, in each case the income of the relevant Borrowers and the market value of the Mortgaged Assets would be adversely affected if tenants were unable to pay rent or if space was unable to be let out on favourable terms or at all. This may affect the ability of the relevant Borrowers to make payments under the Mortgage Receivables and ultimately, the Issuers' ability to make payments under the Notes and may also affect the foreclosure proceeds of the Mortgaged Assets.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in failure to make rental payments when due. If a tenant of a Mortgaged Asset, particularly a significant tenant, were to default in its obligations due, the relevant Borrower might experience delays in enforcing its rights and may incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and re-letting the relevant Mortgage Assets. This may affect the ability of the relevant Borrowers to make payments in respect of the Mortgage Receivables.

Risk of having to attract new occupational tenants

It is common in the Dutch commercial property market to offer rent-free periods or to provide a potential tenant with a loan for the purposes of financing the acquisition of office furniture and other fittings in order to attract new tenants. There is therefore a risk that (a) if the relevant Borrower has offered a rent-free period to a proposed new tenant that this may affect its ability to make payments in respect of its Mortgage Receivables and (b) if a Borrower offers to acquire fittings on behalf of new tenants (and to extend loans such tenants finance such acquisitions), such Borrower will not have sufficient resources to pay for such assets or to make such loans.

Risks in connection with lease law

In general, parties are free to agree to any terms relating to the leasing of property. However, there are several mandatory provisions of Dutch law which apply to occupational lease agreements. First, the provisions regarding general contract law apply. Secondly, the provisions of general lease law apply. Finally, there are also provisions specific to the type of lease agreement, to wit, residential, retail (which includes shops, restaurants etc.) or office (which applies to all other types of lease agreements such as lease relating to school buildings, industrial property, office space and sports clubhouses), which also apply. Certain of these provisions may affect the cash flow derived from the relevant Mortgaged Assets or the value of a Mortgaged Asset and are described in more detail below.

General contract law

If a party to a contract believes that circumstances have occurred which are of such nature that the other party (according to certain criteria regarding reasonableness and fairness) could not expect that contract to continue in its current form, that party may, under the *imprévision* provisions of the Dutch Civil Code, apply for a modification of that contract or for that contract to be set aside in whole or in part.

General lease law

If a tenant breaches any of its obligations under a lease agreement (including failure to pay rent), the landlord may not terminate or dissolve the lease agreement without the permission of the Dutch courts. However, if the leased space is completely destroyed, the lease can be dissolved by either party. If the leased space is only partially destroyed, a tenant has the option to dissolve the lease agreement or claim a reduction of the rent.

Residential space

There are no statutory minimum terms for the lease of residential space. Leases are mostly for an indefinite period of time, sometimes with an initial period of one year thereafter to be extended for an indefinite period. There is a complicated system of rules regarding residential lease and rent review. These rules are of mandatory nature. For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is one (1) to three (3) months for the tenant and three (3) to six (6) months for the landlord. If a tenant gives notice of termination of the lease agreement (at the expiry dated of a lease period), the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the

consent of the tenant, it will continue until it is terminated by the appropriate Dutch court. The court will terminate the lease if one of the six situations described in the law occurs. These situations are:

- (a) the tenant did not behave as a good tenant ought to do;
- (b) under certain circumstances if the lease was for a fixed period and it has been explicitly agreed that the tenant will vacate the premises at the end of this term (the specific circumstances are very strict and refer to specific situations in which the landlord or a former tenant is going to occupy the premises itself);
- (c) the landlord has an urgent need to use the property itself (which ground for termination cannot be claimed within three (3) years after the landlord became the owner of the property);
- (d) the tenant does not accept a reasonable offer to enter into a new lease agreement related to the same premises;
- (e) the use for the property is not according to the current zoning plan and the landlord wants to bring the factual situation in line with the zoning plan;
- (f) the tenant leases a part of the premises where the landlord itself is residing and the interests of the landlord outweigh the interests of the tenant.

The landlord can be enforced to accept other persons than the original tenant as co-lessee (in case of marriage, registered partnership or one or more persons running a joined household on a long term basis with the tenant) and can be enforced to continue the lease with these co-lessees particularly after the death of the original tenant.

Retail space

Lease agreements relating to retail space shall be in force for five (5) years. If a longer term is agreed upon, this term shall apply. If parties agreed on a term between two and five (5) years, the lease agreement shall nevertheless be in force for five (5) years. A lease agreement entered into for five (5) years shall continue for another five (5) years automatically, unless terminated on the basis of a limited number of statutory grounds. If parties entered into a lease agreement for a period between five (5) or ten (10) years, the lease agreement shall nevertheless be in force for ten (10) years. The aforementioned provisions do not apply to a lease agreement which is entered into for a maximum period of two (2) years. In practice, most contracts have a lease term of five (5) years with one or more options for the tenant to extend the lease for one or more periods of five (5) years. After ten (10) years the lease will be continued for an indefinite period, unless parties have agreed otherwise. For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is at least one year. If a tenant gives notice of termination of the lease agreement at the expiry date of a lease period, the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, it will continue until it is terminated by the appropriate Dutch court. The court will terminate the lease if one of the four situations described in the law occurs.

These situations are:

- (a) the tenant has not conducted its business as a good tenant ought to have;
- (b) the landlord has an urgent need to use the property itself (which ground for termination cannot be claimed within three (3) years after the landlord became the owner of the property);
- (c) the use of the property is not according to the current zoning plan and the landlord wants to bring the factual situation in line with the zoning plan; and
- (d) the tenant does not accept a reasonable offer to enter into a new lease agreement.

Furthermore, the lessor may terminate the lease agreement after ten (10) years by virtue of the fact that its interest in termination of the lease agreement outweighs the interests of the lessee in continuation of the lease agreement.

The rent will be set for each term. The rent can be adjusted at the end of a lease term or every five (10) years in accordance with the following. If the current rent does not correspond with the rent of comparable leased properties in the area, the tenant and the lessor may request the court to determine a new rent. However, before the parties address the court they must have appointed an expert on valuation, who will advise the court on the review of the rent. If parties fail to reach an understanding on the appointment of an expert, the court will appoint one. The court can decide that the new rent will be increased gradually over a maximum period of five (5) years.

Office space

There are no statutory minimum terms for the lease of office space, nor are there any regulations relating to the rent level or rent reviews. However the Dutch Civil Code does contain mandatory provisions with regard to eviction protection at the end of the lease term.

A lease agreement will terminate at the end of the agreed term or upon termination in accordance with the lease agreement by one of the parties. If the lease ends *ipso iure* at the end of the lease term or if the landlord terminates the lease, the tenant can only be obliged to vacate the leased premises, if it is given notice of eviction by means of a bailiff's notification or a registered letter. The obligation to vacate is subsequently suspended by law for two (2) months as of the date of eviction stated in the notice of eviction. The tenant is not entitled to a suspension of eviction if the lease was terminated by that tenant or if the tenant has expressly agreed to the termination or if the tenant was ordered to evict the leased premises as a result of a breach of its obligations under the lease. If the tenant is entitled to a suspension of the eviction, the tenant may within the abovementioned two month period request the Dutch courts to extend the suspension term. Upon filing of such a request, the obligations to vacate is further suspended after expiry of the initial two month period until a judgment has been given. The Dutch court can extend the suspension term for a period of up to one year. Furthermore, the tenant may extend the suspension term twice more i.e. the suspension term may be extended for a maximum period of three (3) years. The request of the tenant for extension of the suspension term will only be granted by the court, if the eviction would be more seriously damaging to the interests of the tenant than to the interests of the landlord.

Upon suspension of the eviction, the tenant is not required to continue to pay rent at the contractual rate; the parties will be required to agree to a new rate. If the parties cannot agree on a new rate, the court can determine the rate at the request of one of the parties. The amount of rent received by a Borrower under a lease agreement may therefore be reduced. This may affect such Borrower's ability to make payments under the relevant Mortgage Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Insurance risks

Under the Mortgage Loans the Borrowers are obliged to ensure that each Mortgaged Asset is insured on a full reinstatement basis. Although the Mortgage Loans require each Mortgaged Asset to be insured at appropriate levels and against the usual risks, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur at a Mortgaged Asset, the relevant Borrower could suffer disruption of income from the Mortgaged Asset, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Mortgaged Asset. In addition, the Seller relies on the creditworthiness of the insurers providing insurance with respect to the Mortgaged Assets and the continuing availability of insurance to cover the required risks in respect of neither of which assurances can be made.

If any insurance company is not able to meet its obligations under an insurance policy, e.g. in case it is declared bankrupt or has become subject to emergency regulations, this could result in the amounts payable under that insurance policy either not, or only partly, being available to the relevant Borrower, which may ultimately affect the Issuer's ability to make payments under the Notes.

Risk related to CHF Mortgage Loans

Payments on the CHF Mortgage Receivables by the Borrowers are due in Swiss Francs whereas payments on the Notes are due in Euro. As a result, a fluctuation in the exchange rate between the Euro and the Swiss Franc could have an adverse impact on the ability of Borrowers to repay their CHF Mortgage Receivables which in itself could have an impact on the rate of prepayments of CHF Mortgage Loans.

Apart from the general obligation of the Seller to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as CHF Mortgage Loans, on the basis of which offerors of these products have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved ("*ontbonden*") or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such

claims will, to a large extent, depend on the manner in which the product was marketed and the promotional materials provided to the Borrower. Also, depending on the relationship between the Seller and any intermediary involved in the marketing and sale of the product, the Seller may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases if the exchange rate of euro into Swiss Francs decreases.

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

Furthermore, in case of a foreclosure of CHF Mortgage Receivables, the Euro denominated proceeds of such foreclosure, could result in the fact that the proceeds of such foreclosure may not be sufficient to repay the CHF Mortgage Receivables due to fluctuations in the exchange rate between the Euro and the Swiss Franc. This may lead to losses under the Notes.

At the level of the Issuer (part of) this risk has been mitigated by entering into the Currency Swap Agreement with the Currency Swap Counterparty (see paragraph *Currency and Interest Rate Hedging for CHF Mortgage Receivables* under chapter *Credit Structure*).

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

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

RISK FACTORS REGARDING THE NOTES

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

Although as a result of the increase in the margin payable in respect of the floating rate of interest on the Notes, the Issuer will have an incentive to exercise its right to redeem the Notes (other than the Subordinated Class C Notes) on the first Optional Redemption Date or on any Optional Redemption Date thereafter, no guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time subject to Condition 9(b). If the Issuer decides to exercise its right to redeem the Notes (other than the Subordinated Class C Notes) on the first Optional Redemption Date or on any Optional Redemption Date thereafter, the Issuer shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. However, there is no guarantee that such third party will be found to purchase the Mortgage Receivables. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure* below. The Mezzanine Class B Notes can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6(b) and 9(b) in chapter *Terms and Conditions of the Notes* below).

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

Subordination of the Mezzanine Class B Notes and the Subordinated Class C Notes

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

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

Clean-Up Call Option, Regulatory Call Option and Redemption for tax reasons

Should the Seller exercise its Clean-Up Call Option or Regulatory Call Option on any Quarterly Payment Date, the Issuer will redeem all the Notes (other than the Subordinated Class C Notes) by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes (other than the Subordinated Class C Notes) subject to and in accordance with Condition 6(b) and subject to Condition 9(b) on such Quarterly Payment Date. The Issuer will have the option to redeem the Notes upon a Tax Change in accordance with Condition 6(f) and subject to, in the case of the Mezzanine Class B Notes, to Condition 9(b).

Limited Recourse

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant priority of payments as set forth in this Prospectus. The Noteholders and the other Secured Parties shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Life Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Transaction Accounts and (iii) the amounts received under the Relevant Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

Risk related to prepayments on the Mortgage Loans

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, the purchase of any Substitute Mortgage Receivables and repurchase by the Seller of Mortgage Receivables including as a result of a EUR-CHF Switch or a CHF-EUR Switch) on the Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans and the amount of Substitute Mortgage Receivables purchased after the Closing Date. The rate of prepayment of Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience. Variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently and consequently, no assurance can be given that any estimates and assumptions with respect to the average maturity of the Notes will prove in any way to be realistic.

Proposed Changes to the Basel Capital Accord

The Basel Committee on Banking Supervision published on 26 June 2004 the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (the '**Framework**'). The Framework, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. The Framework has been put into effect

for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. The Framework, as published, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of the Framework, as implemented by their own regulator, to their holding of any Notes. The Issuer and the Security Trustee are not responsible for informing Noteholders of the effects on the changes to risk-weighting which will result for investors from the adoption by their own regulator of the Framework (whether or not implemented by them in its current form or otherwise).

Risk related to the limited liquidity of the Notes

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

Limited liquidity in the secondary mortgage market

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

Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor.

In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell the Notes and/or the price an investor receives for the Notes in the secondary market.

Maturity risk

The ability of the Issuer to redeem the Notes, other than the Subordinated Class C Notes, in full on each Optional Redemption Date or, as the case may be, the Notes on the Final Maturity Date and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes. In addition, reference is made to paragraph *Maturity of Mortgage Loans* above.

No gross-up for taxes

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

Changes of law

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

Credit ratings may not reflect all risks

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

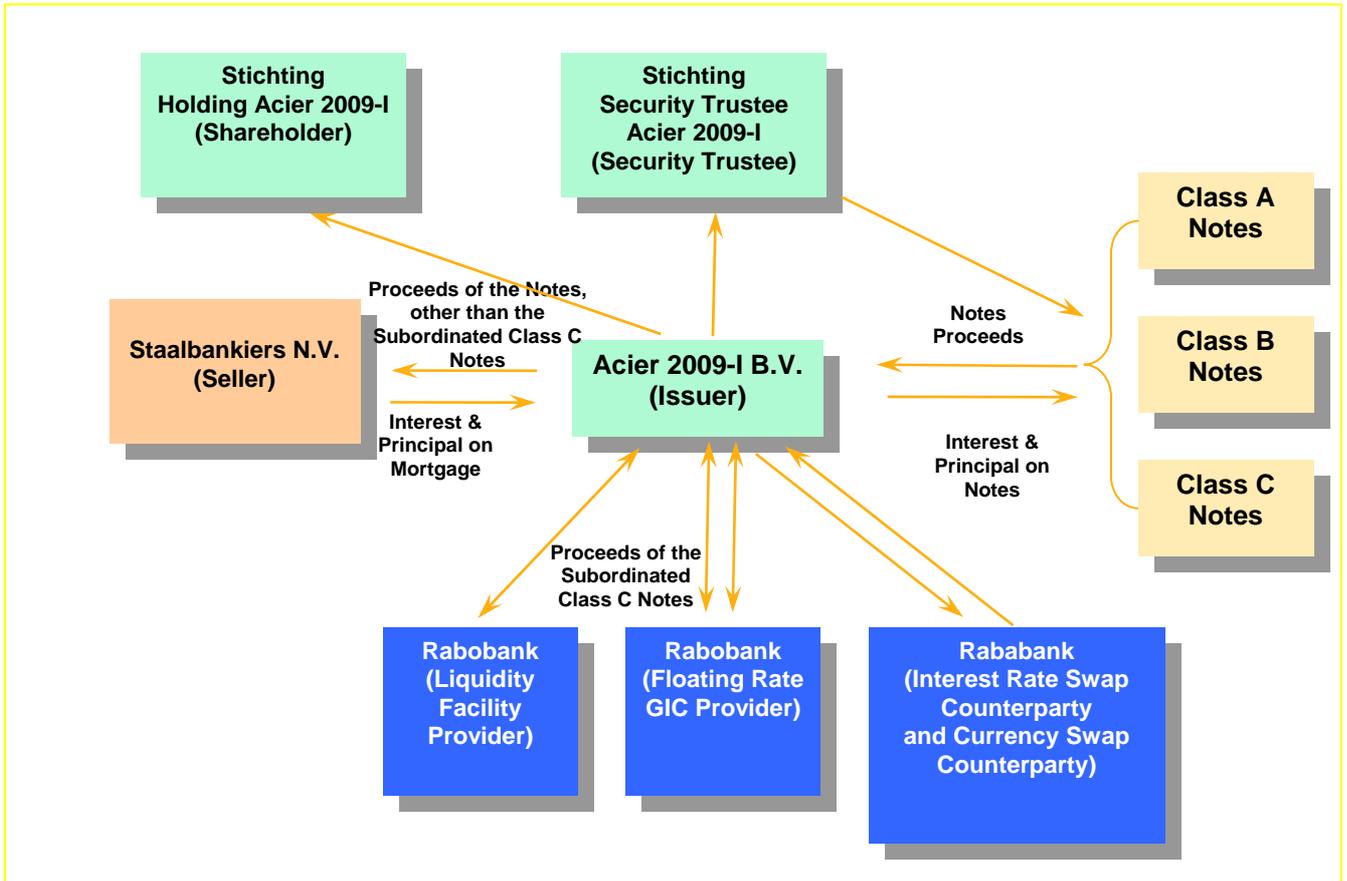
A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Liquidity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

Forecasts and estimates

Forecasts and estimates in this Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

STRUCTURE DIAGRAM

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



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

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

PARTIES:

Issuer:	Acier 2009-I B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") under number B.V. 1506838, having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34307281. The entire issued share capital of the Issuer is owned by the Shareholder.
Seller:	Staalbankiers N.V., incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ") with its registered office in The Hague with the Commercial Register of the Chamber of Commerce of The Hague under number 27030700 (' Staal ').
Security Trustee:	Stichting Security Trustee Acier 2009-I, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register at the Chamber of Commerce of Amsterdam under number 34307615.
Shareholder	Stichting Holding Acier 2009-I, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34306547.
Issuer Administrator :	ATC Financial Services B.V. in its capacity as issuer administrator under the Administration Agreement or its successor or successors.
Pool Servicer :	Staal (in such capacity, the ' Pool Servicer ').
Defaulted Loan Servicer:	Staal (in such capacity, the ' Defaulted Loan Servicer ').
Back-up Servicer:	Achmea Hypotheekbank N.V., incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ") organised under the laws of the Netherlands and established in 's-Gravenhage, the Netherlands (in such capacity, the ' Back-up Servicer ').
Directors:	ATC Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee, having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33226415 and number 33001955, respectively. The Directors and the Issuer Administrator belong to the same group of companies.
Floating Rate GIC Provider:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (' Rabobank '), a co-operative (" <i>coöperatie</i> ") incorporated under the laws of the Netherlands and registered with the Commercial Register of the Chamber of Commerce in

Utrecht under number 30046259. Rabobank is duly licensed to operate as a bank under the Act on Financial Supervision ("*Wet op het financieel toezicht*").

Liquidity Facility Provider:	Rabobank acting in its capacity as liquidity facility provider under the Liquidity Facility Agreement.
Interest Rate Swap Counterparty:	Rabobank, trading as Rabobank International, London Branch (' Rabobank International, London Branch '), acting in its capacity as interest rate swap counterparty under the Interest Rate Swap Agreement.
Currency Swap Counterparty:	Rabobank International, London Branch acting in its capacity as currency swap counterparty under the Currency Swap Agreement. The Interest Rate Swap Counterparty and the Currency Swap Counterparty are referred to as the ' Swap Counterparties ').
Paying Agent:	Rabobank acting in its capacity as paying agent under the Paying Agency Agreement.
Reference Agent:	Rabobank acting in its capacity as reference agent under the Paying Agency Agreement.
Listing Agent:	NCB Stockbrokers Limited.

THE NOTES:

Notes: The euro 391,550,000 floating rate Senior Class A Mortgage-Backed Notes 2009 due 2057 (the '**Senior Class A Notes**'), the euro 137,600,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2009 due 2057 (the '**Mezzanine Class B Notes**') and the euro 5,300,000 floating rate Subordinated Class C Notes 2009 due 2057 (the '**Subordinated Class C Notes**') and together with the Senior Class A Notes and the Mezzanine Class B Notes, the '**Notes**'), will be issued by the Issuer on 20 May 2009 (or such later date as may be agreed between the Issuer and the Manager) (the '**Closing Date**').

The Notes will be issued subject to and in accordance with the Conditions and the Trust Deed.

Issue Price:	The issue prices of the Notes will be as follows: (i) the Senior Class A Notes 100 per cent.; (ii) the Mezzanine Class B Notes 100 per cent.; and (iii) the Subordinated Class C Notes 100 per cent.
Form:	The Notes are in bearer form and in the case of Notes in definitive form, serially numbered with coupons attached.
Denomination:	The Notes will be issued in denominations of euro 50,000.
Status and Ranking:	The Notes of each Class rank <i>pari passu</i> and rateably without any preference or priority among Notes of the same Class. In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are

subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Subordinated 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. See further chapter *Terms and Conditions of the Notes* below.

Interest:

Interest on the Notes is payable by reference to successive floating rate interest periods (each a '**Floating Rate Interest Period**') in respect of the Principal Amount Outstanding (as defined in Condition 6(g)) of each Class of Notes on the first day of such Floating Rate Interest Period and will be payable in arrear on the 25th day of July, October, January and April (or, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th 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 July 2009. The interest will be calculated on the basis of the actual number of days elapsed in a Floating Rate Interest Period divided by a year of 360 days.

A '**Business Day**' means a day on which banks are open for general business in Amsterdam, London and Dublin, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system ('**TARGET 2**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three (3) month deposits in euro (determined in accordance with Condition 4(f)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three month deposits in euro, rounded, if necessary, to the 5th decimal place with 0.00005 being rounded upwards) plus a margin which will be equal to, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A Notes a margin of 0.20 per cent, per annum,
- (ii) for the Mezzanine Class B Notes a margin of 0.25 per cent, per annum, and
- (iii) for the Subordinated Class C Notes a margin of 0.30 per cent, per annum.

Interest Step-up:

If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, the rate of interest applicable to each such Class of Notes will accrue in the Floating Rate Interest Period commencing (and include) on

the first Optional Redemption Date and each Floating Rate Interest Period thereafter at an annual rate equal to the sum of Euribor for three (3) month deposits in euro determined in accordance with Condition 4(e), plus a margin which will be:

- (i) for the Senior Class A Notes, a margin of 0.40 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.50 per cent. per annum; and
- (iii) for the Subordinated Class C Notes, a margin of 0.60 per cent. per annum;

Payment of Principal to Noteholders:

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

- (a) *first*, in or towards satisfaction of principal amounts due in respect of the Senior Class A Notes, until fully redeemed, and
- (b) *second*, in or towards satisfaction of principal amounts due in respect of the Mezzanine Class B Notes, until fully redeemed.

Provided that no Enforcement Notice has been delivered in accordance with Condition 10, the Subordinated Class C Notes will be (partially) redeemed on the Quarterly Payment Date falling in July 2009 and each Quarterly Payment Date thereafter. The amount available for redemption of the Subordinated Class C Notes will be the remaining amount, if any, of the Notes Interest Available Amount after payment of item (a) up to and including (k) of the Interest Priority of Payments. On the Quarterly Payment Date on which the Notes (other than Subordinated Class C Notes) will be redeemed in full, the balance remaining on the credit of the Reserve Account will form part of the Notes Interest Available Amount and the amount remaining after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be applied to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Optional Redemption of the Notes:

On the Quarterly Payment Date falling in April 2013 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem the Notes (other than the Subordinated Class C Notes) at their Principal Amount Outstanding on such date, less in the case of the Mezzanine Class B Notes, the Mezzanine Class B Principal Shortfall (if any) on such date, subject to and in accordance with the Conditions. See paragraph *Sale of Mortgage Receivables* below.

Any amounts remaining after the Notes, other than the Subordinated Class C Notes, have been redeemed in full, shall form part of the Notes Interest Available Amount and

the amount remaining after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Final Maturity Date for the Notes:

Unless previously redeemed, the Issuer will redeem the Notes, and in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes, subject to Condition 9(b), at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in April 2057 (the '**Final Maturity Date**').

Withholding Tax:

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

Redemption for tax reasons:

If the Issuer (a) is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of the Notes as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a '**Tax Change**') and (b) will have sufficient funds available on such Quarterly Payment Date to discharge all its liabilities in respect of the Notes other than the Subordinated Class C Notes and any amounts required to be paid in priority or *pari passu* with the Notes in accordance with the Trust Deed, the Issuer has the option to redeem the Notes, other than the Subordinated Class C Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding subject to and in accordance with Condition 6(f) and, in respect of the Mezzanine Class B Notes, Condition 9(b). No Class of Notes, other than the Subordinated Class C 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. See further *Sale of Mortgage Receivables* below.

Any amounts remaining after the Notes, other than the Subordinated Class C Notes, have been redeemed in full

subject to and in accordance with Clause 6(f) and, in respect of the Mezzanine Class B Notes, Condition 9(b), shall form part of the Notes Interest Available Amount and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Clean-Up Call Option:

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

The Issuer will undertake in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Clean-Up Call Option. If the Seller exercises its Clean-Up Call Option, then the Issuer will redeem the Notes, other than the Subordinated Class C Notes, by applying the proceeds of the sale of the Mortgage Receivables towards redemption of such Notes subject to and in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class B Notes, Condition 9(b). The purchase price will be calculated as set out in *Sale of Mortgage Receivables* below.

Any amounts remaining after the Notes, other than the Subordinated Class C Notes, have been redeemed in full, as a result of the Issuer exercising the Clean-Up Call Option shall form part of the Notes Interest Available Amount and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Regulatory Call Option:

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the '**Regulatory Call Option**').

The Issuer will undertake in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as set out in *Sale of Mortgage Receivables* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes, other than the Subordinated Class C Notes, by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes subject to and in accordance with Conditions 6(b) and subject to, in respect of the Mezzanine Class B Notes, Condition 9(b).

Any amounts remaining after the Notes, other than the Subordinated Class C Notes, have been redeemed in full, as a result of the Issuer exercising the Regulatory Call Option shall form part of the Notes Interest Available Amount and the amount remaining after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest on the Notes will be made in euros through Euroclear Netherlands for the credit of the respective accounts of the Noteholders (see further chapter *Global Notes*).

Use of proceeds:

The Issuer will use the proceeds from the issue of the Notes, other than the Subordinated Class C Notes, to pay to the Seller the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated 18 May 2009 (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. See further chapter *Mortgage Receivables Purchase Agreement*. The proceeds of the issue of the Subordinated Class C Notes will be credited to the Reserve Account.

Security for the Notes:

The Notes will be secured (i) by a first ranking pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables and (b) the Life Beneficiary Rights and (ii) by a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement, (b) against the Pool Servicer, the Defaulted Loan Servicer, the Issuer Administrator and the Back-up Servicer under or in connection with the Administration Agreement, (c) against the Interest Rate Swap Counterparty under or in connection with the Interest Rate Swap Agreement, (d) against the Currency Swap Counterparty under or in connection with the Currency Swap Agreement, (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC, (f) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement, (g) against the Seller under the Potential Set-Off Reserve Subordinated Loan Agreement and (h) in respect of the Transaction Accounts.

After the delivery of an Enforcement Notice in accordance with Condition 10, the amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement upon enforcement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement (see chapters *Credit Structure* and *Description of Security*).

Parallel Debt Agreement:

On the Closing Date, the Issuer and the Security Trustee will

enter into a parallel debt agreement (the '**Parallel Debt Agreement**') for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements. For a more detailed description see chapter *Description of Security*.

THE MORTGAGE RECEIVABLES:

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights of the Seller in respect of loan parts against certain borrowers (the '**Borrowers**') under or in connection with certain pre-selected Mortgage Loans (the '**Mortgage Receivables**' which will include upon the purchase of any Substitute Mortgage Receivables, such Substitute Mortgage Receivables). The Issuer will be entitled to all interest amounts (including penalty interest) and all principal amounts and pre-payment penalties becoming due in respect of the Mortgage Receivables from and including the Cut-Off Date. The Seller has the benefit of the Life Beneficiary Rights which entitle the Seller to receive the final payment under the relevant Life Insurance Policies, which payment is to be applied towards redemption of certain of the Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign such Life Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

Purchase of Substitute Mortgage Receivables:

The Mortgage Receivables Purchase Agreement will provide that the Issuer will use on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the first Optional Redemption Date, provided that no Enforcement Notice has been served in accordance with Condition 10, the Substitution Available Amount to purchase from the Seller mortgage receivables (the '**Substitute Mortgage Receivables**') subject to the fulfilment of certain conditions and to the extent offered by the Seller. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be the sum of an initial purchase price, being the Outstanding Principal Amount in respect of such Substitute Mortgage Receivables on the first day of the month wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Substitute Mortgage Receivables. On the relevant Quarterly Payment Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price and deposited on the Construction Account (see further chapter *Mortgage Receivables Purchase Agreement*).

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by (a) a first or second or a sequentially lower-ranking mortgage right over (i) a real property

("onroerende zaak") or (ii) an apartment right ("appartementsrecht") and together with real property and apartment rights, the '**Mortgaged Assets**', situated in the Netherlands, (b) the Borrower Pledges, (c) the Other Collateral and (d) any other security interest ("zekerheidsrecht") (the security rights mentioned under (a) (b) and (c) together the '**Security Rights**') and entered into by the Seller and the relevant Borrowers which meet certain criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in case of loans relating to Substitute Mortgage Receivables, prior to or on the relevant Quarterly Payment Date (the '**Mortgage Loans**').

The Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of any of the following types of redemption:

- (a) interest-only mortgage loans ("*aflossingsvrije hypotheek*");
- (b) annuity mortgage loans ("*annuïteiten hypotheek*");
- (c) linear mortgage loans ("*lineaire hypotheek*");
- (d) investment mortgage loans ("*beleggingshypotheek*");
- (e) life mortgage loans ("*levenhypotheek*"); or
- (f) combinations of any of these types of mortgage loans ("*combinatiehypotheek*").

With respect to Mortgage Loans consisting of one or more of such loan parts, the Seller does not necessarily sell and assign all loan parts of such Mortgage Loan to the Issuer. See further chapter *Description of Mortgage Loans* below.

EUR Mortgage Loans:

A portion of the Mortgage Loans will be denominated in Euro ('**EUR Mortgage Loans**'). Under a EUR Mortgage Loan, payments of interest and principal by the Borrowers will be made in EUR. The Mortgage Receivables relating to the EUR Mortgage Loans will hereinafter be referred to as the "**EUR Mortgage Receivables**".

CHF Mortgage Loans:

A portion of the Mortgage Loans will be denominated in CHF ('**CHF Mortgage Loans**'). Under a CHF Mortgage Loan, payments of interest and principal by the Borrowers will be made in Swiss Francs. The Mortgage Receivables relating to the CHF Mortgage Loans will hereinafter be referred to as the "**CHF Mortgage Receivables**".

Interest-only Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of interest-only mortgage loans ("*aflossingsvrije hypotheek*") ('**Interest-only Mortgage Loans**'). Under an Interest-only Mortgage Loan, the Borrower is not required to pay principal towards redemption of the Interest-only Mortgage Loan until maturity of such Interest-only Mortgage Loan.

Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans ("*annuïteiten hypotheek*") ('**Annuity Mortgage Loans**'). Under an Annuity Mortgage Loan, the Borrower pays a constant total

monthly payment (subject to changes in the prevailing rate of interest), made up of an initially larger and subsequently decreasing interest portion and an initially small and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

Linear Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans ("*lineaire hypotheek*", hereinafter '**Linear Mortgage Loans**'). Under a Linear Mortgage Loan, the Borrower pays a decreasing monthly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at the maturity of such Linear Mortgage Loan.

Investment Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of investment-based mortgage loans ("*beleggingshypotheek*", hereinafter '**Investment Mortgage Loans**'). Under an Investment Mortgage Loan, the Borrower repays the principal in full at maturity with funds which have been accumulated through investments. The Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying his own funds or (part of) the proceeds of the Investment Mortgage Loan by means of an '**Investment Account**' through an Investment Firm in certain portfolios of investments (the '**Investment Portfolios**'). The Seller has represented that under the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises.

With respect to Options forming part of an Investment Portfolio, the Issuer has been informed that on the Cut-Off Date, only a small part of the Borrowers have Options and that Options are not due and payable unless the relevant Borrower is entitled to exercise such Options (see *Set-off by borrowers may affect the proceeds of the Notes*).

Life Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of life mortgage loans ("*levenhypotheek*", hereinafter '**Life Mortgage Loans**'), which have the benefit of combined risk and capital insurance policies (the '**Life Insurance Policies**') taken out by Borrowers in connection with such Life Mortgage Loan with any life insurance company established in the Netherlands, (such life insurance companies, each a '**Life Insurance Company**'). Under a Life Mortgage Loan a Borrower pays no principal towards redemption until maturity of such Life Mortgage Loan. The Seller has the benefit of the Borrower Insurance Pledge. The Mortgage Receivables resulting from the Life Mortgage

Loans will hereinafter be referred to as the '**Life Mortgage Receivables**'. See further Chapters *Risk factors* and *Description of the Mortgage Loans*.

Construction Amounts:

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold on deposit part of an EUR Mortgage Loan to be paid out for the building or improvements of the Mortgaged Assets (together with accrued interest, the '**Construction Amount**'). Such amounts are deposited on an account with the Seller which is pledged to the Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables, on the relevant Quarterly Payment Date. Such amount will be deposited on the Construction Account. On each Quarterly Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amount and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

The Construction Amounts are usually paid out within twelve (12) months. Incidentally, the Seller pays out the Construction Amounts after a period of twelve (12) months. Upon the expiry of a period of twelve (12) months or as otherwise agreed between the Seller and the Borrower, the remaining Construction Amount will be set-off against the relevant EUR Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts standing to the balance of the Construction Account will be used for redemption of the Notes in accordance with Condition 6(b). If an Assignment Notification Event set out under (c) and/or (d) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. See further *Mortgage Receivables Purchase Agreement*.

Repurchase of Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, the Seller will undertake to repurchase and accept re-assignment of a Mortgage Receivable sold and assigned by it:

- (i) on the 12th day of each calendar month (each a 'Mortgage Payment Date') immediately following the expiration of the relevant remedy period (as provided in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect;

- (ii) on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the Mortgage Loan to which such Mortgage Receivable relates as a result of which the relevant Mortgage Loan no longer meets the Mortgage Loan Criteria and the representations and warranties of the Mortgage Receivables Purchase Agreement and certain other criteria set out in the Mortgage Receivables Purchase Agreement and/or the Administration Agreement (a '**Mortgage Loan Amendment**'), unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan. In such events the Seller shall not repurchase the relevant Mortgage Receivable; and
- (iii) on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to switch a EUR Mortgage Loan into a CHF Mortgage Loan (a '**EUR-CHF Switch**') or to switch a CHF Mortgage Loan into a EUR Mortgage Loan (a '**CHF-EUR Switch**').

Sale of Mortgage Receivables:

General

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (some of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Except if differently set out below, the Seller will pay a purchase price equal to the purchase price a third party would be willing to pay for the Mortgage Receivables.

Sale of Mortgage Receivables on an Optional Redemption Date

In case of sale and assignment of Mortgage Receivables on an Optional Redemption Date, the purchase price of the Mortgage Receivables shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, except that, with respect to Mortgage Loans which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of A) the sum of (a) an amount equal to the sum of (i) the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, (ii) the amount equal to the value of the Borrower Pledges (excluding the

share of the Seller in respect of the Borrower Investment Pledge) and (iii) the amount equal to the value of the Other Collateral and (B) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

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

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out above under *Sale of Mortgage Receivables on an Optional Redemption Date* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Clean-Up Call Option increased with any reasonable costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (but not some only), except for the Subordinated Class C Notes, in accordance with Condition 6(b) and subject to, in the case of the Mezzanine Class B Notes, Condition 9(b).

Sale of Mortgage Receivables for tax reasons

If the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to, in the case of the Mezzanine Class B Notes, Condition 9(b).

Sale of Mortgage Receivables if the Regulatory Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The purchase price of the Mortgage Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables and any reasonable costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes, other than the Subordinated Class C Notes, in accordance with Condition 6(b) and subject to, in the case of the Mezzanine Class B Notes, Condition 9(b).

Co-held Security Rights:

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-held rights. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) have agreed that in case of foreclosure the share ("aandeel") in each co-held Security Right of the Security Trustee and/or the Issuer, other than a Borrower Investment Pledge, will be equal to the Outstanding Principal Amount in respect of the

relevant Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any. In respect of each co-held Borrower Investment Pledge, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("aandeel") in each co-held Borrower Investment Pledge of the Seller will be equal to the Other Claims held by the Seller, if any, and the share of the Issuer and/or the Security Trustee will be equal to the proceeds of the foreclosure to the Borrower Investment Pledge less the amount of the Other Claims, if any. Moreover, it is agreed in the Mortgage Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these arrangements or if any of such arrangement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Quarterly Calculation Period. Such compensation will be paid by the Seller forthwith. (see also chapter *Risk Factors* above).

**Potential Set-Off Reserve
Subordinated Loan Agreement:**

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the '**Potential Set-Off Reserve Subordinated Loan Agreement**') with the Seller. Pursuant to the Potential Set-Off Reserve Subordinated Loan Agreement, the Issuer will be entitled to make drawings under the Potential Set-Off Reserve Subordinated Loan Agreement in an amount equal to the positive difference between the Potential Set-Off Reserve Account Required Amount and the balance standing to the credit of the Potential Set-Off Reserve Account and to deposit such amount in the Potential Set-Off Reserve Account, until such time as the Senior Class A Notes have been redeemed in full.

CASH FLOW STRUCTURE

Floating Rate GIC:

The Issuer and the Floating Rate GIC Provider will enter into a floating rate 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 EONIA or, as the case may be, CHF overnight LIBOR, on the balance standing to the credit of the Transaction Accounts from time to time.

Issuer Collection Accounts:

The Issuer shall maintain with the Floating Rate GIC Provider (i) an account to which all amounts of interest, prepayment penalties, interest penalties and principal received under the EUR Mortgage Receivables will be transferred by the Pool Servicer (the '**EUR Issuer Collection Account**') and (ii) an account to which all amounts of interest, prepayment penalties, interest penalties and principal received under the CHF Mortgage Receivables will be transferred by the Pool Servicer (the '**CHF Issuer**

Collection Account' and together with the EUR Issuer Collection Account, the **'Issuer Collection Accounts'**), all in accordance with the Administration Agreement, and together with the Reserve Account, the Potential Set-Off Reserve Account and the Construction Account, the **'Transaction Accounts'**).

Liquidity Facility Agreement:

On the Closing Date, the Issuer will enter into a liquidity facility agreement with a maximum term of 364 days with the Liquidity Facility Provider (the **'Liquidity Facility Agreement'**) where under the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Any drawing made under the Liquidity Facility Agreement (other than a Liquidity Facility Stand-by Drawing) will be debited from an account maintained with the Liquidity Facility Provider (the **'Liquidity Facility Account'**) and credited to the EUR Issuer Collection Account. If, at any time, the Issuer will be required to make a Liquidity Facility Stand-by Drawing, the Issuer shall credit such amount to an account (the **'Liquidity Facility Stand-by Account'**) held with the Floating Rate GIC Provider. See further chapter *Credit Structure* below.

Reserve Account:

On the Closing Date the Issuer will pay the proceeds of the Subordinated Class C Notes into an account (the **'Reserve Account'**), held by the Issuer with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) to (g) (inclusive) in the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date in the event that the Notes Interest Available Amount on any Quarterly Payment Date, exceeds the aggregate amounts payable under items (a) to (g) (inclusive) in the Interest Priority of Payments, such excess amount will be used to deposit on or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The **'Reserve Account Required Amount'** shall on any Quarterly Payment Date be equal to 1.00 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date or zero, on the Quarterly Payment Date whereon the Senior Class A Notes have been or are to be redeemed in full, in accordance with the Conditions. Upon the Reserve Account Required Amount becoming zero, any remaining balances standing to the credit of the Reserve Account will form part of the Notes Interest Available Amount and, after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

Potential Set-Off Reserve Account:

Set-Off Reserve

On the Closing Date the Issuer will establish a potential set-off reserve fund by crediting the net proceeds of the Potential Set-Off Reserve Subordinated Loan to an account (the **'Potential Set-Off Reserve Account'**), held with the Floating Rate GIC Provider. The **'Potential Set-Off Reserve Account Required Amount'** shall on any

Quarterly Payment Date, calculated as at any Quarterly Calculation Date, be equal to (a) the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the relevant Quarterly Payment Date and (ii) the Potential Set-Off Amount on the Closing Date less EUR 19,900,000, and (y) zero, and (b) zero, in case the Senior Class A Notes have been redeemed in full. The Issuer shall, on any Quarterly Payment Date, have the right to make drawings from the Potential Set-Off Reserve Account if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it on the relevant Quarterly Payment Date not received the full amount due but unpaid in respect of any Mortgage Receivable(s) and the Seller has not reimbursed the Issuer for such amount (see *Mortgage Receivables Purchase Agreement* below). The balance standing to the credit of the Potential Set-Off Reserve Account will, subject to the relevant Priority of Payments, be available for payments in respect of the Notes.

Construction Account:

The Issuer shall also maintain with the Floating Rate GIC Provider an account (the '**Construction Account**') to which on the Closing Date and, in relation to the purchase of any Substitute Mortgage Receivables, on any Quarterly Payment Date an amount corresponding to the aggregate Construction Amounts will be credited. The Construction Account will only be debited for (i) payments for the benefit of the Seller upon Construction Amounts being paid out to or on behalf of the Borrowers and (ii) transfer to the EUR Issuer Collection Account in case the Issuer has no obligation to pay any further part of the Initial Purchase Price. For this purpose a '**Construction Amount**' means such part of a Mortgage Loan that at the request of the relevant Borrower is withheld by the Seller on deposit to be paid out for the building or improvements of the Mortgaged Asset.

Interest Rate Swap Agreement:

On or before the Closing Date, the Issuer will enter into an ISDA Master Agreement (which shall include a schedule attached thereto and a swap confirmation evidencing the transaction thereunder and a credit support annex) with the Interest Rate Swap Counterparty (the '**Interest Rate Swap Agreement**') to mitigate the risk between the interest to be received by the Issuer on (a) the EUR Mortgage Receivables and the interest received on the EUR Issuer Collection Account and (b) the floating rate of interest payable by the Issuer on the Notes (as described in chapter *Credit Structure* under *Interest Rate Hedging in respect of the EUR Mortgage Receivables* below).

Currency Swap Agreement:

On or before the Closing Date, the Issuer will enter into an ISDA Master Agreement (which shall include a schedule attached thereto and a swap confirmation evidencing the transaction thereunder and a credit support annex) with the Currency Swap Counterparty (the '**Currency Swap Agreement**', and together with the Interest Rate Swap Agreement, the '**Swap Agreements**') to mitigate the currency risk between the cashflows on the Mortgage Loans in **CHF** to be received by the Issuer on the Mortgage Receivables and the payments in Euro to be made by the

Issuer on the Notes (see chapter *Credit Structure* under *Hedging Agreements* below).

OTHER:

Administration Agreement:	Under the terms of an administration agreement to be entered into on the Closing Date (the ' Administration Agreement ') between the Issuer, the Pool Servicer, the Defaulted Loan Servicer, the Issuer Administrator, the Back-up Servicer and the Security Trustee, (i) the Pool Servicer will agree to provide administration and management services and the other services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans (the ' Pool Services ') and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further <i>Mortgage Loan Underwriting and Mortgage Servicing</i> below) (the ' Defaulted Loan Services ') and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Notes. Furthermore, in the Administration Agreement, the Back-up Servicer has agreed to replace the Pool Servicer and the Defaulted Loan Servicer and to perform the Pool Services and the Defaulted Loan Services, respectively, subject to the condition precedent (" <i>opschortende voorwaarde</i> ") of the occurrence of any termination event in respect of the Pool Servicer and the Back-up Servicer being duly licenced under the Act on Financial Supervision.
Management Agreements:	Each of the Issuer, the Security Trustee and the Shareholder have entered into a management agreement (together the ' Management Agreements ') with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee or the Shareholder, respectively, and to perform certain services in connection therewith.
Risk Factors:	There are certain factors which may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. Both these factors are described in <i>Risk Factors</i> in this Prospectus.
Listing:	Application has been made for the Notes to be listed on the Irish Stock Exchange.
Rating:	It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an AAA rating by Fitch Ratings Ltd (' Fitch '). The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated.
Settlement:	Euroclear Netherlands.

Selling Restrictions:

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

Governing Law:

The Notes will be governed by and construed in accordance with the laws of the Netherlands.

CREDIT STRUCTURE

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

Mortgage Loan Interest Rates

The interest rate of each of the Mortgage Receivables sold and assigned to the Issuer on the Closing Date is either fixed, subject to reset from time to time, or variable. On the Cut-Off Date, the weighted average interest rate of the Mortgage Loans is expected to be 3.05 per cent. per annum. Interest rates vary between the individual Mortgage Loans (as further described in chapter *Description of Mortgage Loans*).

The actual amount of revenue received by the Issuer under the Mortgage Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of delinquencies, defaults, substitutions, repayments and prepayments in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor, CHF LIBOR and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations could lead to drawings, and the replenishment of such drawings, from the Reserve Account and under the Liquidity Facility and to non-payment of certain items under the Interest Priority of Payments.

Cash Collection Arrangements

Payments by the Borrowers under the Mortgage Loans are due and payable on any day of the month, with interest being payable in arrear. All payments made by Borrowers will be paid into a collection account in the name of the Seller (the '**Seller Collection Account**'). The Seller Collection Account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to the Seller.

Pursuant to the Mortgage Receivables Purchase Agreement on each day of the calendar month or if this is not a business day the next succeeding business day the Seller, or the Pool Servicer on its behalf, shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller on the day immediately preceding such day in respect of the Mortgage Receivables to the relevant Issuer Collection Account in accordance with the Administration Agreement.

For these purposes a '**Mortgage 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 such calendar month except for the first Mortgage Calculation Period which will commence on (and include) the Cut-Off Date and end on (and include) the last day of May 2009.

Transaction Accounts

Issuer Collection Accounts

The Issuer will maintain with the Floating Rate GIC Provider the EUR Issuer Collection Account and the CHF Issuer Collection Account.

On the EUR Issuer Collection Account all amounts received (i) in respect of the EUR Mortgage Receivables and (ii) from the other parties to the Relevant Documents to the extent denominated in euro, will be paid. On the CHF Issuer Collection Account all amounts received in respect of the CHF Mortgage Receivables will be paid.

The Issuer Administrator will identify all amounts paid into the relevant Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received during a Mortgage Calculation Period in respect of the Mortgage Receivables will be identified as principal or revenue receipts and credited to a principal ledger or a revenue ledger, as the case may be ultimately on the 11th day of the immediately succeeding calendar month (each a "**Mortgage Calculation Date**").

Payments may only be made from any of the Issuer Collection Accounts other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and under obligations incurred in connection with the Issuer's business and (ii) any Relevant Tax Credit.

Construction Account

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

Reserve Account

The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account. The net proceeds of the Subordinated Class C Notes will be credited to the Reserve Account.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (g) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility Agreement.

If and to the extent that the Notes Interest Available Amount on any Quarterly Payment Date exceeds the amounts required to meet items ranking higher than item (h) of the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up the Reserve Account as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The '**Reserve Account Required Amount**' shall on any Quarterly Payment Date be equal to 1.00 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date or zero, on the Quarterly Payment Date whereon the Senior Class A Notes have been or are to be redeemed in full, in accordance with the Conditions.

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

On the Quarterly Payment Date on which the Senior Class A Notes have been redeemed in full, the balances remaining on the credit of the Reserve Account will form part of the Notes Interest Available Amount and after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be applied to redeem or partially redeem, as the case may be, any Mezzanine Class B Notes and any Subordinated Class C Notes still outstanding on such date.

Potential Set-Off Reserve Account

The Issuer will also maintain with the Floating Rate GIC Provider the Potential Set-Off Reserve Account to which drawings from time to time under the Potential Set-Off Reserve Subordinated Loan Agreement (the '**Potential Set-Off Reserve Subordinated Loan**') will be credited.

The balance standing to the credit of the Potential Set-Off Reserve Account will be available to the Issuer on any Quarterly Payment Date if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it during the immediately preceding Quarterly Calculation Period and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid on in respect of any Mortgage Receivable(s) (the '**Set-Off Amount**'). This will be accounted for as a Realised Loss. In the case of CHF Mortgage Receivables, such amount is converted in Euro's by multiplying the amount in CHF with the EUR-CHF Exchange Rate (see *Principal Deficiency Ledger* below).

The '**Potential Set-Off Reserve Account Required Amount**' shall on any Quarterly Payment Date be, as calculated as at any Quarterly Calculation Date, equal to (a) the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the relevant Quarterly Payment Date

and (ii) the Potential Set-Off Amount on the Closing Date less EUR 19,900,000, and (y) zero, and (b) zero, in case the Senior Class A Notes have been redeemed in full.

The '**Potential Set-Off Amount**' shall, on any Quarterly Payment Date, be equal to:

- (i) prior to the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
 - (a) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Options held by the Borrower of the relevant Mortgage Receivable(s) with the Seller on the last day of the immediately preceding Quarterly Calculation Period; and
 - (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Quarterly Calculation Period, and
- (ii) after the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:
 - (a) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Options held by such Borrower with the Seller on the last day of the immediately preceding Quarterly Calculation Period;
 - (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Quarterly Calculation Period; and
 - (c) the aggregate amount standing to the credit of each current-account or deposit and the aggregate amount of any Options held by such Borrower with the Seller on the date the relevant Borrower is notified of the assignment of the Mortgage Receivable(s) to the Issuer.

For the purpose of calculating the Potential Set-Off Amount in respect of a CHF Mortgage Receivable, the amounts under (i) and (ii) above will be converted into a euro amount by multiplying the amount in CHF by the quotient of the exchange rate as on the last day of the immediately preceding Quarterly Calculation Period and the EUR-CHF Exchange Rate. '**Options**' means, on any date, the market value of all options held by the Borrowers with the Seller on such date.

The Pool Servicer will calculate and the Issuer Administrator will include the Potential Set-Off Amount in the quarterly investor report on a quarterly basis.

To the extent that the balance standing to the credit of the Potential Set-Off Reserve Account on any Quarterly Payment Date exceeds the Potential Set-Off Reserve Account Required Amount, such excess shall be drawn from the Potential Set-Off Reserve Account and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date and, subject to the Interest Priority of Payments, be available to repay the Potential Set-Off Reserve Subordinated Loan.

If at any time the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider falls below F1 by Fitch (the '**Short Term Requisite Rating**'), the Issuer will be required within thirty (30) calendar days of such reduction or withdrawal of such rating to (i) transfer the balance standing to the credit of the Transaction Accounts to an alternative bank with the required minimum rating or (ii) implement any other actions to maintain the then current rating assigned to the Senior Class A Notes.

If any collateral in the form of cash is provided by any of the Swap Counterparties to the Issuer, the Issuer will be required to open a separate account in which such cash provided by any of the Swap Counterparties will be held. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities provided by any of the relevant Swap Counterparty will be held. No payments or deliveries may be made in respect of such accounts other than in relation to the provision of collateral or the return of Relevant Excess Swap Collateral, unless pursuant to the termination of the relevant Swap Agreement, an amount is owed by the relevant Swap Counterparty to the Issuer, in which case, the collateral may be applied in accordance with the Trust Deed. Such account will therefore not be subject to a security right in favour of the Security Trustee. See further *Hedging Agreements* below.

'Relevant Excess Swap Collateral' means, in respect of a Swap Agreement, an amount equal to the value of any collateral transferred to the Issuer by the relevant Swap Counterparty under the relevant Swap Agreement that is in excess of such Swap Counterparty's liability to the Issuer thereunder (i) as at the date such Swap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of such Swap Agreement.

Any amounts remaining on such accounts upon termination of a Swap Agreement which are not owed to the Issuer by the relevant Swap Counterparty shall be transferred directly to such Swap Counterparty on the termination date under the relevant Swap Agreement. The same applies for any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction obtained by the Issuer relating to any deduction or withholding giving rise to a payment made by the relevant Swap Counterparty in accordance with the relevant Swap Agreement, the cash benefit in respect of which shall be paid by the Issuer to such Swap Counterparty pursuant to the terms of the relevant Swap Agreement (**'Relevant Tax Credit'**).

Any Relevant Excess Swap Collateral will be returned to the relevant Swap Counterparty outside any Priority of Payments and will not be available for the distribution of any amounts due to the Noteholders or the other Secured Parties.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, on each Quarterly Calculation Date the sum of the following amounts, as being received or held by the Issuer during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date will be calculated:

- A. in respect of amounts in CHF:
 - (i) as interest on the CHF Mortgage Receivables;
 - (ii) as interest accrued on the CHF Issuer Collection Account;
 - (iii) as prepayment penalties and interest penalties under the CHF Mortgage Receivables;
 - (iv) as Net Proceeds on any CHF Mortgage Receivables to the extent such proceeds do not relate to principal;
 - (v) as amounts received in connection with a repurchase of CHF Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received in CHF pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal;
 - (vi) as amounts received in connection with a sale of CHF Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal; and
 - (vii) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class C Notes, will be or have been redeemed in full, any remaining amounts standing to the credit of the CHF Issuer Collection Account after all amounts of interest and principal due in respect of the Notes, other than the Subordinated Class C Notes, have been paid in full to the extent not included in items (i) up to and including (vi).

(item (i) up to and including item (vii) the **'CHF Notes Interest Available Amount'**);

- B. in respect of amounts in EUR:
 - (i) as interest on the EUR Mortgage Receivables;
 - (ii) as interest accrued on the Transaction Accounts other than the CHF Issuer Collection Account;
 - (iii) as prepayment penalties and interest penalties under the EUR Mortgage Receivables;
 - (iv) as Net Proceeds on any EUR Mortgage Receivables to the extent such proceeds do not relate to principal;
 - (v) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
 - (vi) as amounts to be drawn from the Potential Set-Off Reserve Account, including any Set-Off Amount, on the immediately succeeding Quarterly Payment Date;
 - (vii) as amounts to be drawn under the Liquidity Facility (other than a Liquidity Facility Stand-by Drawing) and to be debited from the Liquidity Facility Account on the immediately succeeding Quarterly Payment Date;

- (viii) as amounts to be received from the Interest Swap Counterparty under the Interest Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Interest Swap Agreement,
- (ix) as amounts to be received in euro from the Currency Swap Counterparty under the Currency Swap Agreement on the immediately succeeding Quarterly Payment Date to the extent relating to interest, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Currency Swap Agreement;
- (x) as amounts received in connection with a repurchase of EUR Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received in Euro pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (xi) as amounts received in connection with a sale of EUR Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (xii) as amounts received as post-foreclosure proceeds on all Mortgage Receivables; and
- (xiii) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class C Notes, will be or have been redeemed in full, any remaining amounts standing to the credit of the EUR Issuer Collection Account after all amounts of interest and principal due in respect of the Notes, other than the Subordinated Class C Notes, have been paid in full to the extent not included in items (i) up to and including (xii), less
- (xiv) on the first Quarterly Payment Date of each year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual operational expenses in the immediately preceding calendar year in accordance with item (a) of the Interest Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities and (ii) an amount of euro 2,500.

(item (i) up to and including item (xiv) the **'EUR Notes Interest Available Amount'** and together with the CHF Notes Interest Available Amount the **'Notes Interest Available Amount'**

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

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of 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 of, *pro rata* and *pari passu*, an administration fee and all costs and expenses due and payable to the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, according to the respective amounts thereof, (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such taxes cannot be paid out of item (xiv) of the Notes Interest Available Amount) and the fees and expenses of Fitch and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (ii) amounts due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (iii) fees due under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility and to be credited to the Liquidity Facility Account, but excluding fees due under the Liquidity Facility and payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (n) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Account;
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of amounts, if any, due but unpaid under the Interest Swap Agreement and the Currency Swap Agreement (except for any termination payment due or payable as a result of the occurrence of an Event of Default where the Interest Swap Counterparty and/or Currency Swap

Counterparty, as the case may be, is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Interest Swap Counterparty and/or Currency Swap Counterparty, as the case may be, including a Settlement Amount (as such terms are defined in the relevant Swap Agreement) (an '**Interest Swap Counterparty Default Payment**' or a '**Currency Swap Counterparty Default Payment**', as the case may be) and excluding, for the avoidance of doubt, any amount relating to Relevant Excess Swap Collateral and Tax Credit;

- (f) *sixth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (j) *tenth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (k) *eleventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Class C Notes;
- (l) *twelfth*, in or towards satisfaction of any principal under the Subordinated Class C Notes;
- (m) *thirteenth*, in or towards satisfaction of, *pro rata*, within the Interest Swap Counterparty Default Payment payable to the Interest Swap Counterparty under the terms of the Interest Swap Agreement and/or of the Currency Swap Counterparty Default Payment payable to the Currency Swap Counterparty under the terms of the Currency Swap Agreement excluding, for the avoidance of doubt, any amount relating to Relevant Excess Swap Collateral and Relevant Tax Credit;
- (n) *fourteenth*, 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;
- (o) *fifteenth*, in or towards satisfaction of interest due under the Potential Set-Off Reserve Subordinated Loan;
- (p) *sixteenth*, in or towards satisfaction of any principal due under the Potential Set-Off Reserve Subordinated Loan; and
- (q) *seventeenth*, in or in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received or held during the immediately preceding Quarterly Calculation Period (items (i) up to and including (xi) hereinafter referred to as the '**Notes Redemption Available Amount**')

- (i) as repayment and prepayment (whether in part or in full) of principal under the Mortgage Receivables, but excluding prepayment penalties;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase or sale of Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Administration Agreement;
- (vi) the euro amount equal to the CHF Principal Available Amount multiplied by the EUR-CHF Exchange Rate to be received from the Currency Swap Counterparty on the immediately

- (vii) succeeding Quarterly Payment Date under the Currency Swap Agreement;
- (viii) as amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;
- (ix) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes, other than the Subordinated Class C Notes, on the Closing Date over (b) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date; and
- (x) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Payment Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

less on such Quarterly Payment Date the sum of:

- (x) to the extent the amounts received under (i) up to and including (iv) are CHF denominated the amount in CHF due to the Currency Swap Counterparty (the '**CHF Principal Available Amount**'); and
- (xi) any amount of the Substitution Available Amount applied to the purchase of the relevant Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**') up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date,

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

- (a) *first*, in or towards satisfaction of principal amounts due in respect of the Senior Class A Notes, until fully redeemed, and
- (b) *second*, in or towards satisfaction of principal amounts due in respect of the Mezzanine Class B Notes, until fully redeemed;

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Secured Parties in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of Fitch and any legal advisor, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the '**Priority of Payments upon Enforcement**') and together with the Interest Priority of Payments and the Principal Priority of Payments, the '**Priority of Payments**'):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the amounts due to the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement, including any gross-up amounts or additional amounts due to the Liquidity Facility Provider under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Interest Swap Counterparty under the Interest Swap Agreement and the Currency Swap Counterparty under the Currency Swap Agreement, including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Interest Swap Agreement and the Currency Swap Agreement as determined in accordance with its terms but excluding any Interest Swap Counterparty Default Payment and Currency Swap Counterparty Default Payment payable under subparagraph (o) below;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;

- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class C Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class C Notes;
- (k) *eleventh*, in or towards satisfaction of, *pro rata*, within the Interest Swap Counterparty Default Payment payable to the Interest Swap Counterparty under the terms of the Interest Swap Agreement and/or of the Currency Swap Counterparty Default Payment payable to the Currency Swap Counterparty under the terms of the Currency Swap Agreement excluding, for the avoidance of doubt, any amount relating to Relevant Excess Swap Collateral and Tax Credit;
- (l) *twelfth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Potential Set-Off Reserve Subordinated Loan;
- (m) *thirteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Potential Set-Off Reserve Subordinated Loan; and
- (n) *fourteenth*, in or towards satisfaction of any Deferred Purchase Price Instalment 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 on (i) a Quarterly Payment Date if and to the extent the Senior Class A Notes, are redeemed in full on such Quarterly Payment Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount. Any such drawing shall be credited to the EUR Issuer Collection Account. The Liquidity Facility Agreement is for a maximum term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility Agreement by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that after the application of the amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (f) (inclusive) but, to the extent relating to the Currency Swap Agreement, not item (e), in the Interest Priority of Payments in full on that Quarterly Payment Date. Certain payments to the Liquidity Facility Provider will rank in priority in point of payments and security to, *inter alia*, the Notes.

If, at any time, (i) (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than the Short-Term Requisite Rating but not below F2 and (b) the Liquidity Facility Provider is not within thirty (30) calendar days replaced by the Issuer with an acceptably rated alternative liquidity facility provider or a third party having the required ratings has not guaranteed the obligations of the Liquidity Facility Provider or another solution acceptable to Fitch is not found or (ii) (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of F3 or below or such rating is withdrawn by and (b) the Liquidity Facility Provider has not immediately been replaced by the Issuer with an acceptably rated alternative liquidity facility provider, 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 Liquidity Facility Stand-by Account. Amounts so credited to the Liquidity Facility Stand-by Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-By Drawing shall also be made if the Liquidity Facility is not renewed by the Liquidity Facility Provider following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Liquidity Facility Stand-by Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Quarterly Payment Date, the higher of (i) 1.40 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A

Notes on the Closing Date and (ii) 2.00 of the aggregate Principal Amount Outstanding of the Senior Class A Notes on such Quarterly Payment Date.

Principal Deficiency Ledger

A ledger (the '**Principal Deficiency Ledger**') comprising two sub-ledgers known as the '**Class A Principal Deficiency Ledger**' and the '**Class B Principal Deficiency Ledger**' will be established by or on behalf of the Issuer in order to record any Realised Losses on the Mortgage Receivables. An amount equal to Realised Losses shall be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (j) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit items being credited at item (g) of the Interest Priority of Payments to the extent any part of the Notes Interest Available Amount is available for such purpose).

'**Realised Losses**' means, on any relevant Quarterly Payment Date, the sum of (a) with respect to the Mortgage Receivables in respect of which the Seller, the Pool Servicer on behalf of the Issuer, the Issuer or the Security Trustee has foreclosed during the immediately preceding Quarterly Calculation Period the amount of the difference between (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables, in respect of which the Seller, the Defaulted Loan Servicer or the Pool Servicer on behalf of the Issuer, the Seller, the Issuer or the Security Trustee has foreclosed on such Quarterly Calculation Date and (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables during such Quarterly Calculation Period, and (b) with respect to Mortgage Receivables sold by the Issuer during such Quarterly Calculation Period, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables and (ii) the purchase price received in respect of the Mortgage Receivables sold to the extent relating to the principal during such Quarterly Calculation Period, and (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defence to payments during such Quarterly Calculation Period, the amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") unless and to the extent such amount is received from the Seller pursuant to item (iii) of the Notes Redemption Available Amount.

For the purpose of calculating a Realised Loss in respect of a CHF Mortgage Receivable, on such Quarterly Payment Date the amounts under (a), (b) and (c) will be converted into a euro amount by multiplying the amount in CHF with the EUR-CHF Exchange Rate.

HEDGING AGREEMENTS

Interest Rate Hedging for EUR Mortgage Receivables

The Mortgage Loan Criteria require that the interest rate of each of the EUR Mortgage Receivables sold and assigned to the Issuer at the Closing Date is either fixed, subject to reset from time to time, or variable (as further described in chapter *Description of the Mortgage Loans* below). The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will mitigate this interest rate exposure by entering into the Interest Rate Swap Agreement with the Interest Rate Swap Counterparty and the Security Trustee. Under the Interest Rate Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date an amount being the sum of:

- (i) the aggregate amount of the interest on the EUR Mortgage Receivables *actual* received during the relevant Quarterly Calculation Period; plus
- (ii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period in respect of the EUR Mortgage Receivables; plus
- (iii) interest received on the EUR Issuer Collection Account and the Reserve Account; plus
- (iv) the Net Proceeds on any EUR Mortgage Receivables to the extent relating to interest; plus
- (v) the amounts received in connection with a repurchase of EUR Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to interest; plus
- (vi) the amounts received in connection with a sale of EUR Mortgage Receivables pursuant to the

Trust Deed to the extent such amounts relate to interest.

The Interest Rate Swap Counterparty will agree to pay on each Quarterly Payment Date amounts equal to the sum of:

- (a) an amount equal to (x) the sum of (i) the Principal Amount Outstanding of the Notes less any amount standing to the debit of the Principal Deficiency Ledger, if any, and if there are any amount standing to the debit of the Class B Principal Deficiency Ledger less the Principal Amount Outstanding of the Subordinated Class C Notes, on the first day of the relevant Floating Rate Interest Period, multiplied by (ii) the EUR Fraction (the '**EUR Notional**') (y) multiplied by the sum of (i) Euribor for three (3) month deposits in euro and (ii) the weighted average Relevant Margin;
- (b) a margin of 0.20 per cent. per annum (the '**EUR Excess Margin**') applied to the EUR Notional; and
- (c) certain expenses described under (a), (b) and (c) of the Interest Priority of Payments multiplied by the EUR Fraction.

The '**EUR Fraction**' means, on any Quarterly Payment Date the quotient equal to the aggregate Outstanding Principal Amount of the EUR Mortgage Receivables on the last day of the immediately preceding Quarterly Calculation Period divided by the Aggregate Amount Outstanding.

The '**Aggregate Amount Outstanding**' means the sum of (a) the aggregate Outstanding Principal Amount of the EUR Mortgage Receivables on the last day of the immediately preceding Quarterly Calculation Period and (b) the amount of (x) the aggregate Outstanding Principal Amount of the CHF Mortgage Receivables on the last day of the immediately preceding Quarterly Calculation Period multiplied by (y) the EUR-CHF Exchange Rate and (c) the aggregate Outstanding Principal Amount of any Substitute Mortgage Receivables purchased on such Quarterly Payment Date and less (d) an amount equal to the sum of (x) the aggregate Outstanding Principal Amount of any EUR Mortgage Receivables repurchased on such Quarterly Payment Date and (y) the amount of (i) the aggregate Outstanding Principal Amount of any CHF Mortgage Receivables repurchased on such Quarterly Payment Date multiplied by (ii) the EUR-CHF Exchange Rate.

Payments under the Interest Rate Swap Agreement will be netted.

Currency and Interest Rate Hedging for CHF Mortgage Receivables

On the Closing Date, the Issuer, the Currency Swap Counterparty and the Security Trustee will enter into a currency swap agreement (the '**Currency Swap Agreement**'), in order to mitigate the currency risk resulting from variations in the exchange rate of the CHF vis-à-vis the EURO and the interest rate risk between three (3) months Euribor and three (3) months CHF-LIBOR.

Currency rate hedging for CHF Mortgage Receivables

On the Closing Date, the Currency Swap Counterparty will pay to the Issuer an amount equal to the Initial Purchase Price of the CHF Mortgage Receivables and the Issuer will pay to the Currency Swap Counterparty from the net proceeds from the issue of the Notes the Euro equivalent of such amount taking into account the EUR-CHF Exchange Rate.

The '**EUR-CHF Exchange Rate**' will be equal to 1.51.

On each Quarterly Payment Date, the Issuer will pay to the Currency Swap Counterparty the CHF Remaining Swap Amount and the CHF Principal Available Amount. In case of a Realised Loss in respect of a CHF Mortgage Receivable, the notional amount in respect of the principal payments under the Currency Swap Agreement will be reduced accordingly.

The Currency Swap Counterparty will agree to pay on each Quarterly Payment Date the amount equal to the sum of the CHF Remaining Swap Amount and the CHF Principal Available Amount multiplied by the EUR-CHF Exchange Rate.

The '**CHF Remaining Swap Amount**', if any, will be equal to the sum of:

- (a) the Net Proceeds on any CHF Mortgage Receivables to the extent not relating to interest or

- principal;
- (b) the amounts received in connection with a repurchase of CHF Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to interest or principal; and
- (c) the amounts received in connection with a sale of CHF Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to interest or principal; and
- (d) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class C Notes, will be or have been redeemed in full, any remaining amounts standing to the credit of the CHF Issuer Collection Account after all amounts of interest and principal due in respect of the Notes, other than the Subordinated Class C Notes, have been paid in full to the extent not included in items (i) up to and including (vi).

Interest rate hedging for CHF Mortgage Receivables

The Mortgage Loan Criteria require that the interest rate of each of the CHF Mortgage Receivables sold and assigned to the Issuer at the Closing Date is either fixed, subject to reset from time to time, or variable (as further described in chapter *Description of the Mortgage Loans* below). The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. To mitigate this interest rate, the Issuer will agree to pay on each Quarterly Payment Date an amount being the sum of:

- (i) the aggregate amount of the interest on the CHF Mortgage Receivables *actual* received during the relevant Quarterly Calculation Period; plus
- (ii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period in respect of the CHF Mortgage Receivables; plus
- (iii) interest received on the CHF Issuer Collection Account; plus
- (iv) the Net Proceeds on any CHF Mortgage Receivables to the extent relating to interest; plus
- (v) the amounts received in connection with a repurchase of CHF Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to interest; plus
- (vi) the amounts received in connection with a sale of CHF Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to interest.

The Currency Swap Counterparty will agree to pay on each Quarterly Payment Date amounts equal to the sum of:

- (a) an amount equal to (x) the amount of (i) the Principal Amount Outstanding of the Notes less any amount standing to the debit of the Principal Deficiency Ledger, if any, and if there is any amount standing to the debit of the Class B Principal Deficiency Ledger less the Principal Amount Outstanding of the Subordinated Class C Notes, on the first day of the relevant Floating Rate Interest Period, multiplied by (ii) the CHF Fraction (the '**CHF Notional**') (y) multiplied by the sum of (i) Euribor for three (3) month deposits in euro and (ii) the weighted average Relevant Margin;
- (b) the CHF Notional multiplied the Excess Margin; and
- (c) the expenses payable under items (a), (b) and (c) of the Interest Priority of Payments on such Quarterly Payment Date multiplied by the CHF Fraction.

The '**CHF Fraction**' means, on any Quarterly Payment Date, the quotient equal to (i) the amount of (x) the aggregate Outstanding Principal Amount of the CHF Mortgage Receivables on the last day of the immediately preceding Quarterly Calculation Period multiplied by (y) the EUR-CHF Exchange Rate, divided by the Aggregate Amount Outstanding;

Payments under the Currency Swap Agreement will be netted.

General

If the Issuer fails to make timely payments of the amounts due under the Currency Swap Agreement, an event of default under the Currency Swap Agreement will occur, whereupon the Currency Swap Counterparty has the right to terminate the Currency Swap Agreement. If the Currency Swap Counterparty terminates the Currency Swap Agreement or if the Currency Swap Counterparty defaults

in its obligations to make payments of amounts in EUR equal to the full amount to be paid to the Issuer on the payment dates under the Currency Swap Agreement, the Issuer will be exposed to changes in CHF/EUR currency exchange rates and could have insufficient EUR funds to enable it to make payments under the Notes.

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

Upon the early termination of the Swap Agreements, the Issuer or the relevant Swap Counterparty may be obliged to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the relevant Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

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

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

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

If the Issuer receives any Tax Credit resulting from the payment of any withholding tax by any of the Swap Counterparties, the Issuer shall pay the cash benefit of such Tax Credit to the relevant Swap Counterparty.

If the relevant Swap Counterparty ceases to have certain required ratings by Fitch, such Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under such Swap Agreement, (ii) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the required ratings, (iii) procuring another entity with at least such ratings to become co-obligor in respect of its obligations under the relevant Swap Agreement or (iv) providing any other solution which is acceptable to Fitch. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate such Swap Agreement. Upon such termination, the Issuer or the relevant Swap Counterparty may be obliged to make a termination payment to the other party.

The Issuer has entered into a credit support annex each of the Interest Swap Counterparty and Currency Swap Counterparty separately, which forms part of the relevant Swap Agreement on the basis of the standard ISDA documentation, which provides for requirements relating to the providing of collateral by the Interest Swap Counterparty and the Currency Swap Counterparty respectively if it ceases to have at least the required ratings.

Any collateral transferred by the relevant Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the relevant Swap Agreement will be returned to such Swap Counterparty outside any Priority of Payments and will not be available for the distribution of any amounts due to the Noteholders or the other Secured Parties.

Sale of Mortgage Receivables

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Except if differently set out below, the Seller will pay a purchase price equal to the purchase price a third party is willing to pay for the Mortgage Receivables.

Sale of Mortgage Receivables on an Optional Redemption Date

In case of sale and assignment of Mortgage Receivables on an Optional Redemption Date, the purchase price of the Mortgage Receivables shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (A) the sum of (a) an amount equal to the sum of (i) the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, (ii) the amount equal to the value of the Borrower Pledges (excluding the share of the Seller in respect of the Borrower Investment Pledge) and (iii) the amount equal to the value of the Other Collateral and (B) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

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

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out above under *Sale of Mortgage Receivables on an Optional Redemption Date* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of all the Notes (but not some only), except for the Subordinated Class C Notes.

Sale of Mortgage Receivables for tax reasons

If the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(e), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(f).

Sale of Mortgage Receivables if the Regulatory Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The purchase price of the Mortgage Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Netherlands has one of the most liberal mortgage markets in the EU. This has resulted in a wide range of mortgage products and a high degree of competition between mortgage providers. Dutch consumers have a wide range of choice in a mortgage market that has certain characteristics that it does not share with other mortgage markets in Europe. Historic practices, culture and most importantly tax legislation especially that pertaining to the deductibility of mortgage interest, have shaped the Dutch residential mortgage market.

Unlike the UK mortgage market in which mortgages (while evolving) remain predominantly floating-rate, Dutch mortgages are predominantly of a fixed rate nature and typically are set for a period of between five (5) and twenty (20) years. The historically low mortgage interest rate in 2005 has proved an additional incentive to opt for mortgages with a long-term fixed interest rate (up to as much as 30 years, which gives people almost life-long certainty). For this reason Dutch mortgage consumers are relatively well insulated against interest rate shocks.

Over recent years, outstanding mortgage loans have continued to increase on the back of rising house prices, a gradual increase in the levels of owner-occupation and an environment of low mortgage interest rates. Chart 1 below shows that the level of outstanding residential mortgage debt in the Netherlands reached EUR 570 billion at the end of 2007 (excluding mortgages on commercial property).

Increased competition and the deregulation of the Dutch financial market have resulted in the development of tailor-made mortgage loans consisting of various parts and features. The mortgage products offered by lenders reflect the (until 2001) full tax deductibility of mortgage interest and have encouraged borrowers to defer repayment of principal for as long as possible. This is evidenced by relatively high loan to value ratios and the extensive use of non-amortising mortgage products, which give full tax benefits for the whole maturity of the mortgage without the need to redeem the mortgage. Borrowers often have considerable investments and savings available but choose not to use such funds to acquire a house or to repay their mortgage but instead to minimise their tax liabilities.

As of January 2001, mortgage tax deductibility has been limited by new tax legislation in three areas. Firstly, deductibility applies only to mortgages on the borrower's primary residence and not to second homes such as holiday homes. Secondly, interest deductibility on a mortgage loan for a principal residence is only allowed for periods of up to thirty (30) years. Lastly, the top tax rate has been reduced from 60% to 52%. However, these changes did not have a significant impact on the rate of mortgage origination, mainly because of the then ongoing decrease of mortgage interest rates.

On top of the limitations that came into force in 2001, tax deductibility of mortgage interest payments has been further restricted as of 1 January 2004. Under this new regulation (*Bijleenregeling*), tax deductibility is now only granted up to the purchase price of the new house less the realised net profit on the old house. Unlike the limitations of 2001, the recent restrictions set out in that regulation will probably have a bigger impact. As from 1 January 2004 moving homeowners are encouraged to reinvest increased amounts of any of the net profits they make from the sale of their previous house into their new house.

Because of that regulation, first time buyers now have an incentive never to pay off any part of their mortgage loan as this limits the amount they have to reinvest in their subsequent homes. This unintentional side effect of the new tax regulations can stimulate future mortgage production. On the other hand, the limitation of interest rate deductibility will probably have a downward impact on total mortgage debt in the medium to long term. Realised profits will have to be reinvested in the housing market, which will result in a larger share of home equity and a reduction in the total tax advantage.

The number of involuntary sales of residential property by public auction is traditionally very small in the Netherlands. Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in case of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before the recent cooling-down of the housing market, the total number of foreclosures was therefore limited from two sides.

The relatively prolonged economic downturn of 2001 to 2005 led to a significant rise in the amount of mortgage payment arrears and correspondingly forced house sales (see Chart 5). The number of foreclosures in the Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to 967 in 2003, 1,504 in 2004, 1,911 in 2005 and peaked in 2006 at 1,968 forced sales. In 2007 this number dropped 8% to 1811. During the first quarter of 2008 the number of forced sales amounted to 490, which is only slightly more than the 466 during the same period in 2007.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is obviously still extremely small compared to the total number of residential mortgage loans outstanding. There are no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding and the current average mortgage loan amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands is exceeding 3 million. A total of around 2000 foreclosures per year therefore corresponds with approximately 0.06% of the total number of residential mortgage loans outstanding.

In the unforeseen case that the number of foreclosures was to increase dramatically, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on its mortgage obligations.

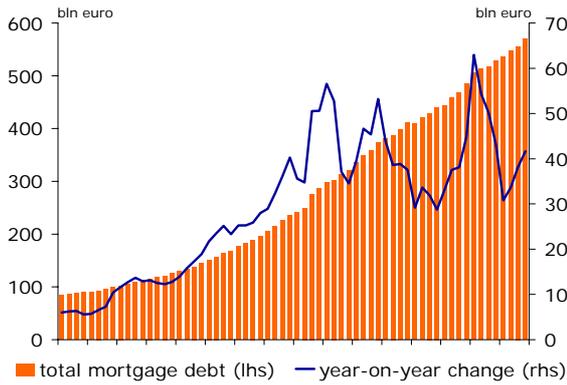
However the number of foreclosures (Chart 5) as a percentage of total house sales (Chart 2) still only amounts to 0.93% (end of March 2008). This is clearly too small a portion to be of any real impact on the development of house prices which has shown an average growth of 2.9% annually in 2007 (Chart 3), with the median house price now equalling € 244,000 (Chart 4).¹ Furthermore the Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates a negative effect on house prices.

Chart 6 illustrates that the three main Dutch banking groups (Rabobank, ING, Fortis & ABN AMRO) are responsible for originating a third of all mortgages in the domestic residential market (although this combined share shows a downward trend from around 53% in 2000 to around 34% in 2005). Specialist mortgage banks, insurance companies and pension funds follow the main banks in the volume of mortgage origination. The Dutch mortgage market is primarily dominated by domestic institutions although there is a small number of foreign banks who are trying to gain market share. Most mortgage lenders have moved towards intermediaries (mortgage brokers, insurance brokers and real estate agents) for product distribution, which by most estimates now sell over half of all new mortgages in the Netherlands. Mortgage brokers are essentially intermediaries whose primary business is to offer products from a number of mortgage lenders. The change over time towards a market in which intermediaries sell most mortgages can be largely explained by the borrower's search for independent advice and the degree of flexibility offered by intermediaries.

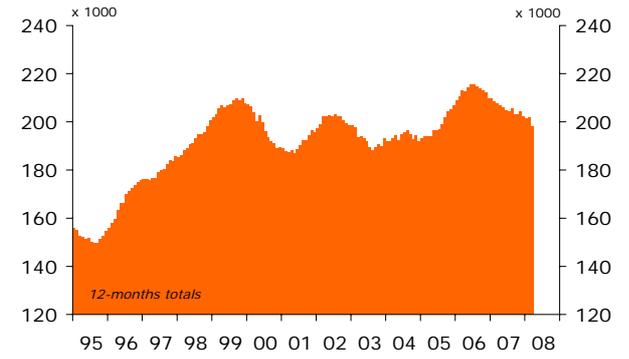
Chart 1: Total mortgage debt

Chart 2: Number of residential real estate transactions

¹ Source: NVM

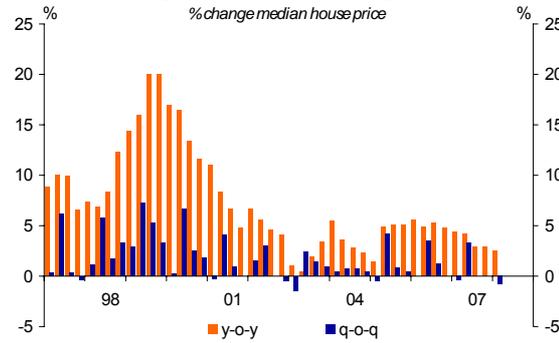


Source: DNB, Rabobank



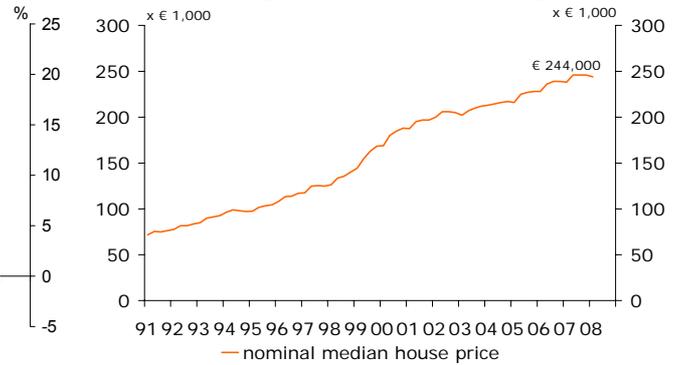
Source: Kadaster, Rabobank

Chart 3: Change in median house price



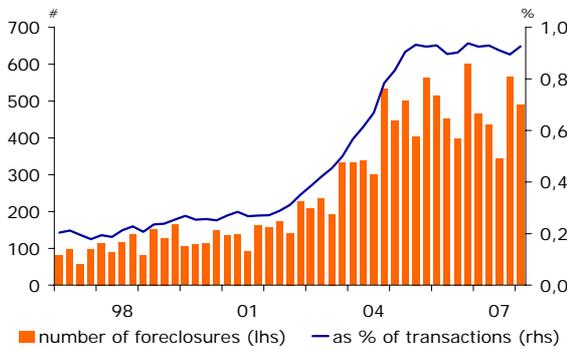
Source: NVM, Rabobank

Chart 4: Development of median house price



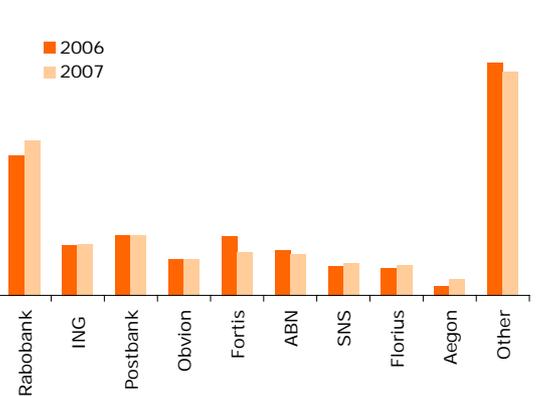
Source: NVM, Rabobank

Chart 5: Number of foreclosures



Source: Kadaster, Rabobank

Chart 6: Market share of residential mortgage production



Source: Kadaster, Rabobank

THE SELLER

Profile

Staal was incorporated on 28 April 1938 but has a history dating back to 1916 when Machiel Staal began his activities as a broker. Staal is regulated by the Dutch Central Bank (De Nederlandsche Bank N.V.) and the Dutch Financial Markets Authority ("*Stichting Autoriteit Financiële Markten*") with its headoffice in The Hague. Staal is a wholly owned subsidiary of Achmea Holding N.V. Via the various insurance companies and banks that are Achmea Holding's subsidiaries - operating under brand names such as Centraal Beheer and Averro - Achmea Holding N.V. is an important stakeholder in the Dutch financial services industry. Eureka B.V. owns 100% of the shares in Achmea Holding N.V.

Staal is a private bank which services high net-worth (> EUR 250,000 net worth) private individuals, foundations and associations with tailor-made solutions. Whether it concerns advice for directors with large shareholdings, putting together a socially responsible investment portfolio or personalised investment products, the priorities are always care, personal attention and independence.

The investment advisors, private planners and insurance experts of Staal work together closely. As a result, Staal consultants remain familiar with the client's situation and changing market conditions can be responded to quickly. Staal is convinced of the importance of offering its clients optimal products tailored to their personal situation. That is why Staal does not market any products of its own, with the exception of housing partnerships, preferring to select the best products on the market. Whether that be investments or insurance, Staal draws on the expertise of external consultants. Consequently, the decision remains with Staal and clients are assured independent, professional advice.

Staal aims to be one of the leading private banks in the Netherlands with regards to quality of service and focuses on a long-term relationship with clients. The services to clients are performed by professionals operating from 7 branches, all in The Netherlands. As of 31 December 2007 total number of staff amounted to 248 FTEs.

In 2004, Staal successfully executed a restructuring plan in which it returned to its historic core-business of private banking. Commercial real estate financing was divested, business banking that had resulted in large write-offs was phased out, several offices aimed at attracting a wider group of companies were closed and ICT operations were outsourced. Staal returned to profitability in 2007.

Funding of Staal comes from deposits of clients, funds entrusted by insurance companies and pension funds and equity and subordinated loans from Achmea Holding N.V. group companies.

Mortgage activities

The main services Staal provides are asset management, investment advice, placement of housing partnerships and savings and loan products. Although mortgage lending itself is not a target value driver, it still is an important product for every Dutch private bank given the Dutch fiscal climate. Because Staal aims to provide its clients with tailor-made solutions, Staal carries this product on its own balance sheet. For all mortgages that are originated, a detailed financial analysis of the client's situation is performed and all applicants must have had a meeting in person with a banker of Staal. Besides that, periodic reviews for all mortgages outstanding are performed. Staal has a "know your customer" principle and developments of the debtor are known to the relevant private banker. Borrowers need to provide Staal with insight in their financial situation during the course of the loan.

In the last seven (7) years, Staal has had in total six residential mortgages that ended in a write off after foreclosure. On average the loss written off loss totalled just 2.9 basis points per year of the average portfolio size.

Selected financial information (*)

(*) Audited; these figures have been	2007	2006	2005	2004 derived from
Results in €million				
Income	57	45	46	46
Operating Expenses	51	55	59	58
Value adjustments to receivables	-4	-4	-1	16
Operating profit before tax	10	-6	-12	-28
Net profit	7	-5	-8	-18
Balance sheet in €million				
Equity	210	204	212	220
Capital base	316	310	367	374
Funds entrusted	2386	1812	1510	1777
Mortgages	1049	1098	1060	923
Total assets	2975	2518	2482	3839
BIS ratio in %	21.4%	22.5%	21.5%	16.9%

reports.

Management

The members of the Executive Board are:

P.A. de Ruijter, Chairman

D.A.G. Bech, Member

P.J. Huurman, Member

The members of the Supervisory Board are:

E.A.J. van de Merwe, Chairman

T.C.A.M. van Rijkevorsel, member

W.A.J. van Duin, member

DESCRIPTION OF MORTGAGE LOANS

The Portfolio

The Mortgage Loans have been selected according to the Seller's underwriting criteria. The information set out below in relation to the portfolio of Mortgage Loans may not necessarily correspond to that of the Mortgage Loans from which the Mortgage Receivables result that are actually sold on the Closing Date. After the Closing Date, the Mortgage Receivables will change from time to time as a result of repayment, prepayment, further advances, replacements and repurchase of Mortgage Receivables. For a description of the representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement* below.

Mortgage types

The Portfolio Mortgage Loans in whole or in part (*leningdelen*) will consist of:

- (i) Linear Mortgage Loans (*lineaire hypotheek*);
- (ii) Annuity Mortgage Loans (*annuïteitenhypotheek*);
- (iii) Interest-only Mortgage Loans (*aflossingsvrije hypotheek*). Within this category Staal also offers Investment Mortgage Loans (*beleggingshypotheek*) and Life Mortgage Loans (*levenhypotheek*).

Linear Mortgage Loans

Under a Linear Mortgage Loan the Borrower pays a fixed amount of principal each month towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Annuity Mortgage Loans

Under an Annuity Mortgage Loan, the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity.

Interest-only Mortgage Loans

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

Life Mortgage Loans

Under a Life Mortgage Loan, no principal is paid until maturity but instead the Borrower pays a premium on a monthly basis to the relevant Life Insurance Company under a Life Insurance Policy taken out with such Life Insurance Company. The premiums paid by the Borrowers are invested by the relevant Life Insurance Company in certain investment funds.

Investment Mortgage Loans

Under an Investment Mortgage Loan the Borrower does not pay principal prior to the maturity of the mortgage loan, but instead undertakes to invest, on an instalment basis or up front, defined amounts in certain investment funds or individual stocks and/or bonds. The investments are selected by the Borrower and are credited to the Investment Account in the name of the relevant Borrower.

Interest Rates

Staal offers the following options to the Borrowers regarding the payment of interest:

Fixed Interest

A fixed rate of interest is payable on the Mortgage Loans (or relevant part thereof), subject to resets from time to time (2, 3, 5, 7, 10, 15, 20 or 30 years). With a loan in Swiss Francs, a Borrower can not opt for a fixed interest rate. The fixed term interest rate on CHF Mortgage Loans does not exceed the period of one (1) year.

Floating Interest

A variable rate of interest is payable on the Portfolio Mortgage Loans (or relevant part thereof) based on the rate for one-, three-, six- or twelve-month Euribor or Swiss Libor plus a margin.

Summary of the Pool

The numerical information set out below relates to a pool of Mortgage Loans (the "**Provisional Pool**") which was selected as of the close of business, on 30 April 2009. The information set out below relates to the Provisional Pool and may not necessarily correspond to that of the Mortgage Receivables actually sold to the Issuer on the Closing Date. After the Closing Date the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables. All amounts are in euro. For the purpose of calculating the Outstanding Principal Amount of any CHF Mortgage Loans forming part of the Provisional Pool in euro, the last price of the spot rate for the exchange of Swiss Francs into euro on 4 May 2009 was used.

Pool Characteristics

Outstanding principal balance loan	€	542.980.422,89
Average outstanding principal balance per client	€	652.620,70
Average outstanding principal balance per loan	€	450.232,52
Construction deposits	€	745.560,27
Weighted average interest		3,05%
Weighted average loan to foreclosure value		90,8%
Weighted average seasoning (years)		3,6

Size

Category	Net loan	% of Pool
0 < Loan size < 50,000	€ 438.940,22	0,1%
50,000 < Loan size < 100,000	€ 5.446.198,18	1,0%
100,000 < Loan size < 150,000	€ 9.550.458,03	1,8%
150,000 < Loan size < 200,000	€ 17.337.222,00	3,2%
200,000 < Loan size < 250,000	€ 19.725.600,44	3,6%
250,000 < Loan size < 300,000	€ 30.778.863,57	5,7%
300,000 < Loan size < 350,000	€ 38.074.434,68	7,0%
350,000 < Loan size < 400,000	€ 28.013.497,07	5,2%
400,000 < Loan size < 450,000	€ 33.340.520,97	6,1%
450,000 < Loan size < 500,000	€ 34.272.458,38	6,3%
500,000 < Loan size < 600,000	€ 55.991.491,38	10,3%
600,000 < Loan size < 700,000	€ 40.420.912,39	7,4%
700,000 < Loan size < 800,000	€ 45.152.744,69	8,3%
800,000 < Loan size < 900,000	€ 23.930.407,18	4,4%
900,000 < Loan size < 1,000,000	€ 20.583.870,16	3,8%
1,000,000 < Loan size < 1,250,000	€ 56.041.677,79	10,3%
1,250,000 < Loan size < 1,500,000	€ 33.353.158,51	6,1%
1,500,000 < Loan size < 1,750,000	€ 14.290.819,68	2,6%
1,750,000 < Loan size < 2,000,000	€ 9.230.018,98	1,7%
2,000,000 < Loan size < 2,250,000	€ 6.311.341,69	1,2%
2,250,000 < Loan size < 2,500,000	€ 7.064.200,00	1,3%
2,500,000 < Loan size < 2,750,000	€ 2.595.875,65	0,5%
2,750,000 < Loan size < 3,000,000	€ 5.830.989,83	1,1%
Loan size ≥ 3,000,000	€ 5.204.721,42	1,0%
Grand Total	€ 542.980.422,89	100,0%

LTV

Category	Net loan	% of Pool
0 < LTFV < 10	€ 167.898,68	0,0%
10 < LTFV < 20	€ 1.813.015,86	0,3%
20 < LTFV < 30	€ 4.883.410,95	0,9%
30 < LTFV < 40	€ 10.015.642,03	1,8%
40 < LTFV < 50	€ 19.498.533,42	3,6%
50 < LTFV < 60	€ 28.250.774,44	5,2%
60 < LTFV < 70	€ 47.117.493,06	8,7%
70 < LTFV < 80	€ 65.271.754,88	12,0%
80 < LTFV < 90	€ 70.590.521,76	13,0%
90 < LTFV < 100	€ 72.876.547,86	13,4%
100 < LTFV < 110	€ 84.429.856,01	15,5%
110 < LTFV < 120	€ 64.497.834,45	11,9%
120 < LTFV < 130	€ 73.567.139,49	13,5%
Grand Total	€ 542.980.422,89	100,0%

Geographical distribution

Category	Net loan	% of Pool
Drenthe	€ 2.454.617,77	0,5%
Flevoland	€ 1.241.727,39	0,2%
Friesland	€ 8.913.189,86	1,6%
Gelderland	€ 84.881.296,70	15,6%
Groningen	€ 3.555.528,64	0,7%
Limburg	€ 6.303.736,77	1,2%
Noord-Brabant	€ 64.597.771,53	11,9%
Noord-Holland	€ 155.779.714,97	28,7%
Overijssel	€ 20.505.225,56	3,8%
Utrecht	€ 64.044.944,37	11,8%
Zeeland	€ 6.930.359,34	1,3%
Zuid-Holland	€ 118.953.761,25	21,9%
Unknown	€ 4.818.548,76	0,9%
Grand Total	€ 542.980.422,89	100,0%

Seasoning

Category	Net loan	% of Pool
1985	€ 499.112,11	0,1%
1996	€ 365.125,49	0,1%
1997	€ 660.030,97	0,1%
1998	€ 1.501.915,40	0,3%
1999	€ 3.723.040,97	0,7%
2000	€ 4.319.393,34	0,8%
2001	€ 54.630.033,17	10,1%
2002	€ 56.745.035,63	10,5%
2003	€ 74.787.875,11	13,8%

2004	€ 51.169.296,05	9,4%
2005	€ 44.219.025,92	8,1%
2006	€ 89.454.735,36	16,5%
2007	€ 120.957.835,47	22,3%
2008	€ 39.947.967,90	7,4%
Grand Total	€ 542.980.422,89	100,0%

Maturity

Category	Net loan	% of Pool
2008 < Year ≤ 2013	€ 3.655.331,90	0,7%
2013 < Year ≤ 2018	€ 3.663.037,72	0,7%
2018 < Year ≤ 2023	€ 9.227.448,03	1,7%
2023 < Year ≤ 2028	€ 23.370.713,89	4,3%
2028 < Year ≤ 2033	€ 216.295.167,91	39,8%
2033 < Year ≤ 2038	€ 280.701.740,86	51,7%
2038 < Year	€ 6.066.982,59	1,1%
Grand Total	€ 542.980.422,89	100,0%

Interest

Category	Net loan	% of Pool
0.5 < Interest < 1.0	€ 27.705.132,54	5,1%
1.0 < Interest < 1.5	€ 101.273.301,73	18,7%
1.5 < Interest < 2.0	€ 84.806.939,59	15,6%
2.0 < Interest < 2.5	€ 61.915.112,39	11,4%
2.5 < Interest < 3.0	€ 35.330.429,17	6,5%
3.0 < Interest < 3.5	€ 11.697.842,83	2,2%
3.5 < Interest < 4.0	€ 18.479.559,96	3,4%
4.0 < Interest < 4.5	€ 40.793.719,08	7,5%
4.5 < Interest < 5.0	€ 54.362.274,49	10,0%
5.0 < Interest < 5.5	€ 62.765.234,50	11,6%
5.5 < Interest < 6.0	€ 29.738.976,51	5,5%
6.0 < Interest < 6.5	€ 11.529.923,60	2,1%
6.5 < Interest < 7.0	€ 2.092.834,33	0,4%
7.0 < Interest < 7.5	€ 489.142,17	0,1%
Grand Total	€ 542.980.422,89	100,0%

Interest reset date

Category	Net loan	% of Pool
2008 < Year < 2013	€ 434.775.680,10	80,1%
2013 < Year < 2018	€ 106.977.963,58	19,7%
2018 < Year < 2023	€ 1.226.779,21	0,2%

Grand Total	€ 542.980.422,89	100,0%
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Payment schedule

Category	Net loan	% of Pool
Linear	€ 16.760.673,19	3,1%
Interest only	€ 525.953.213,06	96,9%
Annuity	€ 266.536,64	0,0%
Grand Total	€ 542.980.422,89	100,0%

Currency

Category	Net loan	% of Pool
CHF	€ 151.840.428,26	28,0%
EUR	€ 391.139.994,63	72,0%
Grand Total	€ 542.980.422,89	100,0%

MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICING

This section gives an overview of the mortgage process, from origination and underwriting through Staal's branches and the servicing, arrears and default management by Staal's Special Credit Risk Management department.

Organisational Overview

The mortgage loans are originated by Staal through a network of seven branches throughout the Netherlands. The branches are responsible for the relationship with the borrowers.

The lending process is characterised by a distinction between the responsibilities of Sales and Credit Risk Management. Sales is responsible for the acquisition, credit application and loan servicing, while Credit Risk Management is responsible for credit analysis, administrative aspects of loan servicing, administration, risk management and default management. Credit Risk Management also provides advice to Sales concerning more complex loan applications. The function of Credit Risk Management is to identify and analyse risks at an early stage, to set and monitor responsible limits and to have proper information and reporting systems. Credit Risk Management employs currently 13 FTE's.

Origination Process, Credit Application

The lending process is started with a uniform credit application of the loan request. Unlike other mortgage lenders Staal requires all mortgage loans to be independently approved and reviewed reflecting the tailor-made financial solution. In particular the following factors are described and considered in detail:

- Description of the borrower(s) (age, occupation history, family background)
- Morality checks
- Purpose of the loan
- Financial analysis
- Internal Credit Risk Rating
- The (type of) property and additional collateral description & valuation

Staal has strict underwriting criteria for mortgage lending which are regularly updated. These criteria are used as a reference for the account manager. Staal applies three layers of underwriting criteria: Morality, Affordability and Collateral. Key elements are:

- Positive results of morality checks and positive experience with the specific borrower
- Disposable income based on CBI-income (income available for consumption and leisure) must be in accordance with the loan as well as in accordance with a standard of living suitable for the applicant
- Maximum LTFV based on type of property such as:
 - owner occupied residential (max LTFV of 125%)
 - new built owner occupied residential (max LTFV of 110%)
 - buy-to-let residential (max LTFV of 90%)
 - recreational (max LTFV of 90%)
 - commercial (max LTFV of 80%)
- Redemption criteria
- Property valuation by independent qualified valuer with valuation reports not being older than 1 year. In case of $LTFV \leq 75\%$ the property valuation can be based on the value assessment of the Dutch tax authorities on the basis of the Act on Valuation of Real Estate ("*Wet Waardering Onroerende Zaken*" (WOZ)).
- First ranking mortgage right
- Additional Collateral as pledged securities or pledged deposits
- Building insurance

With regards to the morality check a verification of the credit history is carried out through the National Credit Register ("*Bureau Krediet Registratie*" (BKR)). If the BKR database indicates that the

borrower and/or co-borrower are/or have been in arrears on any financial obligation monitored by BKR the application will be denied. The application will also be denied if it turns out on an external database (SFH) managed by BKR that the borrower and/or co-borrower has (attempted) mortgage fraud. Additionally, the identity of the borrower and/or co-borrower is externally checked by the identity verification system ("*Verificatie Informatie Systeem*" (VIS)) and there will be a check on an external database (EVA) containing data on fraud, swindle or money laundering.

The credit application and the required documentation provided by the borrower are electronically submitted to Credit Risk Management for approval. All applications are analysed by the Credit Analysis staff. If the credit application is approved in accordance with the appropriate authorisation the banker will submit the final offer letter – which is approved by Credit Risk Management - to the borrower for signing. Once the client has accepted and signed the offer, all documents are controlled by Credit Risk Management. The bank accounts are opened and the conditions and limits are entered in the bank's computer system.

Swiss Franc Loans

In order for clients to benefit from lower interest rates on the Swiss franc relative to the euro, Staal also offers loans denominated in Swiss franc ("**CHF loans**"). These CHF loans are particularly interesting when interest is not tax deductible.

The underwriting criteria applied to CHF loans are even stricter because of the exchange rate risk between the euro and the Swiss franc and include the following:

- 20% LTFV adjustments (i.e. max LTFV of 104.2% instead of 125%)
- For CBI-income calculation purposes the “interest test rate” is established by the “Contactorgaan Hypothecair Financiers” (the institution that is responsible for establishing the Dutch code of conduct for mortgage loans) which is at least 1% higher than de CHF-loan interest rate.
- 10/10% rules are applied to the underwriting criteria. This implies that the credit approval request will be declined if a 10% appreciation of the Swiss franc against the euro results in a 10% decline in the net worth of the borrower.
- Repayment of the loan in thirty (30) years
- First ranking mortgage right of 120% of the loan in CHF

Internal Credit Risk Rating System

Staal classifies mortgage loans in one of the eight (8) categories of Risk Rating. These risk ratings are based on an underlying Debtor Rating and a Loan/Facility Rating matrix. The debtor rating is based on the combination of income and wealth whereas Loan/Facility Rating is based on the quality of collateral.

Risk Ratings are used as input for the credit application process and for the frequency of the credit reviews. In addition, Risk ratings are used to monitor the credit quality of the portfolio and might lead to adjustments of the underwriting criteria. Currently, the scale consists of eight (8) ratings:

- Category 1 : excellent
- Category 2 : good
- Category 3 : average
- Category 4 : below average
- Category 5 : poor
- Category 0 : special attention (monitoring by Special Credit Risk Management)
- Category 6 : recovery Special Credit Risk Management
- Category 7 : liquidation Special Credit Risk Management

Monitoring and Payment Collection

To ensure the credit quality of the portfolio Staal has an ongoing monitoring process of the quality of the loans and the related borrowers. A daily report shows all (loans in) overdraft. After ten (10) days in overdraft, loans are considered to be in arrears. Within a week of the start of being in arrears the banker contacts the borrower. Notification of borrower of a loan in arrear:

- 1st letter after one (1) month.
- 2nd letter after two (2) months. The banker is required to submit a short review to Credit Risk Management within ten (10) days after sending the letter.
- 3rd letter after three (3) months. The letter will confirm that Special Credit Risk Management will become involved.

Review

The banker reviews all outstanding mortgage loans in his portfolio, regardless of Risk Ratings, at least once a year. Credit Risk Management reviews all mortgage loans with Risk Rating of 4 and 5 at least once every two (2) years and all mortgage loans in excess of EUR 2.5 mln, regardless of Risk Ratings, every year. The review contains an overview of the financial situation of the borrower including an analysis of the collateral and outlook. Normally, if there is no change in risk profile the review is authorised.

Special Credit Risk Management

If borrowers fail to make payments after three (3) months or in case of increased risk earlier, the borrower and the files will be transferred to Special Credit Risk Management (SCRM). Once transferred to SCRM, all further withdrawals by and securities from the client are blocked. Within two (2) weeks SCRM will conduct a thorough assessment of the borrower situation and reports to the Credit Committee. Based on the assessment, the borrower will be classified as recovery (Risk Rating 6) or liquidation (Risk Rating 7).

- In case of recovery, Staal will still cooperate with the client albeit along more stringent lines than in an arrear management situation. The aim is to improve the credit standing of the borrower so that normal risk management can take over again. The measures employed at this stage consist of meetings with borrowers, appraisal and property inspections.
- In case of liquidation, Staal will take all necessary actions to act (one-sidedly if necessary) to retrieve as much as possible. Staal will opt for a voluntary sale or foreclosure via private sale or auction, this based on the case specifics and / or the co-operation of the Borrower. After the sale process, Staal will agree with the Borrower about payment of the remaining balance, if any. If not forthcoming, the balance will be handled over to a bailiff on a no cure no pay basis. Write-offs are made if no further future recoveries are expected.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase from the Seller and, on the Closing Date, accept the assignment of the Mortgage Receivables by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. It is a condition precedent of the Issuer for the purchase and acceptance of the assignment of the Mortgage Receivables that any Life Beneficiary Rights which are connected to the Mortgage Receivables and which are to be applied towards redemption of the Mortgage Receivables, to the extent legally possible and required, are assigned to the Issuer together with such Mortgage Receivables. The Seller will agree to assign such Life Beneficiary Rights to the Issuer and the Issuer will agree to accept such assignment. The assignment of the Mortgage Receivables and the Life Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the Life Insurance Companies respectively, except in upon the occurrence of any of the Assignment Notification Events (as defined below). Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables from and including 1 May 2009 (the '**Cut-Off Date**'). Pursuant to the Mortgage Receivables Purchase Agreement on each day of the calendar month or if this is not a business day the next succeeding business day the Seller shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Receivables on the day immediately preceding such day in respect of the Mortgage Receivables to the relevant Issuer Collection Account in accordance with the Administration Agreement.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), which shall be payable on the Closing Date or, in case of Substitute Mortgage Receivables, on the relevant Quarterly Payment Date and a deferred purchase price (the '**Deferred Purchase Price**'). The Initial Purchase Price will be equal to the aggregate Outstanding Principal Amount on the Cut-Off Date or in case of Substitute Mortgage Receivables, on the first day of the month in which the relevant Quarterly Payment Date falls.

The '**Outstanding Principal Amount**' in respect of a Mortgage Receivable means, (a) on any date the (then remaining) aggregate principal sum ("*hoofdsom*") due by the relevant Borrower under the relevant Mortgage Receivable and (b) after the occurrence of a Realised Loss of the type (a) and (b) in respect of such Mortgage Receivable, zero.

A part of the Initial Purchase Price which is equal to the aggregate Construction Amount will be withheld by the Issuer and will be deposited in the Construction Account.

The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each '**Deferred Purchase Price Instalment**' will on any Quarterly Payment Date be equal to (A) prior to an Enforcement Notice has been given, an amount equal to the positive difference, if any, between the Notes Interest Available Amount (as calculated on each immediately preceding 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) on such Quarterly Payment Date and (B) after an Enforcement Notice has been given, the amount remaining after all amounts as set forth in the Priority of Payments upon Enforcement under (a) up to and including (m) have been made on such date (see chapter *Credit Structure* above).

Representations and Warranties

On the Closing Date, the Seller will represent and warrant with respect to the Mortgage Receivables and with respect to the Mortgage Loans from which such Mortgage Receivables result and the Life Beneficiary Rights relating thereto that, *inter alia*,

- (a) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Life Beneficiary Rights;
- (b) it has full right and title ("*titel*") to the Mortgage Receivables and the Life Beneficiary Rights relating thereto and power ("*beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Life Beneficiary Rights relating thereto and no restrictions on the sale and

assignment of the Mortgage Receivables and the Life Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Life Beneficiary Rights relating thereto are capable of being assigned;

- (c) each of the Mortgage Receivables and the Life Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or in case of Substitute Mortgage Receivables, the relevant Quarterly Payment Date;
- (d) the Mortgage Receivables and the Life Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no rights to acquire the Mortgage Receivables and the Life Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the Mortgage Receivables and the Life Beneficiary Rights relating thereto;
- (e) each Mortgage Receivable is secured by a Mortgage ("*hypotheekrecht*") on a Mortgaged Asset in the Netherlands and is governed by Dutch law;
- (f) each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made (i) by an independent qualified valuer not more than twelve (12) months before the application of such Mortgage Loan was made or (ii) in the case of Mortgage Loans of which the Outstanding Principal Amount did not at the time of application by the Borrower exceed 75 per cent. of the sale price of the Mortgaged Asset on the basis of an assessment by the Dutch tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"); for property to be constructed or in construction at the time of application for a Mortgage Loan no valuation is required; but the loan to value is calculated on the basis of the agreed contract price stated in the relevant construction agreement, increased with, *inter alia*, financing costs and contract extras;
- (g) each Mortgage Receivable, the Mortgage, the Borrower Pledges and the Other Collateral, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (h) all Mortgages and all Borrower Pledges (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledges and, to the extent relating to the Mortgages, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first ranking priority ("*eerste in rang*") or second and, if applicable, sequentially lower ranking priority, and (iii) were vested for an Outstanding Principal Amount which was at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and insurance premium paid by the Seller on behalf of the Borrower, together up to an amount equal to 140 per cent. of the Outstanding Principal Amount of such Mortgage Loan;
- (i) neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the relevant Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge follows the receivable upon its assignment or pledge;
- (j) each of the Mortgage Loans, including the Mortgages and Borrower Pledges have been granted substantially in the form as attached to the Mortgage Receivables Purchase Agreement and the general conditions in the form as attached to the Mortgage Receivables Purchase Agreement do not materially deviate from any general conditions previously used by the Seller;
- (k) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements prevailing at the time of origination and met in all material respects the Seller's standard underwriting criteria and procedures prevailing at that time which do not materially differ from the criteria and procedures set forth in this Prospectus and the administration manual or manuals of the Seller by reference to which the Pool Servicer will administer the Mortgage Loans, the Mortgage Receivables, the Mortgages, the Borrower Pledges and Other Collateral, as set forth in the Administration Agreement, as amended, supplemented or otherwise modified from time to time by the Pool Servicer and by the Seller in accordance with the practice of a reasonably prudent lender ('**Mortgage Manual**') prevailing at that time and these underwriting criteria and procedures are in a form as may be expected from a reasonably prudent lender of Dutch residential mortgages;
- (l) it has not offered any Life Insurance Policies and no Life Insurance Policies are offered by any person acting on behalf of the Seller;

- (m) the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (n) each Mortgage Loan was granted by the Seller and to a private individual only;
- (o) no amounts due and payable under any of the Mortgage Receivables on the Cut-Off Date, or in the case of Substitute Mortgage Receivables the first day of the month in which the relevant Quarterly Payment Date falls were in arrears;
- (p) each of the Mortgage Loans meets the Mortgage Loan Criteria;
- (q) the notarial mortgage deeds ("*minuut*") relating to the Mortgages are kept by a civil law notary in the Netherlands, while the Seller keeps the loan files relating to the Mortgage Loans, which loan files include certified copies of the notarial mortgage deeds;
- (r) the loan files relating to Mortgage Loans which are in electronic format, contain the same information and details with regard to the Mortgage Loans as the loan files relating to such Mortgage Loans which are kept in paper format and include authentic copies of the notarial mortgage deeds;
- (s) the particulars of each Mortgage Receivable, as set forth in (i) the List of Loans attached to the Mortgage Receivables Purchase Agreement or, in respect of any Substitute Mortgage Receivables, the relevant purchase deed of assignment and pledge, and (ii) the relevant Escrow List of Loans are correct and complete in all material respects;
- (t) the Mortgage Conditions contain a requirement to have and to maintain a building insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*") of the Mortgaged Assets on which a mortgage to secure the Mortgage Receivable has been vested;
- (u) the Mortgage Conditions provide that all payments by the Borrowers should be made without any deduction or set-off;
- (v) it can be determined in the administration of the Seller without any uncertainty which Life Beneficiary Rights belong to the Life Mortgage Receivables;
- (w) none of the Mortgage Loans is secured by a mortgage right on a long lease ("*erfpacht*");
- (x) other than the aggregate Construction Amounts, all Mortgage Loans have been fully disbursed to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments ("*rente- en premiedepot*");
- (y) it has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (z) each of the Mortgage Receivables which has the benefit of a Life Insurance Policy with any of the Life Insurance Companies either (i) the Seller has been validly appointed as beneficiary ("*begunstigde*") under such Life Insurance Policies upon the terms of the Mortgage Loans and the relevant Insurance Policies or (ii) a Borrower Insurance Proceeds Instruction has been given;
- (aa) with respect to each Life Mortgage Receivables, the Seller has the benefit of a Borrower Insurance Pledge and such right of pledge has been notified to the relevant Life Insurance Company;
- (bb) the Life Insurance Policies are in full force and effect and the lapse of time will not effect in any event such force and effectiveness;
- (cc) in respect of each Life Mortgage Loan with a Life Insurance Policy with any of the Life Insurance Companies (i) there is no connection, whether from a legal or commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy with any of the Life Insurance Companies other than the relevant Borrower Insurance Pledge and the rights as beneficiary, (ii) the Life Mortgage Loans with any of the Life Insurance Companies and the Life Insurance Policies are not marketed as one product or under one name, (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) the Borrowers have not been encouraged in any way to choose a Life Insurance Policy with a Life Insurance Company which belongs to the same group as the Seller;
- (dd) the aggregate Construction Amount did not on the Cut-Off Date exceed the amount of euro 745.560,27;
- (ee) the aggregate Outstanding Principal Amount of all Mortgage Receivables resulting from Mortgage Loans which are entered into for an unlimited period of time does not exceed euro 6.066.982,59;
- (ff) the mortgage deeds and the General Conditions contain clauses which set out the events pursuant to which the Seller may demand repayment of the Principal Sum which include, *inter alia*, (i) the death of the Borrower or (ii) a sale or transfer ("*vervreemding*") of the Mortgaged Asset or (iii) the Borrower leaving the Mortgaged Asset to take up his residence outside the Netherlands;

- (gg) there is no relationship between the Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Seller;
- (hh) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Seller and the securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as securities within the meaning of the Wge, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises;
- (ii) each of the Mortgage Loans with a tenor of more than thirty (30) years or without a maturity date pays out upon the death of the Borrower, upon a sale or transfer ("*vervreemding*") of the Mortgaged Asset or upon the Borrower leaving the Mortgaged Asset to take up his residence outside the Netherlands;
- (jj) in respect of the Mortgage Receivables which are only secured by second ranking Mortgages, when calculating the LTV, the maximum amount for which the first ranking Mortgage can be enforced is deducted from the foreclosure value;
- (kk) the aggregate Outstanding Principal Amount of all Mortgage Receivables in respect of which a direct debit is scheduled for one and the same date in a calendar month does not exceed 19 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date;
- (ll) the Mortgage Conditions relating to the EUR Mortgage Receivables do not contain a right of the relevant Borrower to convert the relevant EUR Mortgage Receivables into another currency;
- (mm) the aggregate Outstanding Principal Amount of all Interest-only Mortgage Receivables does not exceed 97 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-off Date;
- (nn) on the Cut-off Date, the Potential Set-Off Amount is equal to an amount of EUR 29,800,000; and
- (oo) on the Cut-off Date, the aggregate number of all Mortgage Receivables which have the benefit of a Life Insurance Policy with a Life Insurance Company which belongs to the same group as the Seller does not exceed 19 per cent. of the aggregate number of all Life Mortgage Receivables.

Mortgage Loan Criteria

Each of the Mortgage Loans will meet the following criteria (the '**Mortgage Loan Criteria**') at Closing:

- (i) the Mortgage Loans are either:
 - (a) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
 - (b) Annuity Mortgage Loans ("*annuïteiten hypotheken*");
 - (c) Linear Mortgage Loans ("*lineaire hypotheken*");
 - (d) Investment Mortgage Loans ("*beleggingshypotheken*");
 - (e) Life Mortgage Loans ("*levenhypotheken*"); or
 - (f) combinations of any of these types of mortgage loans ("*combinatiehypotheken*").
- (ii) the Borrower is, at the time of origination of the Mortgage Loan, a resident of the Netherlands and a natural person;
- (iii) the Mortgaged Asset encumbered with the mortgage right is located in the Netherlands;
- (iv) each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Assets and the Other Collateral, has an Outstanding Principal Amount of not more than EUR 5,500,000; and
- (v) the legal final maturity of each Mortgage Loan, other than the Mortgage Receivables referred to below under (vi), does not extend beyond April 2055.

The Mortgage Loan Criteria apply also to the selection of Substitute Mortgage Receivables.

Repurchase

If at any time any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables and the Life Beneficiary Rights given by the Seller proves to have been untrue or incorrect in any material respect, the Seller shall within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto, or if such matter is not capable of being remedied or is not remedied within the said period of fourteen (14) days,

the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivables at the immediately succeeding Mortgage Payment Date.

On the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to a Mortgage Loan Amendment unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan.

Finally, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to an EUR-CHF Switch or CHF-EUR Switch.

The purchase price for the Mortgage Receivable in such events will be equal to the then Outstanding Principal Amount of such Mortgage Receivable together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

Other than in the events set out above, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer.

Substitution

The Mortgage Receivables Purchase Agreement provides that on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer will, provided that no Enforcement Notice has been served in accordance with Condition 10, use the Substitution Available Amount to purchase and accept assignment of Substitute Mortgage Receivables from the Seller if and to the extent offered by the Seller. On any Quarterly payment Date, the '**Substitution Available Amount**' will be equal to the amount received by the Issuer under item (iii) of the Notes Redemption Available Amount as a result of a repurchase by the Seller of a Mortgage Receivable due to a Mortgage Loan Amendment or due to a CHF-EUR Switch. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be the sum of an initial purchase price, being the Outstanding Principal Amount in respect of such Substitute Mortgage Receivables on the first day of the month wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Substitute Mortgage Receivables.

The purchase by the Issuer of Substitute Mortgage Receivables will be subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant Quarterly Payment Date:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold and relating to the Seller (with certain exceptions to reflect that the Substitute Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Assignment Notification Event has occurred and is continuing on such Quarterly Payment Date;
- (c) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Substitution Available Amount is sufficient to pay the Initial Purchase Price for the Substitute Mortgage Receivables;
- (e) the Security Trustee has (i) notified Fitch and (ii) does not expect that the then current rating assigned to the Senior Class A Notes by Fitch is adversely affected as a result of such substitution;
- (f) there is no debit balance on the Principal Deficiency Ledger;
- (g) the weighted average of the loan to foreclosure value ratio ('**LTfV-ratio**') of all Mortgage Loans upon origination, including all Mortgage Loans from which Substitute Receivables result, does not exceed the weighted average of the aggregate LTfV-ratio at the Closing Date. The Issuer and the Seller may agree to a higher LTfV-ratio, provided that the Security Trustee

has notified Fitch and that the Security Trustee, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected as a consequence thereof; and

- (h) the Borrower under the Substitute Mortgage Receivable was a Borrower on the Closing Date;
- (i) the Mortgage Loan from which the Substitute Mortgage Receivable results is a EUR Mortgage Loan.

Sale of Mortgage Receivables:

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Other than explicitly set out below, the Seller will have to pay a purchase price equal to the purchase price a third party is willing to pay for the Mortgage Receivables. See chapter *Credit Structure* above for a description of the calculation of the purchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables.

Clean-Up Call Option

On each Quarterly Payment Date the Seller may exercise the Clean-Up Call Option. In the Mortgage Receivables Purchase Agreement the Issuer has undertaken to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in respect of the Mortgage Receivables sold by it in its sole discretion, with respect to the exercise of the Clean-Up Call Option for a price set out under *Sale of Mortgage Receivables* in *Credit Structure* above.

Regulatory Call Option

On each Quarterly Payment Date the Seller has the option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. A '**Regulatory Change**' will be a change published on or after the Closing Date (i) in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the '**Basle Accord**') or in the international, European or Dutch regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the '**Bank Regulations**') applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes and (ii) as a result of which the Notes no longer qualify as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem.

If the Seller exercises the Regulatory Call Option, the Seller or any third party appointed by the Seller (in its sole discretion) shall repurchase and accept re-assignment of the Mortgage Receivables for a price equal to the Outstanding Principal Amount of such Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment and any costs incurred by the Issuer in effecting and completing such repurchase and reassignment.

Assignment Notification Events

The Mortgage Receivables Purchase Agreement provides that if, *inter alia*:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within ten (10) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within ten (10) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or

- (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*"), liquidation ("*vereffening*"), legal demerger ("*juridische splitsing*") or conversion ("*conversie*") into a foreign entity, involving the Seller or any of its assets are placed under administration ("*onder bewind gesteld*"); or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against the Seller in respect of its entering into emergency regulations ("*noodregeling*") as referred to in the Act on Financial Supervision ("*Wet op het financieel toezicht*" or "*Wft*") as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) a Trustee Notification Event occurs; or
- (f) the Seller, on a consolidated basis, during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. above the percentage required by Chapter 10 of the Decree prudential rule Wft issued pursuant to the Act on Financial Supervision for tier 1 capital and 0.50 per cent. above the percentage required by Chapter 11 of the Decree prudential rule Wft for tier 1 capital, upper tier 2 capital and lower tier 2 capital together and the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Chapter 11 of the Decree prudential rule Wft during a period of any two consecutive months; or
- (g) the actual liquidity of the Seller pursuant to Chapter 11 of the Decree prudential rule Wft pursuant to the Act on Financial Supervision is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Decree prudential rule Wft during a period of any two consecutive months,

(each an '**Assignment Notification Event**') then, and at any time thereafter, unless an appropriate remedy to the satisfaction of the Security Trustee is found and provided that the Security Trustee has notified Fitch and that the Security Trustee, in its reasonable opinion, does not expect that no notice will not result in a downgrade of the then current rating assigned to the Senior Class A Notes, within a period of ten (10) business days, except in the occurrence of the events mentioned under (c) and (d) where no remedy shall apply, the Seller shall forthwith notify the Borrowers, the Life Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Life Beneficiary Rights relating thereto or, at its option, the Issuer shall be entitled to make such notifications itself.

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

Set-off by Borrowers

The Mortgage Receivables Purchase Agreement provides that if a Borrower invokes a right of set-off for amounts due to it by the Seller against the Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To further secure the obligations of the Seller in this respect, the Issuer will enter into the Potential Set-Off Reserve Subordinated Loan with the Seller and the Security Trustee and deposit any drawing under the Potential Set-Off Reserve Subordinated Loan from time to time in the Potential Set-Off Reserve Account. The Issuer shall, on any Quarterly Payment Date, have the right to make drawings from the Potential Set-Off Reserve Account if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not

reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid in respect of any Mortgage Receivable(s) (see also chapter *Credit Structure* below).

Jointly-held Security Interests

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share ("*aandeel*") in each jointly-held security interest of the Security Trustee and/or the Issuer, other than a Borrower Investment Pledge, will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. In respect of each co-held Borrower Investment Pledge, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandeel*") in each co-held Borrower Investment Pledge of the Seller will be equal to the Other Claims held by the Seller, if any, and the share of the Issuer and/or the Security Trustee will be equal to the foreclosure proceeds of the Borrower Investment Pledge less the amount of the Other Claims, if any. In addition, the Seller will undertake vis-à-vis the Issuer and the Security Trustee to only assign, pledge or transfer any Other Claims provided that the assignee, the pledgee or the transferee of such Other Claims has agreed in writing to be bound by this arrangement and to the obligation to impose the arrangement on any subsequent transferee or assignee and so on. Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Mortgage Calculation Period. Such compensation will be paid by the Seller as soon as possible, but in any event ultimately on the Mortgage Payment Date immediately succeeding such Mortgage Calculation Period. To further secure the obligations of the Seller under this arrangement, the Seller shall vest on the Closing Date a right of pledge on the Other Claims in favour of the Issuer and the Security Trustee respectively. In addition, the Seller shall undertake to vest a right of pledge on any Other Claims resulting from any new legal relationships with any of the Borrowers after the Closing Date on each Quarterly Payment Date in favour of the Issuer and the Security Trustee respectively. Such pledge will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the amount of the Other Claims in the foreclosure proceeds of a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower (see also chapter *Risk Factors*).

ADMINISTRATION AGREEMENT

Services

In the Administration Agreement each of (i) the Pool Servicer will agree to provide, *inter alia*, administration and management services and the other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, the direction of amounts received by the Seller to the Issuer Collection Accounts and the production of monthly reports in relation thereto and to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights and rights of pledge and any other Collateral (see further *Mortgage Loan Underwriting and Mortgage Servicing* above) and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility Agreement and from the Reserve Account and the Potential Set-Off Reserve Account, (b) all payments to be made by the Issuer under the Swap Agreements and under the other Relevant Documents, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) the maintaining of all required ledgers in connection with the above and (e) all calculations to be made pursuant to the Conditions under the Notes. The Issuer Administrator will also provide the Swap Counterparties with all information necessary in order to perform its role as calculation agent under the relevant Swap Agreement.

The Pool Servicer and the Defaulted Loan Servicer being Staalbankiers N.V., which as a licensed bank holds a license under the Act on Financial Supervision ("*Wet op het financieel toezicht*") by operation of law, will be obliged to administer the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as it administers other mortgage loans in its own portfolio.

Each of the Pool Servicer and the Issuer Administrator may subcontract its obligations subject to and in accordance with the Administration Agreement (without the consent of the Issuer and the Security Trustee or the approval of Fitch or any other party being required in case such sub-agent is a group company). Any such subcontracting will not relieve the Pool Servicer or the Issuer Administrator from its responsibility to perform its obligations under the Administration Agreement, although in the case of subcontracting, such services will be performed by a sub-agent.

Termination

The appointment of the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Administration Agreement which is not remedied within the cure period, (b) a default by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement which is not remedied within the cure period or (c) the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Act on Financial Supervision ("*Wet op het financieel toezicht*") (only in respect of the Pool Servicer and/or the Defaulted Loan Servicer) or suspension of payments in respect of the Issuer Administrator or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) any of the Pool Servicer or the Defaulted Loan Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision.

Furthermore, in the Administration Agreement, Achmea Hypotheekbank N.V. in its capacity as Back-up Servicer has agreed to replace the Pool Servicer and the Defaulted Loan Servicer and become the Pool Servicer and the Defaulted Loan Servicer under the Administration Agreement by way of contract transfer of all rights and obligations of Staal in its capacity as Pool Servicer and Defaulted Loan

Servicer respectively subject to the condition precedent ("*opshortende voorwaarde*") of the occurrence of any of the termination events (as set out above) in respect of the Pool Servicer and the Defaulted Loan Servicer respectively (see chapter *Administration Agreement*).

Upon termination of the appointment of the Pool Servicer and/or the Defaulted Loan Servicer and/or Issuer Administrator under the Administration Agreement, each of the Security Trustee and the Issuer shall use its best efforts to appoint a substitute pool servicer and/or defaulted loan servicer and/or issuer administrator, as the case may be, and such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator, as the case may be, shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement, provided that such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator, as the case may be, shall have the benefit of a fee at a level to be then determined. Any such substitute pool servicer and/or defaulted loan servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a license as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Administration Agreement may be terminated by the Pool Servicer and/or Defaulted Loan Servicer and/or Issuer Administrator or the Issuer and/or the Security Trustee upon the expiry of not less than six (6) months' notice of termination given by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator to each of the Issuer and the Security Trustee or by the Issuer and/or the Security Trustee to the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute pool servicer and/or defaulted loan servicer and/or issuer administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator, as the case may be, shall not be released from its obligations under the Administration Agreement until such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator, as the case may be, has entered into such new agreement.

THE ISSUER

Acier 2009-I B.V. (the 'Issuer'), previously named Acier 2008-I B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") was incorporated under the laws of the Netherlands under the laws of the Netherlands on 17 July 2008.

The statutory seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer operates on a cross-border basis when offering the Notes in certain countries. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34307281.

The Issuer is a special purpose vehicle, whose objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables ("*vorderingen op naam*") and to exercise any rights connected to such receivables, (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 risks, currency risks 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 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 Acier 2009-I.

Stichting Holding Acier 2009-I, previously named Stichting Holding Acier 2008-I, is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 10 July 2008. The objects of Stichting Holding Acier 2009-I 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 Acier 2009-I is ATC Management B.V.

Statement by managing director of the Issuer

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions and no financial statements have been drawn up, save for the activities related to its establishment and the securitisation transaction included in this Prospectus, (ii) been involved in any legal, arbitration or governmental proceedings or is aware of any such proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer and (iii) prepared any financial statements.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents (see *Terms and Conditions of the Notes* below).

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

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

The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) acting as a finance company, and (c) management of legal entities.

Each of the managing directors of Stichting Holding Acier 2009-I and the Issuer has entered into a management agreement with the entity of which it has been appointed as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do or should refrain from what an adequate managing director should not be doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current rating assigned to the Senior Class A Notes. In addition, each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, unless it has obtained the prior written consent of the Security Trustee and provided that the Security Trustee has notified Fitch and that the Security Trustee, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected as a consequence thereof.

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

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 17 July 2008 and ends on 31 December 2009.

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
Issuer Share Capital	euro 18,000

Borrowings

Senior Class A Notes	euro 391,550,000
Mezzanine Class B Notes	euro 137,600,000
Subordinated Class C Notes	euro 5,300,000
Potential Set-Off Reserve Subordinated Loan	euro 9,900,000

USE OF PROCEEDS

The proceeds of the Notes to be issued on the Closing Date amount to euro 534,450,000. The proceeds of the issue of the Notes, other than the proceeds of the issue of the Subordinated Class C Notes, will be applied by the Issuer on the Closing Date to pay the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement on the Closing Date.

The proceeds of the issue of the Subordinated Class C Notes will be credited to the Reserve Account. In addition, the Potential Set-Off Reserve Subordinated Loan will be credited to the Potential Set-Off Reserve Account. An amount of euro 745.560,27 (being equal to the aggregate Construction Amounts on the Cut-Off Date) of the Initial Purchase Price payable on the Closing Date will be withheld by the Issuer and deposited in the Construction Account.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement, (iii) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iv) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (v) to the Interest Rate Swap Counterparty under the Interest Rate Swap Agreement, (vi) to the Currency Swap Counterparty under the Currency Swap Agreement, (vii) to the Noteholders under the Notes, (viii) to the Seller under the Potential Set-Off Reserve Subordinated Loan and (ix) to the Seller under the Mortgage Receivables Purchase Agreement (the parties referred to in items (i) through (ix) together the '**Secured Parties**'), (the '**Parallel Debt**'). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

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

The Issuer shall grant a first ranking right of pledge ("*pandrecht*") (the '**Trustee Receivables Pledge Agreement**') over the Mortgage Receivables and the Life Beneficiary Rights relating thereto (see further chapter *Risk Factors* above) to the Security Trustee on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a first ranking right of pledge over the relevant Substitute Mortgage Receivables and, if applicable, the relevant Life Beneficiary Rights relating thereto on the Quarterly Payment Date on which such Substitute Mortgage Receivables are purchased. The pledge provided in the Trustee Receivables Pledge Agreement will not be notified to the Borrowers and the Life Insurance Companies except in case that certain events occur, which are events similar to the Assignment Notification Events but relating to the Issuer, and including the delivery of an Enforcement Notice by the Security Trustee (the '**Trustee Notification Events**'). Prior to notification of the pledge to the Borrowers and the Life Insurance Companies, the pledge on the Mortgage Receivables and the Life Beneficiary Rights respectively, will be an "undisclosed" right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Dutch Civil Code.

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

Following the occurrence of a Trustee Notification Event and, consequently, notification to the Borrowers and the Life Insurance Companies and withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers, the Life Insurance Companies or parties to the Relevant Documents. Pursuant to the Trust Deed the Security Trustee will, until the delivery of an Enforcement Notice, (i) apply such amounts in accordance with the Interest

Priority of Payments and the Principal Priority of Payments or (ii) for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments, pay or procure the payment of certain amounts from a bank account opened in the name of the Security Trustee which will be used to collect such amounts, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge.

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

Furthermore, the Seller shall vest on the Closing Date a right of pledge on the Other Claims in favour of the Issuer and the Security Trustee respectively (the '**Other Claims Pledge Agreement**'). In addition, the Seller shall undertake to vest a right of pledge on any Other Claims resulting from any new legal relationships with any of the Borrowers after the Closing Date on each Quarterly Payment Date in favour of the Issuer and the Security Trustee respectively. Such pledge will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the amount of the Other Claims in the foreclosure proceeds of a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower.

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

THE SECURITY TRUSTEE

Stichting Security Trustee Acier 2009-I (the '**Security Trustee**'), previously named Stichting Security Trustee Acier 2008-I, is a foundation ("*stichting*") established under the laws of the Netherlands on 10 July 2008. It has its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and its telephone number is +31 20 5771 177.

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

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

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

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

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

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

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

However, the Noteholders can resolve to dismiss the director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and Clause 4.4 of the articles of incorporation of the Security Trustee. The director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office has been contracted to act as director of the Security Trustee, which is reasonably acceptable to the Issuer, after having consulted the Secured Parties, other than the Noteholders, and provided that the Security Trustee has notified Fitch and that the Security Trustee, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected as a consequence thereof.

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 the Security Trustee (i) has notified Fitch and (ii), in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected by any such modification, authorisation or waiver (see *Terms and Conditions of the Notes*).

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 391,550,000 Senior Class A Mortgage-Backed Notes 2009 due 2057 (the '**Senior Class A Notes**'), the euro 137,600,000 Mezzanine Class B Mortgage-Backed Notes 2009 due 2057 (the '**Mezzanine Class B Notes**') and the euro 5,300,000 Subordinated Class C Notes 2009 due 2057 (the '**Subordinated Class C Notes**', and together with the Senior Class A Notes and the Mezzanine Class B Notes, the '**Notes**'), was authorised by a resolution of the managing director of Acier 2009-I B.V. (the '**Issuer**') passed on or about 18 May 2009. The Notes are issued under a trust deed dated 20 May 2009 (the '**Trust Deed**') between the Issuer, Stichting Security Trustee Acier 2009-I (the '**Security Trustee**') and Stichting Holding Acier 2009-1 (the '**Shareholder**').

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the priority of payments and the form of the Notes and the 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 20 May 2009 between the Issuer, the Security Trustee and Rabobank as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) an Administration Agreement (the '**Administration Agreement**') dated 20 May 2009 between, *inter alia*, the Issuer, the Security Trustee, Staalbankiers N.V. as the Pool Servicer and the Defaulted Loan Servicer, ATC Financial Services B.V. as the Issuer Administrator and Achmea Hypotheekbank N.V. as the Back-up Servicer, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated 20 May 2009 between, *inter alia*, the Issuer and the Security Trustee, (v) a pledge agreement dated 20 May 2009 (the '**Trustee Receivables Pledge Agreement**') between the Issuer and the Security Trustee, (vi) a pledge agreement dated 20 May 2009 between the Issuer, the Security Trustee and others (the '**Trustee Assets Pledge Agreement**' (jointly with the pledge agreement referred to under (v) above, the '**Pledge Agreements**') and a pledge agreement dated 20 May 2009 between the Seller, the Security Trustee and the Issuer (the '**Other Claims Pledge Agreement**').

Unless otherwise defined herein, words and expressions used below are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 18 May 2009 and signed by the Issuer, the Security Trustee, the Paying Agent and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, '**Class**' means either the Senior Class A Notes and the Mezzanine Class B Notes or the Subordinated Class C Notes, as the case may be. If the terms or definitions in the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and definitions of these Conditions shall prevail and any reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other Relevant Documents (see under *General Information of the Prospectus*) are available for inspection, free of charge, by holders of the Senior Class A Notes (the '**Senior Class A Noteholders**'), holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**') and the holders of the Subordinated Class C Notes (the '**Subordinated Class C Noteholders**' and together with the Senior Class A Noteholders and the Mezzanine Class B Noteholders, the '**Noteholders**') at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1st floor, 1076 EE Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

1. Form, Denomination and Title

Each of the Notes will be in bearer form serially numbered with Coupons attached on issue and will be available in denominations of euro 50,000. Under Dutch law, the valid transfer of Notes or Coupons requires, *inter alia*, delivery ("*levering*") thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat any Noteholder and the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status and Relationship between the Classes of Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Subordinated 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;
- (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 Trust Deed, the Parallel Debt Agreement, the Pledge Agreements and the Other Claims Pledge Agreement, which will create the following security rights:
 - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Life Beneficiary Rights;
 - (ii) a first ranking pledge by the Issuer in favour of the Security Trustee over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement (v), the Potential Set-Off Reserve Subordinated Loan Agreement and (vi) the Swap Agreements and (b) in respect of the Transaction Accounts; and
 - (iii) a first ranking right of pledge by the Seller to the Security Trustee and a second ranking right of pledge by the Seller to the Issuer on any Other Claims.
- (d) The Notes will be secured (indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes and the Subordinated Class C Notes; the Mezzanine Class B Notes will rank in priority to the Subordinated Class C Notes in case the security is being enforced. The '**Most Senior Class of Notes**' means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Subordinated Class C Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interests of the holders of the Most Senior Class of Notes. In this respect the order of priority is as follows: firstly, the Senior Class A Noteholders, secondly, the Mezzanine Class B Noteholders and finally, the Subordinated Class C Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict of interest between the Secured Parties the Priority of Payments upon Enforcement set forth in 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 Dutch business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except to the extent permitted by the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Swap Agreements, the Floating Rate GIC, the Liquidity Facility Agreement, the Potential Set-Off Reserve Subordinated Loan Agreement, the Pledge

Agreements, the Other Claims Pledge Agreement, the Parallel Debt Agreement, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, any purchase deed of assignment and pledge and the Trust Deed (together with the Master Definitions Agreement, the '**Relevant Documents**') or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 20 May 2009 relating to the issue of the Notes, except as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights on any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or in entirety to one or more persons;
- (e) permit the validity or effectiveness of the Parallel Debt Agreement, the Other Claims Pledge Agreement and the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations, except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than (i) the Transaction Accounts or (ii) accounts to which collateral under any of the Swap Agreements is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any action for its entering into a suspension of payments or bankruptcy or its dissolution or liquidation or being converted into a foreign entity.

4. Interest

(a) *Period of accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(g)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation thereof being duly made, payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Floating Rate Interest Period), such interest shall be calculated on the basis of the actual number of days elapsed in such period and a 360 day year.

(b) *Floating Rate Interest Periods and payment dates*

Interest on the Notes shall be payable by reference to successive floating rate interest periods (each a '**Floating Rate Interest Period**') in respect of the Principal Amount Outstanding (as defined in Condition 6(g)) on each Class of Note on the first day of such Floating Rate Interest Period and will be payable quarterly in arrear on the 25th day of July, October, January and April (or, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam, London and Dublin, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system ('**TARGET 2**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will

commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in July 2009.

(c) *Interest on the Notes up to (but excluding) the first Optional Redemption Date*

Interest on the Notes for each Floating Rate Interest Period will accrue at an annual rate of interest equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three (3) month deposits in euro (determined in accordance with Condition 4(e)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three month deposits in euro, rounded if necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A Notes a margin of 0.20 per cent, per annum,
- (ii) for the Mezzanine Class B Notes a margin of 0.25 per cent, per annum, and
- (iii) for the Subordinated Class C Notes a margin of 0.30 per cent, per annum.

(d) *Interest following the first Optional Redemption Date*

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, the annual rate of interest applicable to each Class of Notes will be equal to the sum of Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(e)), payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes a margin of 0.40 per cent, per annum,
- (ii) for the Mezzanine Class B Notes a margin of 0.50 per cent, per annum, and
- (iii) for the Subordinated Class C Notes a margin of 0.60 per cent, per annum.

(e) *Euribor*

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

- (i) The Reference Agent will obtain for each Floating Rate Interest Period the interest rate equal to Euribor for three (3) month deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01, (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter 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) as at or about 11.00 a.m. (Amsterdam time) on the day that is two (2) Business Days preceding the first day of each Floating Rate Interest Period (each an '**Euribor Interest Determination Date**').
- (ii) If, on the relevant Euribor 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 '**Reference Banks**') to provide a quotation for the rate at which three (3) month deposits in euro are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Amsterdam time) on the relevant Euribor Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine if at least two quotations are provided the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
 - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone,

selected by the Reference Agent, at approximately 11.00 am (Amsterdam time) on the relevant Euribor Interest Determination Date for three (3) month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

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

- (f) *Determination of Floating Rate of Interest and Calculation of the Floating Interest Amounts*
The Reference Agent will, as soon as practicable after 11.00 am (Amsterdam time) on each Euribor Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each Class of Notes (the '**Floating Rate of Interest**') and calculate the amount of interest payable on each of the Notes for the following Floating Rate Interest Period (the '**Floating Interest Amount**') by applying, as provided in Condition 4(a), the applicable Floating Rate of Interest to the Principal Amount Outstanding of each Class of Notes respectively on the first day of such Floating Rate Interest Period. The determination of the relevant Floating Rate of Interest and each Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.
- (g) *Notification of the Floating Rate of Interest and the Floating Interest Amount*
The Reference Agent will in respect of each Quarterly Payment Date cause the applicable Floating Rate of Interest and the relevant Floating Interest Amount and the relevant Quarterly Payment Date applicable to each Class of the Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the Pool Servicer, to the holders of such Class of Notes, the Irish Stock Exchange and the Company Announcements Office of the Irish Stock Exchange. The Floating Interest Amount and the relevant Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.
- (h) *Determination or Calculation by Security Trustee*
If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with Condition 4(e) 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 Condition 4(e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Interest Amount in accordance with Condition 4(f) above, and each such determination or calculation shall (in the absence of manifest error) be final and binding on all parties.
- (i) *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 Reference Banks and a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least ninety (90) days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank, or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor 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 the Notes will be made upon presentation of such Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to, in the case of the Notes, 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 Final Maturity Date (as defined in Condition 6(a)), or such earlier date the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five (5) years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon (a '**Local Business Day**'), the holder thereof shall not be entitled to payment until the next following day on which banks are open for business in the place of presentation, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the Local Business Day following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed and the Issuer will at all times maintain a paying agent having a specified office in the European Union. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) *Final redemption*

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in April 2057 (the '**Final Maturity Date**') subject to Condition 9(b).

(b) *Mandatory redemption of the Notes (other than the Subordinated Class C Notes)*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall apply the Notes Redemption Available Amount to redeem, whether in full or in part, at their respective Principal Amount Outstanding the Notes (other than the Subordinated Class C Notes) on the Quarterly Payment Date falling in April 2057 and on each Quarterly Payment Date thereof, on a *pro rata* basis among the Notes of each relevant Class in the following order:

- (i) *first*, in or towards satisfaction of principal amounts due in respect of the Senior Class A Notes, until fully redeemed, and
- (ii) *second*, in or towards satisfaction of principal amounts due in respect of the Mezzanine Class B Notes, until fully redeemed.

The principal amount so redeemable in respect of each relevant Note on the relevant Quarterly Payment Date shall each be the relevant Principal Redemption Amount (as defined in Condition 6(g)). Following application of the relevant Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Optional Redemption*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer may, at its option, on the Quarterly Payment Date falling in April 2013 and on any Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') redeem all (but not some only) of the Notes, other than the Subordinated Class C Notes, at their Principal Amount Outstanding on such date, less in the case of the Mezzanine Class B Notes, the Mezzanine Class B Principal Shortfall (if any).

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

(d) *Redemption of Subordinated Class C Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Interest Available Amount (as defined in the Master Definitions Agreement), if and to the extent that all payments ranking above item (l) in the Interest Priority of Payments have been made in full, to redeem (or partially) redeem on a *pro rata* basis the Subordinated Class C Notes on the Quarterly Payment Date falling in July 2009 and each Quarterly Payment Date thereafter until fully redeemed.

The principal amount so redeemable in respect of each Subordinated Class C Note on the relevant Quarterly Payment Date shall each be the relevant Principal Redemption Amount (as defined in Condition 6(g)). Following application of the relevant Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(e) *Determination of Notes Redemption Available Amount, Notes Interest Available Amount, Principal Redemption Amount and Principal Amount Outstanding*

(i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Notes Redemption Available Amount and the Notes Interest Available Amount, (y) the Principal Redemption Amount due in respect of each Note of the relevant Class of Notes on the immediately succeeding Quarterly Payment Date and (z) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of manifest error) be final and binding on all persons.

(ii) The Issuer (or the Issuer Administrator on its behalf) will on each Quarterly Calculation Date cause each determination of (x) the Notes Redemption Available Amount and the Notes Interest Available Amount and (y) the Principal Redemption Amount due in respect of each of the Notes of the relevant Class on the immediately succeeding Quarterly Payment Date and (z) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear Netherlands and to the holders of Notes in accordance with Condition 13, but in any event no later than three (3) business days prior to the Quarterly Payment Date. If no Principal Redemption Amount in respect of a Class of Notes 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 or the Issuer Administrator on its behalf does not at any time for any reason determine (x) the Notes Redemption Available Amount and the Notes Interest Available Amount and (y) the Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and due for the relevant Class of Notes on the Quarterly Payment Date, and (z) the Principal Amount Outstanding of the Notes, such (x) Notes Redemption Available Amount and the Notes Interest Available Amount and (y) Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and (z) Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with this paragraph (e) and paragraphs (a) and (d) above (but based upon the information in its possession as to the Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date) and the Notes Interest Available Amount and each such determination or

calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of manifest error) be final and binding on all persons.

(f) *Redemption for tax reasons*

The Notes, other than the Subordinated Class C Notes, may be redeemed at the option of the Issuer in whole, but not in part, at their Principal Amount Outstanding, subject to, in respect of the Notes other than the Senior Class A Notes, Condition 9(b), on any Quarterly Payment Date, if the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes, other than the Subordinated Class C Notes, as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of the Notes, other than the Subordinated Class C Notes, and any amounts required to be paid in priority or *pari passu* with each Class of Notes, other than the Subordinated Class C Notes, in accordance with the Trust Deed. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes, other than the Subordinated Class C Notes, (or such of them as are then outstanding) are also redeemed in full at the same time, subject to Condition 9(b).

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

(g) *Definitions*

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

'Mortgage Calculation Period' means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first Mortgage Calculation Period which will commence on the Cut-Off Date and end on and include the last day of May 2009.

'Notes Redemption Available Amount' means, on any Quarterly Payment Date, the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period as calculated on the immediately preceding Quarterly Calculation Date:

- (i) as repayment and prepayment (whether in part or in full) of principal under the Mortgage Receivables, but excluding prepayment penalties;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal up to the Outstanding Principal Amount of such Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase (or sale) of Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
- (v) as amounts to be credited to the Principal Deficiency Ledger on such Quarterly Payment Date in accordance with the Administration Agreement;

- (vi) as amounts in euro received from the Currency Swap Counterparty under the Currency Swap Agreement to the extent relating to principal;
- (vii) as amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;
- (viii) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes, other than the Subordinated Class C Notes, on the Closing Date over (b) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date; and
- (ix) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Payment Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

less on such Quarterly Calculation Date the sum of:

- (x) to the extent the amounts received under (i) up to and including (iv) are CHF denominated the principal amount due to the Currency Swap Counterparty; and
- (xi) any amount applied to the purchase of the relevant Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**') up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date,

'Net Proceeds' shall mean in respect of a Mortgage Receivable, the sum of (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure of any Borrower Pledge (excluding the share of the Seller with respect to the Borrower Investment Pledge), (c) the proceeds of foreclosure on any Other Collateral securing the Mortgage Receivable, (d) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance policies and any Life Insurance Policies, (e) any other guarantees or sureties, and (f) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.

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

'Principal Redemption Amount' means, on the relevant Quarterly Payment, the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes excluding the Subordinated Class C Notes) on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to such redemption and (iii) in respect of the Subordinated Class C Notes, the amount (rounded down to the nearest euro) of the Notes Interest Available Amount available for redemption pursuant to Condition 6(d) divided by the number of Subordinated Class C Notes, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.

'Quarterly Calculation Date' means, in relation to a Quarterly Calculation Period, the 6th business day prior to each Quarterly Payment Date.

'Quarterly Calculation Period' means, in relation to a Quarterly Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Quarterly Calculation Date except for the first Quarterly Calculation Period, which will commence on the Cut-Off Date and end on and include the last day of June 2009;

7. **Taxation**

All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature, unless the Issuer or the Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Paying

Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

8. Prescription

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

9. Subordination

(a) *Interest*

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

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

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

(b) *Principal*

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B Principal Shortfall on such Quarterly Payment Date. The '**Mezzanine Class B Principal Shortfall**' shall mean an amount equal to

the quotient of the balance on the Mezzanine Class B Principal Deficiency Ledger and the number of Mezzanine Class B Notes outstanding on such Quarterly Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

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

(c) *Limited recourse*

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

10. Events of Default

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

- (a) default is made for a period of fifteen (15) days in the payment of the principal of, or interest on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 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 ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or is declared bankrupt, or
- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed and the Security,

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class of Notes irrespective of whether an Extraordinary Resolution is passed by the holders of such Class or Classes of Notes ranking junior to the Most Senior

Class of Notes, unless an Enforcement Notice in respect of the Most Senior Class of Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

11. Enforcement

- (a) At any time after an Enforcement Notice has been given and the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and Coupons, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders 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 is paid in full. The Noteholders accept and agree that 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 in the circumstances set out therein 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.

13. Notices

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

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents. Instead of at a general meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing - provided that all Noteholders with the right to vote have voted in favour.

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

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 altering the rate of interest payable in respect of the Notes or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that (a) such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) after having notified Fitch of the proposed Basic Terms Change, the Security Trustee in its reasonable opinion does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

(c) Extraordinary Resolution
Quorum and majority

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

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

Limitations

No Extraordinary Resolution to sanction a change of the date of maturity of the Notes of a Class, or a change which would have the effect of postponing any day for payment of interest in respect of a Class of Notes, reducing or cancelling the amount of principal payable in respect of a Class of Notes or altering the majority required to pass an Extraordinary Resolution or altering the rate of interest payable in respect of a Class of Notes or any alteration of the date or priority of redemption of a Class of Notes, shall take effect unless (i) the Issuer has agreed thereto, (ii) only in respect of a change which would have the effect of altering the rate of interest payable in respect of a Class of Notes, the Swap Counterparty has agreed thereto and (iii) it shall have been sanctioned by an Extraordinary Resolution of the holders of all Notes ranking junior to the Most Senior Class of Notes.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Subordinated Class C Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Subordinated Class C Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Subordinated Class C Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders, irrespective of the effect on their interests.

- (d) Modifications by the Security Trustee
The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee (i) has notified Fitch and (ii), in its reasonable opinion, it does not expect that the then current rating assigned to the Senior Class A Notes will 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.
- (e) Exercise of Security Trustee's functions
In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the related 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. Any legal action or proceedings arising out of or in connection with the Notes and Coupons, shall be irrevocably submitted by the Issuer to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (each a "**Temporary Global Note**") (i) in the case of the Senior Class A Notes, in the principal amount of euro 391,550,000, (ii) in the case of the Mezzanine Class B Notes, in the principal amount of euro 137,600,000 and (iii) in the case of the Subordinated Class C Notes, in the principal amount of euro 5,300,000. Each Temporary Global Note will be deposited with Euroclear Netherlands ("*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*"), on or about 20 May 2009. Upon deposit of each such Temporary Global Note, Euroclear Netherlands will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than forty (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 Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "**Global Note**" means any of them, as the context may require). On the exchange of each Temporary Global Note for the relevant Permanent Global Note, the relevant Permanent Global Note will remain deposited with Euroclear Netherlands.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of euro 50,000 or, as the case may be, in the Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear Netherlands as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the rules and procedures of Euroclear Netherlands. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear Netherlands notices to Noteholders may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice 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 Netherlands as aforesaid.

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear Netherlands as the holder of a particular Principal Amount Outstanding of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such Principal Amount Outstanding of that Class of Notes 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 Netherlands as to the persons shown in its records as being entitled to such Notes and the respective Principal Amount Outstanding of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear Netherlands is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or

thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, 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 A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A Notes;
- (ii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes; and
- (iii) Subordinated Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class C Notes,

in each case within thirty (30) days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

As long as the Notes are represented by a Global Note deposited with Euroclear Netherlands, a Noteholder shall not have the right to request delivery ("*uitlevering*") thereof under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") other than in the Exchange Event as described above.

TAXATION IN THE NETHERLANDS

1. General

The following is a general summary of the Dutch tax consequences as at the date hereof in relation to payments made under the Notes and in relation to the acquisition, holding, redemption or disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of a Note or a prospective holder and in view of its general nature, it should be treated with corresponding caution. Prospective Noteholders should consult their tax advisers with regard to the tax consequences of investing in the Notes.

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

2. Withholding tax

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

3. Taxes on income and capital gains

This paragraph does not describe the Dutch tax consequences of the acquisition, holding, redemption and disposal of the Notes if a Noteholder or, in the event the holder is an individual, individuals related to such holder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer.

Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company or (ii) holds rights to acquire, directly or indirectly, such interest or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Residents of the Netherlands

Generally speaking, if the holder of the Notes is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is subject to a 25.5% corporate income tax rate (a corporate income tax rate of 20.0% applies with respect to taxable profits up to € 40,000 and 23.0% over the following €160,000, the first two brackets for 2009).

A Dutch qualifying pension fund and a Dutch qualifying tax exempt investment fund (in Dutch "*vrijgestelde beleggingsinstelling*") are in principle not subject to Dutch corporate income tax. A qualifying Dutch investment fund (in Dutch "*fiscale beleggingsinstelling*") is subject to corporate income tax at a special rate of 0%.

If a holder of the Notes is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

- (a) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in the Dutch Income Tax Act 2001; or
- (b) the holder of the Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (in Dutch "*normaal vermogensbeheer*") or derives

benefits from the Notes that are (otherwise) taxable as benefits from other activities (in Dutch "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of the Notes such holder will be taxed annually on a deemed income of 4% of his or her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. The Notes are included as investment assets. A tax free allowance may be available. Actual benefits derived from the Notes are as such not subject to Dutch income tax.

Non-residents of the Netherlands

A holder of the Notes will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes provided that:

- (a) such holder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands; and
- (b) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (c) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary active asset management (in Dutch "*normaal vermogensbeheer*") and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in the Netherlands (in Dutch "*resultaat uit overige werkzaamheden*").

A holder of the Notes will not become subject to taxation on income and capital gains in the Netherlands by reason only of the execution, delivery and/or enforcement of the Notes or the performance by the Issuer of its obligations under the Notes.

4. Gift and estate taxes

Residents of the Netherlands

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

Non-residents of the Netherlands

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

- (a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable; or
- (b) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift, estate and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten (10) years preceding the date of the gift or his death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve (12) months preceding the date of the gift. Applicable tax treaties may override deemed residency.

5. Turnover tax

No Dutch turnover tax will arise in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

6. Other taxes and duties

No Dutch registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands by the holders of the Notes in respect of or in connection with the issue of the Notes.

7. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, since 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information of transitorial withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information arrangements or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member Sate to, or collected by such a person for, an individual resident in one of those territories.

PURCHASE AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank International (the '**Manager**') has pursuant to a notes purchase agreement dated 18 May 2009, among the Manager, the Issuer and the Seller (the '**Notes Purchase Agreement**'), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their issue price. The Issuer has agreed to indemnify the Manager against certain liabilities and expenses in connection with the issue of each of the respective Classes of Notes.

European Economic Area

In relation to each Member State of the European Economic Area² which has implemented the Prospectus Directive (each a '**Relevant Member State**'), the Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '**Relevant Implementation Date**') it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than € 43,000,000 and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

United Kingdom

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

France

The Notes may only be offered or sold to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), provided such investors act for their own account, and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), in the Republic of France ("*France*"), within the meaning of Article L.411-2 of the French Code Monétaire et Financier (Monetary and Financial Code) and the Decree 98-880 dated 1 October 1998; neither this Prospectus, which has not been submitted to the Autorité des Marchés Financiers, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

² The EU plus Iceland, Norway and Liechtenstein

Italy

No action has or will be taken by them which would allow an offering (or a "*sollecitazione all investimento*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa ("*CONSOB*") for the public offering of the Notes in the Republic of Italy ("*Italy*").

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to professional investors ("*investitori professionali*") as defined in article 30, second paragraph, of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Financial Act"), which refers to the definition of "*operatori qualificati*" as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as subsequently amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of the Consolidated Financial Act and article 33, first paragraph, of Consob Regulation No. 11971 of 14 May, 1999, as amended

Any offer, sale or delivery of the Notes to professional investors or distribution to the latter of copies of this Prospectus or any other document relating to the Notes in Italy must be made:

- (a) by an investment firm, bank or financial intermediary enrolled in the special register provided for in Article 107 of the Consolidated Banking Act, to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act; and
- (b) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy."

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder. The Manager has agreed that (1) neither it, nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts (as such term is defined in Regulation S) with respect to the Notes and that it will comply, and cause its affiliates and each person acting on its behalf to comply, with the offering restriction requirements of Rule 903 of Regulation S, (2) it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after the later of the commencement of the offering on the Closing Date within the United States or to, or for the account or benefit of, US persons and (3) it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the US Internal Revenue Code and regulations thereunder.

General

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

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

GENERAL INFORMATION

1. The issue of the Notes has been duly authorised by a resolution of the board of directors of the Issuer passed on or about 18 May 2009.
2. Application has been made to list the Notes on the Irish Stock Exchange. The estimated expenses relating to the admission to trading of the Notes on the regulated market of the Irish Stock Exchange are approximately Euro 14,000.
3. The Senior Class A Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 042241687 and ISIN code NL0009127729.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 042241709 and ISIN code NL0009127737.
5. The Subordinated Class C Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 042241733 and ISIN code NL0009127745.
6. The addresses of the clearing system is: Euroclear Netherlands, Damrak 70, 1012 LM Amsterdam, the Netherlands.
7. There are no legal, arbitration or governmental proceedings neither is the Issuer aware of any such proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
8. As long as any of the Notes are outstanding, copies of the following documents will be available in physical form and may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation, including the Articles of Association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment;
 - (iv) the Notes Purchase Agreement;
 - (v) the Management Agreements;
 - (vi) the Paying Agency Agreement;
 - (vii) the Trust Deed;
 - (viii) the Parallel Debt Agreement;
 - (ix) the Trustee Receivables Pledge Agreement;
 - (x) the Trustee Assets Pledge Agreement;
 - (xi) the Administration Agreement;
 - (xii) the Floating Rate GIC;
 - (xiii) the Liquidity Facility Agreement;
 - (xiv) the Swap Agreements;
 - (xv) the Potential Set-Off Reserve Subordinated Loan Agreement; and
 - (xvi) the Master Definitions Agreement.
9. A copy of the Prospectus will be available in physical form (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent.
10. The audited annual financial statements of the Issuer will be made available, free of charge, from the specified office of the Issuer.
11. US Taxes:

The Notes will bear a legend to the following effect: "*any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code*".

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
12. A quarterly investor report on the performance, including the arrears and the losses, of the transaction, can be obtained at: www.atccapitalmarkets.com.

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