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

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**Dutch Mortgage Portfolio Loans VIII B.V.**

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

- euro 353,100,000 floating rate Senior Class A1 Mortgage-Backed Notes 2010 due 2047,  
issue price 100 per cent.**
  - euro 846,900,000 floating rate Senior Class A2 Mortgage-Backed Notes 2010 due 2047,  
issue price 100 per cent.**
  - euro 98,700,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2010 due 2047,  
issue price 100 per cent.**
  - euro 13,000,000 floating rate Subordinated Class C Notes 2010 due 2047,  
issue price 100 per cent.**
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The Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves the Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the euro 353,100,000 floating rate Senior Class A1 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A1 Notes**"), the euro 846,900,000 floating rate Senior Class A2 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A2 Notes**"), and together with the Senior Class A1 Notes, the "**Senior Class A Notes**", the euro 98,700,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2010 due 2047 (the "**Mezzanine Class B Notes**") and the euro 13,000,000 floating rate Subordinated Class C Notes 2010 due 2047 (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 Dutch Mortgage Portfolio Loans VIII 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 11 November 2010.

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be Euribor for three month deposits in euro (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for 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**"). The Relevant Margin will up to and including the first Optional Redemption Date or in respect of the Subordinated Class C Notes, up to and including the Final Maturity Date, be 0.95 per cent. per annum for the Senior Class A1 Notes, 1.35 per cent. per annum for the Senior Class A2 Notes, 0.50 per cent. per annum for the Mezzanine Class B Notes and 0.50 per cent. per annum for the Subordinated Class C Notes. If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class C Notes) 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 (other than in respect of the Subordinated Class C Notes) will be reset and will be 1.90 per cent. per annum for the Senior Class A1 Notes, 2.70 per cent. per annum for the Senior Class A2 Notes and 1.0 per cent. per annum for the Mezzanine Class B 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 July 2047 (the "**Final Maturity Date**"). On each Quarterly Payment Date (the first falling in January 2011) 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 first towards repayment of the Senior Class A1 Notes and thereafter towards repayment of the Senior Class A2 Notes and thereafter towards repayment of the Mezzanine Class B Notes, subject to certain exceptions. On the Quarterly Payment Date falling in October 2015 and each Quarterly Payment Date thereafter (each an "**Optional**

**Redemption Date**) the Issuer will have the option to redeem all (but not some only) of the Notes, other than the Subordinated Class C Notes, at their Principal Amount Outstanding, in the circumstances set out in, subject to and in accordance with the Conditions. On each Quarterly Payment Date (the first falling in January 2011) the Subordinated Class C Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with the Condition 6(d) through the application of the amount remaining of the Notes Interest Available Amount after all payments ranking higher in priority in the Interest Priority of Payments have been made in full on such date. In addition, subject to and in accordance with the Conditions, the Issuer has the option to redeem 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) and subject to, in respect of the Mezzanine Class B Notes, Condition 9(b), if the Seller exercises its Regulatory Call Option or the Clean-Up Call Option. On such Quarterly Payment Date, the Subordinated Class C Notes will remain subject to redemption in accordance with Condition 6(d). Upon the Senior Class A Notes and the Mezzanine Class B Notes being redeemed in full, the balance standing to the credit of the Reserve Account will form part of the Notes Interest Available Amount and as, such subject to the Interest Priority of Payments, be available for redemption of the Subordinated Class C Notes.

**It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an "AAA(sf)" rating by Fitch Ratings Ltd. ("Fitch") and an "Aaa(sf)" rating by Moody's Investors Service Limited ("Moody's"), and together with Fitch, the "Rating Agencies"), and the Mezzanine Class B Notes, on issue, be assigned a "BB+(sf)" rating by Fitch and a "Baa2(sf)" rating by Moody's. 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 *Risk Factors* herein.

The Notes will be indirectly secured by a right of pledge over the Mortgage Receivables and the 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 DMPL VIII (the "**Security Trustee**"). The right to payment of interest and principal on the Mezzanine Class B Notes and Subordinated Class C Notes will be subordinated and may be limited as more fully described in the Conditions.

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, acting in whatever capacity, including, without limitation, the Seller, the Interest Swap Counterparty, the Pool Servicer, the Issuer Administrator, the Directors, the Liquidity Facility Provider, the Paying Agent, the Reference Agent, the Arranger, the Managers, the Floating Rate GIC Provider, the Participant and the Security Trustee. Furthermore, none of the Seller, the Interest Swap Counterparty, the Pool Servicer, the Issuer Administrator, the Directors, the Liquidity Facility Provider, the Paying Agent, the Reference Agent, the Collection Foundation, the Foundation Accounts Provider, the Arranger, the Managers, the Floating Rate GIC Provider, the Participant or the Security Trustee, nor any other person acting in whatever capacity, 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 Interest Swap Counterparty, the Pool Servicer, the Issuer Administrator, the Directors, the Liquidity Facility Provider, the Paying Agent, the Reference Agent, the Collection Foundation, the Foundation Accounts Provider, the Arranger, the Managers, the Floating Rate GIC Provider, the Participant or the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in limited circumstances pursuant to the Relevant Documents).

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

Eureko B.V. and/or any of its subsidiaries may purchase one or more Notes of any Class as part of the initial issuance of the Notes and/or in the secondary market and will be able to exercise their voting rights in respect of any such Notes.

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 11 November 2010.

**Arranger  
Deutsche Bank AG**

**Senior Class A Managers  
Deutsche Bank AG  
J.P. Morgan  
Rabobank**

**Class B and C Manager  
Achmea Hypotheekbank N.V.**

## 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: "*Dutch Residential Mortgage Market*", "*Achmea Hypotheekbank N.V.*", "*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.

No person has been authorised by the Issuer or the Seller 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 any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, Deutsche Bank AG (the "**Arranger**"), Rabobank International, J.P. Morgan (and together with Deutsche Bank AG the "**Senior Class A Managers**") or Achmea Hypotheekbank N.V. (the "**Class B and C Manager**").

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 *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 Central Bank 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.

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in *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 Arranger or the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of

this Prospectus. Neither the Issuer nor any other party has any obligation to update this Prospectus, after completion of the offer of the Notes.

The Arranger, the Managers 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 *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.

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).

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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 attaches 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 a Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

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

### **The transaction**

On the Closing Date the Issuer will purchase and will accept the assignment from the Seller of the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans originated by the Seller (or its legal predecessors) and will accept the assignment of the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, on the Closing Date, the Issuer will issue the Notes and use the proceeds of the Notes, other than the Subordinated Class C Notes, to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables 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 *Mortgage Receivables Purchase Agreement*).

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

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Floating Rate GIC, the Sub-Participation Agreement and the Interest Swap 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 *Credit Structure*) and payments of interest and principal on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and 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 *Credit Structure* and *Terms and Conditions of the Notes*.

Pursuant to the Trust Deed, the Issuer will be entitled to make drawings from the Reserve Account if, and to the extent that, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full. The drawings from the Reserve Account will be deposited into the Master Collection Account.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if, without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *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 (i) Euro OverNight Index Average ("**EONIA**") on the balances standing from time to time to the credit of the Master Collection Account and the Reserve Account and (ii) Euribor on the balances standing from time to time to the credit of the Liquidity Facility Stand-by Account (see *Credit Structure*).

Pursuant to the Administration Agreement, *inter alia*, (i) the Pool Servicer will agree to provide (a) administration and management services and 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 and the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto, (b) the implementation of arrears procedures including the enforcement of Mortgages and Borrower Pledges (see *Mortgage Loan Underwriting and Servicing* below) and (c) to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities and (ii) the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services to the Issuer, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Notes and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested (see *Administration Agreement*).

To mitigate the risk of a difference 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, other than the Subordinated Class C Notes, the Issuer will enter into the Interest Swap Agreement (see *Credit Structure*). The risk of a difference between the rate of interest accruing on the balance standing to the credit of the Reserve Account and the floating rate of interest payable by the Issuer on the Subordinated Class C Notes will not be hedged. See *Credit Structure* below.

### **The Issuer**

Dutch Mortgage Portfolio Loans VIII 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 purchase the Mortgage Receivables and to issue the Notes. The entire issued share capital of the Issuer is owned by Stichting DMPL VIII Holding.

### **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 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 *Credit Structure* and *Description of Security* below.

**Collection Foundation**

All direct debit payments by Borrowers and payments by Insurance Companies are made to a bank account maintained by the Collection Foundation, which has been set up as bankruptcy remote entity (*stichting*) under Dutch law, rather than to the Seller directly. The Collection Foundation is obliged to forward all amounts received by it in respect of the Mortgage Receivables to the Master Collection Account.

The Collection Foundation will grant on the balance standing to the credit of the Collection Foundation Accounts a first ranking right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any future security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of such right of pledge. Such rights of pledge have been notified to ABN AMRO Bank N.V. or its successor as Foundation Accounts Provider.

**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 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 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. If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class C Notes) have not been redeemed in full, the Relevant Margin 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 subject to, in respect of the Mezzanine Class B Notes and Subordinated Class C Notes, Condition 9(b) at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in July 2047.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date (the first falling in January 2011) 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 prepayment on the Mortgage Receivables and (ii) in connection with a repurchase or sale of the Mortgage Receivables to redeem or to partially redeem the Notes, other than the Subordinated Class C Notes, sequentially starting with the Senior Class A1 Notes and thereafter the Senior Class A2 Notes and thereafter the Mezzanine Class B Notes.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Class C Redemption Available Amount to redeem or to partially redeem the Subordinated Class C Notes on each Quarterly Payment Date (the first falling in January 2011) 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). Also, the Issuer will have the option to redeem the Notes, other than the Subordinated Class C Notes, at their Principal Amount Outstanding upon the occurrence of a Tax Change in accordance with Condition 6(f). 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 or Clean-Up Call Option. Upon the Senior Class A Notes and the Mezzanine Class B Notes being redeemed in full, the balance standing to the credit of the Reserve Account will form part of the Notes Interest Available Amount and, subject to the Interest Priority of Payments, be available for redemption of the Subordinated Class C Notes. On such Quarterly Payment Date, the Subordinated Class C Notes will remain subject to redemption in accordance with Condition 6(d).

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

For a more detailed description see *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 issuance of the Notes that the Senior Class A Notes, on issue, be assigned an "AAA(sf)" rating by Fitch and an "Aaa(sf)" rating by Moody's, and the Mezzanine Class B Notes, on issue, be assigned a "BB+(sf)" rating by Fitch and a "Baa2(sf)" rating by Moody's. 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 remain credit, liquidity, prepayment, maturity

and interest rate risks relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see *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 sufficiently material. 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, acting in whatever capacity, including, without limitation, the Seller, the Managers, the Arranger, the Floating Rate GIC Provider, the Participant, the Directors, the Liquidity Facility Provider, the Issuer Administrator, the Pool Servicer, the Interest Swap Counterparty, the Paying Agent, the Reference Agent, the Collection Foundation, the Foundation Accounts Provider or the Security Trustee. Furthermore, none of the Seller, the Arranger, the Managers, the Floating Rate GIC Provider, the Participant, the Directors, the Liquidity Facility Provider, the Issuer Administrator, the Pool Servicer, the Interest Swap Counterparty, the Paying Agent, the Reference Agent, the Collection Foundation, the Foundation Accounts Provider, the Security Trustee nor any other person acting in whatever capacity, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Managers, the Arranger, the Floating Rate GIC Provider, the Participant, the Directors, the Liquidity Facility Provider, the Issuer Administrator, the Pool Servicer, the Interest Swap Counterparty, the Paying Agent, the Reference Agent, the Collection Foundation, the Foundation Accounts Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein and 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 and the Sub-Participation Agreement, the receipt by it of payments under the Interest Swap Agreement, drawings under the Liquidity Facility, 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 balance standing to the credit of the Reserve Account for certain of its payment obligations (see further *Credit Structure*). The Issuer has no other resources available 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, 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) Achmea Hypotheekbank in its capacity of the Seller and the Pool Servicer will not perform its obligations *vis-à-vis* the Issuer under the Mortgage Receivables Purchase Agreement and the Administration Agreement respectively, (b) ATC Financial Services B.V. in its capacity of the Issuer Administrator will not perform its obligations under the Administration Agreement, (c) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch in its

capacity of the Interest Swap Counterparty will not perform its obligations under the Interest Swap Agreement, (d) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) in its capacity as Floating Rate GIC Provider and Liquidity Facility Provider will not perform its obligations under the Floating Rate GIC and the Liquidity Facility Agreement respectively, (e) the Participant will not perform its obligations under the Sub-Participation Agreement, (f) The Royal Bank of Scotland N.V. in its capacity of the Paying Agent and the Reference Agent will not perform its obligations under the Paying Agency Agreement, (g) Stichting Incasso Achmea Hypotheken will not perform its obligations under the Receivables Proceeds Distribution Agreement, (h) the Directors will not perform their respective obligations under the relevant Management Agreements.

### **Effectiveness of the rights of pledge to the Security Trustee in the event of an 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 the event of a 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 the event of a 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 Security Trustee Pledge Agreement II should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments. With respect to the effectiveness of the rights of pledge on the Beneficiary Rights reference is made to *Risks relating to Beneficiary Rights under the Insurance Policies* 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 Security Trustee Pledge Agreement I and the Security Trustee Pledge Agreement II (see also *Description of Security*).

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the event 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.

### **Licence 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 (the "**Act on Financial Supervision**"), which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the Issuer, must have a licence under the Act on Financial Supervision. As the Mortgage Loans are granted to consumers, the Issuer must have a licence. However, an exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Act on Financial Supervision. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Pool Servicer. The Pool Servicer holds a licence 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 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 licence itself. In the latter case, the Issuer would have to comply with the applicable requirements under the Act on 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 does not hold a licence itself, the Issuer would have to terminate its activities and settle ("*afwickelen*") its existing agreements, which may ultimately result in an early redemption of the Notes.

### **Risk related to the termination of the Interest Swap Agreement**

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

The Interest Swap Agreement 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 Interest Swap Agreement, or (iii) the remedy period for a Tax Event has expired. The Interest Swap Agreement will be terminable by either party if the Issuer redeems the Notes pursuant to Condition 6(b) and (f), other than the Subordinated Class C Notes. Events of Default under the Interest Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Swap Agreement, (ii) insolvency events in respect of the Issuer and (iii) service of Enforcement Notice. If the Interest Swap Agreement terminates, the Issuer may be required to make a termination payment in connection with such termination and it will be exposed to changes in the relevant rates of interest if no replacement swap is entered into. As a result the Issuer may have insufficient funds to make payments under the Notes, other than the Subordinated Class C Notes. The risk of a difference between the rate of interest accruing on the balance standing to the credit of the Reserve Account and the floating rate of interest payable by the Issuer on the Subordinated Class C Notes will not be hedged under the Interest Swap Agreement. See *Credit Structure* below.

### **Risk related to investments by the Issuer in securities**

The Issuer may invest amounts standing to the credit of the Reserve Account in securities each with a maturity not beyond the immediately succeeding Quarterly Payment Date and which at the time of such purchase have (i) a long-term unsecured, unguaranteed and unsubordinated rating of at least AA- by Fitch and A1 by Moody's or (ii) a short-term unsecured, unguaranteed and unsubordinated rating of at least F1+ by Fitch and Prime-1 by Moody's. Noteholders should be aware that these securities provide different security than the security provided by the Mortgage Receivables and that the proceeds of such securities on any Quarterly Payment Date will depend on the realisable value of such securities on such Quarterly Payment Date. Furthermore, the Issuer may run similar and other risks in relation to the securities as the Noteholders in respect of the Notes. In this respect, reference is made to *The Notes may not be a suitable investment for all investors* below, which would similarly apply to the Issuer if it contemplates to invest in the securities.

### **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 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 *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. On each Mortgage Payment Date, the Seller or the Pool Servicer on its behalf, in accordance with the Administration Agreement, will procure the transfer to the Master Collection Account on each Mortgage Payment Date of any amounts received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period. 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 a declaration of bankruptcy or emergency regulations in respect of the Seller 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 in order to fully discharge their payment obligations ("*bevrijdend betalen*").

This risk set out in the preceding two paragraphs, is mitigated by the following structural features. Each Borrower has given a power of attorney to the Seller or any sub-agent of the Seller respectively to collect amounts from his account due under the relevant Mortgage Loan by direct debit. Under the receivables proceeds distribution agreement (the "**Receivables Proceeds Distribution Agreement**") entered into by, inter alia, the Seller, the Collection Foundation and the Foundation Accounts Provider on 28 May 2010, the Seller undertakes to direct debit all amounts of principal and interest to the bank accounts (the "**Collection Foundation Accounts**") maintained by the bankruptcy remote foundation ("*stichting*") Stichting Incasso Achmea Hypotheken (the "**Collection Foundation**"). The Collection Foundation



Accounts are held with ABN AMRO Bank N.V. As a consequence, the Collection Foundation has a claim against ABN AMRO Bank N.V. as foundation accounts provider (or its successor) as the bank where such account is held (the "**Foundation Accounts Provider**"), in respect of the balances standing to credit of the Collection Foundation Accounts.

The Issuer has been advised that in the event of a bankruptcy of the Seller any amounts standing to the credit of the Collection Foundation Accounts relating to the relevant Mortgage Receivables will not form part of the bankruptcy estate of the Seller. The Collection Foundation is set up as a passive bankruptcy remote entity. The objects clause of the Collection Foundation is limited to manage and distribute amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt thereof, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the Receivables Proceeds Distribution Agreement, the Seller and after an insolvency event relating to the Seller, a new administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation (see for a description of the cash collection arrangements *Credit Structure* below).

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

The balance standing to the credit of the Collection Foundation Accounts will be pledged to the Security Trustee as security for (*inter alia*) any and all liabilities of the Collection Foundation to the Security Trustee, in view of the (remote) bankruptcy risk of the Collection Foundation. The pledge is shared with the Previous Transaction Security Trustees, most of which are set up as bankruptcy remote securitisation special purpose vehicles. Each Previous Transaction Security Trustee and the Security Trustee have a certain *pari passu* ranking undivided interest, or "share" ("*aandeel*") in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. As a consequence, the rules applicable to co-ownership ("*gemeenschap*") apply to the joint right of pledge. The share of the Security Trustee will be determined on the basis of the amounts in the Collection Foundation Accounts relating to the relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code ("*aandeel*") in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in respect of the amounts standing to the credit of the Collection Foundation Accounts which relate to the mortgage receivables owned and/or pledged to them, from time to time. In case of foreclosure of the co-owned right of pledge on the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts

received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. The Collection Foundation Accounts Pledge Agreement provides that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of the right of pledge on the balance standing to the credit of the Collection Foundation Accounts.

#### **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 could, *inter alia*, result from (investment) services rendered by the Seller or for which it is held liable. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

The Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that according to the conditions applicable to the Mortgage Loans originated by (i) Avéro Hypotheken B.V. and FBTO Hypotheken B.V. and (ii) by the Seller after 1 January 2003, 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 such waiver will be valid. Should the waiver be invalid and in respect of any of the other Mortgage Loans, 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 Borrower against the Seller results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated and become due and payable ("*opeisbaar*") prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the relevant 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. With respect to deposits 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.

In view thereof, the Seller will represent and warrant that it has not accepted any deposits from the Borrowers and it currently does not have any account relationships with the Borrowers.

In respect of Mortgage Loans granted by the Seller to any employees within the group within the meaning of article 2:24b of the Dutch Civil Code of Eureko B.V. (the 'Eureko Group') ('Employee Mortgage Loans'), whereby the Borrower is also an employee of the Seller, such Borrower has set-off rights vis-à-vis the Issuer for claims resulting from its employment relationship, provided that the conditions for set-off after notification of assignment, set out above, are met. Consequently, counterclaims resulting from the employment relationship which have become due prior to notification, can be set-off against the relevant Mortgage Receivable. For counterclaims which are not due at the time of notification, the question is whether the counterclaim results from the same legal relationship as the Employee Mortgage Loan. The Issuer has been informed by the Seller that the employees within the Eureko Group have the right to a reduced interest on a mortgage loan taken out with the Seller as part of their employment conditions. On this basis it could be argued that the Employee Mortgage Loan is part of the employment relationship and could on this basis be regarded as resulting from the same legal relationship. However, the Issuer has been advised that the better view is that the Employee Mortgage Loan and the employment relationship should not be regarded as the same legal relationship, since the Issuer has been informed by the Seller that (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan with salary payments is agreed or actually effectuated. There is no case law or literature supporting this view. In this respect, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that it has no employees. If an Employee Mortgage Loan is granted by the Seller to a Borrower, which is also an employee of an entity within the Eureko Group, other than the Seller, the requirement for set-off that the debtor has a claim and a corresponding debt to the same counterparty is not met. There may be circumstances, however, which could lead to set-off or other defences being successful in such circumstances.

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 the event 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. If the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement, set-off by Borrowers could lead to losses under the Notes.

For specific set-off issues relating to the Life Mortgage Loans and/or, as the case may be, Savings Mortgage Loans, reference is made to *Risk of set-off or defences by Borrowers in the event of an insolvency of Insurance Companies* and *Risks related to offering of Life Insurance Policies*.

### **Risk relating to Further Advances**

Part of the Mortgage Receivables sold and assigned to the Issuer relates to Mortgage Loans which have been originated by Avéro Hypotheken B.V., Centraal Beheer Hypotheken B.V., Centraal Beheer Woninghypotheken B.V., FBTO Hypotheken B.V. or Woonfonds Nederland B.V. which have subsequently merged into the Seller. The Issuer has been advised that in the event of any such merger, it

is not certain whether any Further Advances granted, or to be granted, by the Seller after any such merger are validly secured by the mortgage right and borrower pledges vested in favour of the original lender (which has ceased to exist as a result of the merger). For this question it is relevant, *inter alia*, whether the Further Advance resulted from the same legal relationship as the Mortgage Loan or whether it constitutes a new legal relationship. The Seller considers the claim resulting from such a Further Advance to be secured by the Mortgage and the Borrower Pledges and the Seller will represent and warrant that all Mortgage Receivables are fully secured by a Mortgage and, to the extent applicable, Borrower Pledge(s). If a Further Advance is not validly secured by a mortgage right, or, to the extent applicable, a right of pledge, this constitutes a breach of such representation and warranty, resulting in an obligation of the Seller to repurchase the relevant Mortgage Receivable.

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

All Mortgage Loans relating to Mortgage Receivables sold and assigned to the Issuer will either be secured by (i) mortgage rights which not only secure the loan granted to the Borrower for the purpose of acquiring the mortgaged property, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller ("**Bank Mortgages**") (ii) mortgage rights created under a mortgage deed in which the Borrower has given security over the Mortgaged Assets in excess of the amount of the initial Mortgage Loans. The mortgage deeds relating to such Mortgage Loans referred to under (ii) provide that any Further Advances granted by the Seller to the relevant Borrower are secured by the same mortgage right. It is likely that such Mortgage Loans should be regarded as "*krediethypotheken*" ("**Credit Mortgages**"). In the mortgage deeds or in separate deeds of pledge, rights of pledge ("*pandrechten*") have been vested in favour of the Seller on certain assets such as *inter alia* the Borrower Insurance Pledge. These pledges secure the same debts as the Bank Mortgages (the "**Bank Pledges**") and Credit Mortgages (the "**Credit Pledges**") respectively (the Bank Mortgages and the Bank Pledges together the "**Bank Security Rights**"). The comments set out below in respect of Bank Security Rights apply *mutatis mutandis* to the Credit Mortgages and Credit Pledges.

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 Mortgage only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables on the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in the event of an 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 relevant deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a Bank Mortgage 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 Mortgage in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank mortgage will remain with the original mortgagee, will be a matter of interpretation of the relevant mortgage deed.

The Seller will represent and warrant that neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the 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 Right should (partially) follow the receivable as an accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of 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* with respect to the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Security Trustee Pledge Agreement I as the conditions applicable to the Mortgage Loans also do not provide that in the event of a pledge of the Mortgage Receivables the Bank Security Rights will follow the Mortgage Receivables.

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

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, 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 and not pledged by the Seller from time to time (the "**Other Claims**").

In respect of the Mortgage Receivables if the Bank Security Rights are co-held by both the Issuer or the Security Trustee and the Seller and/or a third party, the rules applicable to 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/or the Security Trustee (as applicable) have agreed that in case of an Other Claim 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 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 the event of a bankruptcy) or administrator (in the event 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 the event of a foreclosure in respect of the Mortgage Receivables, the share ("*aandeel*") in each co-held Bank Security Right of the Security Trustee and/or the Issuer will be equal to the lesser of (i) the Net Proceeds and (ii) the Outstanding Principal Amount of the relevant Mortgage Receivable increased with interest and costs, if any, and the Seller's share will be equal to the Net Proceeds less the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any.

It is not certain that this arrangement will be enforceable against the Seller or, in the event of its bankruptcy or emergency regulations, its bankruptcy trustee ("*curator*") or administrator ("*bewindvoerder*"). Furthermore it is noted that these arrangements may not be effective against the Borrower.

If (a bankruptcy trustee or administrator of) a Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. In view of the protection of the interests of the Issuer it is furthermore agreed in the Mortgage Receivables Purchase Agreement that in the event 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.

In view hereof, the Seller will represent and warrant that on the Cut-Off Date it had no Other Claims and it will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been redeemed in accordance with the Conditions and the Issuer has no further obligations under any of the other Relevant Documents, it will repurchase and accept re-assignment of a Mortgage Receivable, if it obtains an Other Claim, including resulting from a Further Advance.

**Risk that the mortgage rights on long leases cease to exist**

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in *Description of the Mortgage Loans*.

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

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Seller (and each of its legal predecessors) has taken into consideration the conditions, including the term of the long lease. The acceptance conditions used from time to time provide that in such event the Mortgage Loan shall have a maturity that is shorter than or equal to the term of the long lease. Furthermore, the general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the lease rental, (ii) the conditions of the long lease are changed, (iii) the leaseholder breaches any obligation under the long lease, or (iv) the long lease is dissolved or terminated.

**Risk that the Borrower Insurance Pledge will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the Seller (the "**Borrower Insurance Pledge**"). The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Netherlands law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or a debt restructuring scheme pursuant to the Dutch Bankruptcy Code or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Furthermore, as the Borrower Insurance Pledges qualify as Bank Pledges (and therefore should be regarded as "bank pledges") or Credit Pledges, reference is made to *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* above.

### **Risks related to Beneficiary Rights under the Insurance Policies**

With respect to each Mortgage Loan, the relevant Originator or the Seller has appointed itself as beneficiary of the proceeds under the Insurance Policies either (i) for all amounts owed by the Borrower to the relevant Originator or the Seller or (ii) up to the amount provided for in the mortgage deed (the "**Beneficiary Rights**"), except that any other beneficiary is appointed who will rank ahead of the relevant Originator or the Seller, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the Seller (the "**Borrower Insurance Proceeds Instruction**"). The Issuer has been advised that it is unlikely that the appointment of the Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. Therefore, the Issuer will accept the assignment of the Beneficiary Rights, to the extent necessary and legally possible, from the Seller. In addition, the Issuer will grant a first-ranking undisclosed right of pledge over the Beneficiary Rights to the Security Trustee (see *Description of Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and subsequent pledge will be effective.

For the situation that no such Borrower Insurance Proceeds Instruction exists and/or the assignment and/or pledge of the Beneficiary Rights is not effective, the Issuer will enter into a beneficiary waiver agreement (the "**Beneficiary Waiver Agreement**") with the Security Trustee, the Participant and the Seller, under which the Seller without prejudice to the rights of the Issuer as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Insurance Policies with the Participant and appoints 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. It is, however, uncertain whether such waiver, and unlikely that such appointment will be effective. For the event that such waiver and appointment are (indeed) not effective in respect of the Insurance Policies with the Participant and, furthermore, in respect of the Life Insurance Policies with any of the Life Insurance Companies, the Seller and the Participant (but only in respect of any Insurance Policies with it) will undertake in the Beneficiary Waiver Agreement that upon the occurrence of an Assignment Notification Event, they will use their best efforts to obtain the co-operation from all relevant parties to (a) waive the Seller's rights as beneficiary and (b) to appoint as first beneficiary (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, in the Beneficiary Waiver Agreement the Seller and, in respect of the Insurance Policies with the Participant only, the Participant will undertake, following an Assignment Notification Event, to use its best efforts 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 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 Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the 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 the event of a bankruptcy of or emergency regulations applicable to 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 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. However, the Issuer has been advised that payments by the Insurance Companies into the relevant Collection Foundation Account would fall outside the estate of the Seller. The Collection Foundation would be obliged to forward such amounts to the Issuer, as agreed between the Issuer and the Seller. In case of insolvency of the Seller, a bankruptcy trustee would be bound by such agreement.

#### **Risk of set-off or defences by Borrowers in the event of an insolvency of Insurance Companies**

The Savings Mortgage Loans have the benefit of Saving Insurance Policies with the Participant, the Life Mortgage Loans with the possibility of a Savings Element have the benefit of a Life Insurance Policy with a Savings Alternative with the Participant and the Life Mortgage Loans have the benefit of Life Insurance Policies (together with the Savings Insurance Policies, the "**Insurance Policies**") taken out with any of the Insurance Companies. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in amounts payable under the 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 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 relevant Insurance Policy. As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above some of the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective and in respect of Borrowers having not waived their set-off rights in order to invoke a right of set-off, the Borrowers will 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 Insurance Policies are contracts between the relevant Insurance Company and the Borrowers and the Mortgage Loans are contracts between the Seller and the Borrowers. Therefore, in order to invoke a right of set-off, Borrowers would have to establish that the Seller and the relevant 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 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 the relevant Insurance Company is declared bankrupt or has become subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge, subject, however, to what is stated above under *Risk that Borrower Insurance Pledge is not effective*. However, despite this pledge it may be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. Apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the 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.

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

With respect to the Savings Mortgage Loans and the Life Mortgage Loans with the possibility of a Savings Element (one of) these requirements is likely to be met, since it is likely that the Savings Mortgage Loans and the Savings Insurance Policies and the Life Mortgage Loans with the possibility of a Savings Element and the Life Insurance Policies with a Savings Alternative are to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy and the Life Mortgage Loans with the possibility of a Savings Element and the Life Insurance Policies with a Savings Alternative are regarded as one legal relationship, the assignment will not obstruct the set-off. With respect to the Life Mortgage Loans, other than the Life Mortgage Loans with the possibility of a Savings Element, the fact that the Life Mortgage Receivables are assigned to the Issuer is likely to obstruct such set-off, after notification of the assignment, since it is unlikely that one of the requirements for set-off following assignment or pledge is met (see *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 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 Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such a manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" ("*dwalings*"), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence were successful, this could lead to annulment of the Mortgage Loan, which would result in the Issuer no longer holding a Mortgage Receivable.

*Life Mortgage Loans with Life Insurance Policies with any of the Life Insurance Companies connected thereto*

In respect of the risk of such set-off or defence being successful, as described above, if in the event of a bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrower/insured will not be able to recover their claims under Life Insurance Policies taken out by any of the Life Insurance Companies, the Issuer has been advised that, taking into account that the Seller will represent that with respect to such Life Mortgage Loans (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Life Beneficiary Rights, (ii) the Life Mortgage Loans and the Life Insurance Policies are not marketed as one product or under one name, (iii) the Borrowers were free to choose the relevant Life Insurance Company and (iv) the Life Insurance Company is not a group company of the Seller, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above.

*Life Mortgage Loans with Life Insurance Policies with the Participant connected thereto, other than Life Mortgage Loans with the possibility of a Savings Element*

In respect of Life Mortgage Loans between the Seller and a Borrower with a Life Insurance Policy between the Participant and such Borrower, the Issuer has been advised that the possibility cannot be disregarded ("*kan niet worden uitgesloten*") that the courts will honour set-off or defences of Borrowers. This advice is based on the preceding paragraphs and the factual circumstances involved, *inter alia*, that both the Seller and the Participant carry Achmea in their legal names (but different promotional names) since September 2000 and that both the Seller and the Participant belong to the same group of companies and notwithstanding the representation of the Seller that, besides the fact that an insurance policy is a condition precedent for granting a Life Mortgage Loan, (i) there is no connection, whether from a legal or a commercial point of view, between the relevant Life Mortgage Loan and any Life Insurance Policy, other than (a) the right of pledge securing the Life Mortgage Receivable and (b) the Life Beneficiary Rights, (ii) the Life Mortgage Loan and the relevant Life Insurance Policies were not marketed as one product and (iii) the Borrower was free to choose the relevant Life Insurance Company.

An arrangement as is provided for in the Sub-Participation Agreement as described below under *Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element* or any similar arrangement does not apply to Life Mortgage Loans other than Life Mortgage Loans with the possibility of a Savings Element.

*Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element*

In respect of Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that such a set-off or defence would be successful in view - *inter alia* - of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and Life Mortgage Loans with the possibility of a Savings Element and the Life Insurance Policy with the possibility of a Savings Alternative and the wording of the mortgage documentation used by the Seller and the other Originators.

The Sub-Participation Agreement will - *inter alia* - provide that if a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan or Life Mortgage Loan with the possibility of a Savings Element, as the case may be, based upon a default in the performance, in whole or in part, by the Participant or if, for whatever reason, the Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or the Life Insurance Policy with a Savings Alternative, as the case may be, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event, the Participation of the Participant in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, as the case may be, will be reduced by an amount equal to the amount which the Issuer has failed to receive.

The amount of the Participation is equal to the amount of Savings Premium received by the Issuer plus the accrued yield on such amount (see further *Sub-Participation Agreement*) provided that the Participant will have paid (at least) an amount equal to all Savings Premia received from the relevant Borrower to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defence, if and to the extent that the amount for which the Borrower would invoke set-off or defences does not exceed the amount of the Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation.

An arrangement as is provided for in the Sub-Participation Agreement as described above or any similar arrangement does not apply to Life Mortgage Loans other than Life Mortgage Loans with the possibility of a Savings Element.

### **Risks in respect of interest rate reset rights**

The interest rate of each of the Mortgage Loans is to be reset from time to time. The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. If the interest reset right remains with the Seller, the co-operation of the bankruptcy trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates who will be bound by the contractual provisions relating to the reset of interest rates and any applicable law (including, without limitation, applicable principles of reasonableness and fairness) and regulations. 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 and any applicable law (including, without limitation, applicable principles of reasonableness and fairness) and regulations. If the interest reset right remains with the Seller, the co-operation of the bankruptcy trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

Furthermore, in the Mortgage Conditions of Avéro Hypotheken B.V., relating to Mortgage Loans originated prior to 1 January 2003 it is provided that three (3) months or one (1) month prior to the interest rate reset date the Mortgage Loan (the Mortgage Conditions refer to the mortgage, but probably the Mortgage Loan is meant and not the mortgage right) will be terminated. This wording could be interpreted to mean that at the interest rate reset date the Mortgage Loan is novated ("*schuldvnieuwwing*"), although a more likely interpretation is that the Mortgage Loan will terminate, unless extended by the Seller and the Borrower. If novation would take place, this would mean that a new receivable would be created and the Mortgage Loan should be considered to be prepaid, but the relevant Bank Mortgage would then secure the new receivable (which, for the avoidance of doubt, is not held by the Issuer). The Seller has advised the Issuer that the approach adopted by the Seller in practice when administering these Mortgage Loans is (i) to treat each Mortgage Loan (and related mortgage security) as being extended (and not novated or terminated) on an interest rate reset date and to only treat a Mortgage Loan (but not the related mortgage security) as being terminated on an interest reset date where a Borrower has not agreed to the rate offered by the Seller and (ii) to require each Borrower to accept the new interest rate and period in writing prior to the interest rate reset date. The Seller has been advised by its internal legal counsel that this approach is consistent with the proper and reasonable interpretation of the Mortgage Conditions of the Seller (including Avéro Hypotheken B.V. as its legal predecessor). In addition, the Seller has advised the Issuer that in practice the Seller has not encountered any claim by any Borrower which conflicts with the approach described above. In view hereof, the Seller will represent and warrant that, in the event of an interest rate reset of a Mortgage Receivable resulting from a Mortgage Loan originated by Avéro Hypotheken B.V., the Seller considers such Mortgage Loan to be extended and not novated. Furthermore, in the Mortgage Receivables Purchase Agreement the Seller will undertake to

repurchase and accept re-assignment of (i) all Mortgage Receivables resulting from Mortgage Loans originated by Avéro Hypotheken B.V. on the Mortgage Payment Date immediately following the date on which a Dutch court has ruled in respect of such a Mortgage Receivable that, upon an interest rate reset thereof, the Mortgage Loan is novated and/or (ii) a Mortgage Receivable in case the relevant Borrower takes the position that the relevant Mortgage Loan has been novated on the immediately succeeding Mortgage Payment Date.

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

The Seller has represented that under the investment mortgage loans ("beleggingshypotheken") (the "**Investment Mortgage Loans**"), the securities are purchased for the account of the Borrowers by a bankruptcy remote securities giro ("effectengiro"), a bank or an investment firm ("beleggingsonderneming"), which is by law obliged to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in Dutch Giro Securities Transfer Act ("Wet Giraal Effectenverkeer", the "**Wge**") or, if they do not qualify as such, by a separate depository vehicle. The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies.

#### **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 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, which could lead, depending on the value of the Mortgage Assets and other financial assets of such Borrower, if any, to a Realised Loss in respect of such Mortgage Receivables.

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

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 and the 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 the Investment Mortgage Loans or Life Insurance Policies is not sufficient to redeem the relevant Mortgage Receivables.

On this topic there have been, without limitation, (i) reports from the Authority for the Financial Markets ("*Stichting Autoriteit Financiële Markten*") (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 Act on Financial Supervision 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. A number of insurers each acting separately announced that they have reached agreement with certain claimant organisations on compensation of their customers for the costs of investment insurance policies entered into with the insurer.

On 26 May 2009, the Participant has announced that it has set up a financial compensation arrangement for clients with unit-linked policies. The arrangement, which has been approved by the Ombudsman, applies to all policies taken out before 1 January 2008 under the Achmea labels Avéro Achmea, Centraal Beheer Achmea and FBTO and their predecessors. The total sum payable in compensation will be approximately euro 315 million, including a maximum of euro 40 million for clients in specific circumstances. With reference to this arrangement provisions of euro 85 million have been made in the accounts of 2008. The remainder of the compensation will be reflected in the profit and loss statement of the Participant during the life of the affected policies. In this respect, also see *The Issuer has counterparty risk exposure*.

If 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 Insurance Pledge and the Beneficiary Rights). The Issuer has been advised that, depending on the particular circumstances involved, in such case the 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 the event of an 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 no actions have been announced against the Seller in relation to the risks described above in relation to Life 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.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other 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 the Mortgage Receivables.

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

The security for the Notes created under the Security Trustee Pledge Agreement I may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses for the Noteholders if such security is required to be enforced.

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

The Dutch tax system allows borrowers to deduct all mortgage interest payments for owner-occupied residences from their taxable income. There is currently a wide tendency within certain political parties in the Netherlands to end (part of) the favourable tax treatment of mortgage debts or introduce other changes to the tax treatment of such residences or the funding thereof that may affect the value of the tax deduction of mortgage interest payments (hereinafter: "*changes in tax treatment*"). It is not clear whether this will happen in the near future, but it cannot be ruled out. Changes in tax treatment could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. In addition, changes in tax treatment may lead to increased prepayment by Borrowers on their Mortgage Loans, see *Risk related to prepayments on the Mortgage Loans*. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*. However it is too early to predict what the implications of the current discussions on changes in tax treatment will be as the measures might be partly offset by other measures regarding the current taxation of housing or the tax system in general.

**Maturity risk of certain Mortgage Loans**

The Mortgage Loans which have been originated by Avéro Hypotheken B.V. prior to 1 January 2003 provide that if the loan is not paid on their legal maturity date, the loan is automatically extended. However, the mortgage conditions relating to these Mortgage Loans contain the provision that grants Avéro Hypotheken B.V. and the Borrowers the right to terminate such Mortgage Loans by giving three months notice. In view of the above, it is possible that at the Final Maturity Date one or more Mortgage Receivables would still be outstanding. In the Mortgage Receivables Purchase Agreement the Seller will undertake to terminate such Mortgage Loans at their legal maturity date. If, notwithstanding this covenant, a Mortgage Receivable is extended beyond the Final Maturity Date and the Issuer is unable to sell such Mortgage Receivable prior to or ultimately on the Final Maturity Date, the Issuer may not have sufficient funds available to fully redeem all Notes. Also see *Maturity Risk* below.

**RISK FACTORS REGARDING THE NOTES****Risk that the Issuer will not exercise its right to redeem the Notes, other than the Subordinated Class C Notes, at the Optional Redemption Dates**

Notwithstanding the increase in the Relevant Margin on and from the first Optional Redemption Date, no guarantee can be given that the Issuer will actually exercise such right to redeem the Notes, other than the Subordinated Class C Notes, on any Optional Redemption Date. The exercise of its right will, *inter alia*, depend on the Issuer having sufficient funds available to redeem the Notes, other than the Subordinated

Class C Notes, in full, for example arising from a sale of Mortgage Receivables still outstanding at that time. In the Trust Deed, the Issuer will undertake vis-à-vis the Security Trustee to use its reasonable efforts to sell and assign the Mortgage Receivables on the first Optional Redemption Date and, as the case may be, each Optional Redemption Date thereafter.

If the Issuer decides to exercise its right to redeem the Notes, other than the Subordinated Class C Notes, on an Optional Redemption Date, the Issuer shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. However, there is no guarantee that such third party will be found to purchase the Mortgage Receivables. This risk may be increased as a result of the minimum purchase price for which the Issuer must sell the Mortgage Receivables. Pursuant to the Trust Deed the Issuer may only sell the Mortgage Receivables prior to the Final Maturity Date (subject to certain exceptions) for a purchase price equal to the Outstanding Principal Amount of the Mortgage Receivables increased with any payment due by the Issuer to the Interest Swap Counterparty in connection with the termination of the Interest Swap Agreement, or as the case may be, reduced with any payment due by the Interest Swap Counterparty to the Issuer in connection with the termination of the Interest Swap Agreement. For a full description of the purchase price of the Mortgage Receivables see *Sale of Mortgage Receivables* under *Credit Structure* 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.

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

#### **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 to the Senior Class A Notes and (b) the Subordinated Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes. With respect to any such 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.

#### **Ranking of the Senior Class A1 Notes and the Senior Class A2 Notes**

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

part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.

### **Conflict between the interests of holders of different Classes of Notes and the Secured Parties in general**

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the most senior Class of Notes, if, in the Security Trustee's opinion, there is a conflict between the interests of the holders of the most senior Class of Notes on the one hand and the holders of junior ranking Notes on the other hand. 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. If Eureko B.V. and/or any of its subsidiaries purchase Notes (either as a part of the initial issuance of the Notes and/or in the secondary market), they would be able to exercise the voting rights in respect of such Notes and, in so doing, may take into account factors specific to them, including their relationship with the Seller.

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

Pursuant to the Trust Deed, in case the Issuer Administrator does not receive a Mortgage Report from the Pool Servicer with respect to a Mortgage Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from a ledger specifically created for such purpose on the Reserve Account (the "**Reconciliation Ledger**") as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, and (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Trustee Notification Events). Therefore there is a risk that the Issuer pays out more or less interest or principal on the Notes than would have been payable if accurate Mortgage Reports were available.

### **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 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.



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 such losses on the Mortgage Loans will be allocated as described in *Credit Structure*.

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

Should the Seller exercise the Clean-Up Call Option or its Regulatory Call Option, 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 in accordance with Condition 6(b) and subject, with respect to the Mezzanine Class B Notes, to Condition 9(b). The Issuer will have the option to redeem the Notes, other than the Subordinated Class C Notes, upon a Tax Change in accordance with Condition 6(f). In such case, the Issuer shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days from the offer inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure* below.

#### **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 on the Mortgage Loans (including as a result of full and partial prepayments, the sale of the Mortgage Receivables by the Issuer and any repurchase by the Seller of certain Mortgage Receivables). The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law (including but not limited to amendments to potential changes in tax treatment described under *Changes to tax treatment of interest may impose various risks*), local and regional economic conditions and changes in Borrower's 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, and variation in the rate of prepayments of principal of the Mortgage Loans may affect each Class of Notes differently.

#### **Proposed Changes to the Basel Capital Accord**

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"). Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the capital requirements directive (the "**Capital Requirements Directive**"). In October 2008, the European Commission adopted proposals to amend the Capital Requirements Directive in light of the financial crisis, which are expected to be implemented in 2010. Recently, the Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements ("**Basel III**"). It is uncertain when these new rules will be implemented. Basel II, as published, and Basel III even to a greater extent, affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, 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 amongst others may result for investors from the adoption by their own regulator of Basel II (whether or not implemented by them in its current form or otherwise).

### **Risk related to capital requirements**

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a draft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and may thereby affect the liquidity of asset-backed securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Security Trustee, the Managers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any date or any time in the future. In particular, in Europe, investors should be aware of Article 122a of the Capital Requirements Directive which Member States are in the process of implementing and which will apply (i) as of 31 December 2010 to newly issued asset-backed securities after that date, and (ii) from the beginning of 2015 to asset-backed securities issued on or before 31 December 2010, to the extent that new underlying exposures are added or substituted after 31 December 2014. Article 122a of the Capital Requirements Directive will, amongst other things, require an EU regulated credit institution to only invest in asset-backed securities in respect of which the originator, sponsor or original lender of the securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures. Article 122a of the Capital Requirements Directive will also require an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a of the Capital Requirements Directive will result in the imposition of a penal capital charge on the notes acquired by the relevant investor. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the punitive regulatory charges for non compliance with Article 122a of the Capital Requirements Directive should seek guidance from their regulator. It is also possible that similar proposals to Article 122a of the Capital Requirements Directive may be implemented for other EU regulated investors, such as investment firms, insurance or reinsurance undertakings and/or certain hedge fund managers in the future. Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

### **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 continue to experience 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, 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 (upon any sale of Mortgage Receivables or otherwise) is sufficient to redeem the Notes, other than the Subordinated Class C Notes. Also see *Maturity risk of certain Mortgage Loans* above.

### **The Notes may not be a suitable investment for all investors**

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

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

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

#### **Legal investment considerations may restrict investments in the Notes**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

#### **Notes in global form**

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form. Each Temporary Global Note will be deposited with Euroclear Netherlands ("*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*"). 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 the Exchange Date for interests in the relevant Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances as more fully described in Global Notes. Each of the persons shown in the records of Euroclear 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 only be transferable in accordance with the rules and procedures for the time being of Euroclear Netherlands.

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, 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.

#### **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.

#### **Tax consequences of holding the Notes**

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisor about their own tax situation.

#### **Changes of law**

The structure of the issue of the Notes and the ratings which are to be assigned to the Notes, other than the Subordinated Class C 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 rating may not reflect all risks**

The ratings of the Notes, other than the Subordinated Class C Notes, addresses the assessments made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

Any decline in the credit ratings of the Notes, other than the Subordinated Class C Notes or changes in rating methodologies may affect the market value of the Notes, other than the Subordinated Class C Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above and other factors that may affect the value of the Notes, other than the Subordinated Class C Notes.

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 judgement, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Liquidity Facility Provider, the Participant or the Interest Swap Counterparty) 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.

#### **EU Savings Directive**

The EU has adopted an EU Directive 2003/48/EC regarding the taxation of savings income (the "**EU Savings Directive**"). The EU Savings Directive requires Member States to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Belgium, Luxembourg and Austria are instead entitled to impose a withholding system for a transitional period unless during such period they elect otherwise. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment pursuant to the EU Savings Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note that they would not have been liable to pay in the absence of the imposition of such withholding tax. A number of third countries and territories including Switzerland have adopted similar measures to the EU Savings Directive. On 13 November 2008 the European Commission submitted to the European Council a proposal for amendments to the EU Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. This proposal (or an amended form thereof) has not yet been adopted by the European Council. The Issuer is required to

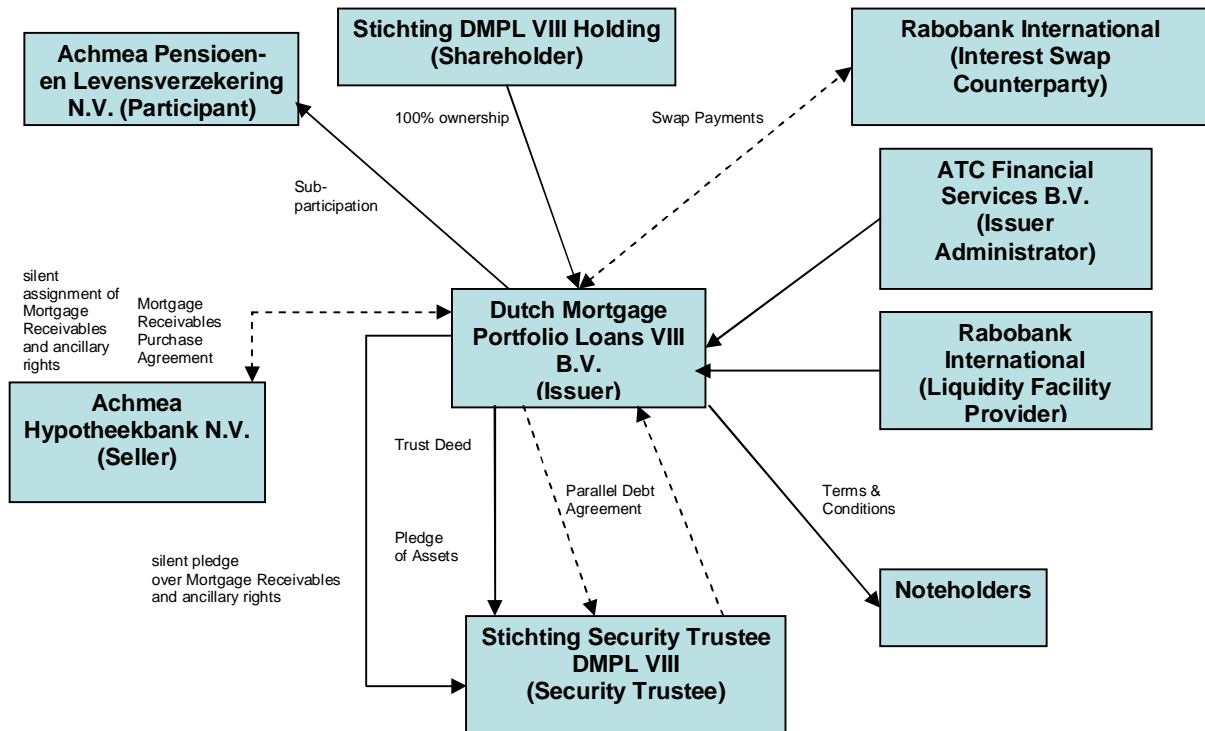
maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. Noteholders who are in any doubt as to their position should consult their professional advisers.

**Senior Class A Notes may not be recognised as eligible Eurosystem collateral**

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

## 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 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.*

### **THE PARTIES:**

<b>Issuer:</b>	Dutch Mortgage Portfolio Loans VIII B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> "), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 51113821.
<b>Seller:</b>	Achmea Hypotheekbank N.V. (" <b>Achmea Hypotheekbank</b> "), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ").
<b>Originators:</b>	(i) Avéro Hypotheken B.V., Centraal Beheer Hypotheken B.V., Centraal Beheer Woninghypotheken B.V., FBTO Hypotheken B.V. and Woonfonds Nederland B.V., all incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") and as of 1 September 2000 in each case merged into the Seller and (ii) the Seller.
<b>Issuer Administrator:</b>	ATC Financial Services B.V.
<b>Pool Servicer:</b>	Achmea Hypotheekbank.
<b>Security Trustee:</b>	Stichting Security Trustee DMPL VIII, established under the laws of the Netherlands as a foundation (" <i>stichting</i> "), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 51052946.
<b>Shareholder:</b>	Stichting DMPL VIII Holding, established under the laws of the Netherlands as a foundation (" <i>stichting</i> "), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 51053985. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and the Shareholder and ANT Securitisation Services 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 33075510, respectively.
<b>Interest Swap Counterparty:</b>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (trading as Rabobank International), London branch (" <b>Rabobank International, London Branch</b> "), a co-operative (" <i>coöperatie</i> ") organised under the laws of the Netherlands and established in Utrecht, the Netherlands



<b>Floating Rate GIC Provider:</b>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., (trading as Rabobank International), (" <b>Rabobank International</b> "), a co-operative (" <i>coöperatie</i> ") organised under the laws of the Netherlands and established in Utrecht, the Netherlands
<b>Liquidity Facility Provider:</b>	Rabobank International.
<b>Paying Agent:</b>	The Royal Bank of Scotland N.V. (" <b>RBS N.V.</b> "), incorporated under the laws of the Netherlands as a public company with limited liability (" <i>naamloze vennootschap</i> ").
<b>Reference Agent:</b>	RBS N.V.
<b>Listing Agent:</b>	NCB Stockbrokers Limited (" <b>NCB</b> ").
<b>Participant:</b>	Achmea Pensioen- en Levensverzekeringen N.V., incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ").
<b>Arranger:</b>	Deutsche Bank AG, London Branch (" <b>Deutsche Bank AG</b> "), a company incorporated under the laws of Germany and acting through its London Branch in its capacity as Arranger.
<b>Senior Class A Managers:</b>	(i) Deutsche Bank AG, London Branch (ii) Rabobank International and (iii) J.P. Morgan Securities Ltd. (" <b>J.P. Morgan</b> ") in their capacity as Senior Class A Managers
<b>Class B and C Manager:</b>	Achmea Hypotheekbank N.V.
<b>Managers:</b>	Each of the Senior Class A Managers and the Class B and C Manager
<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee SGML I, Stichting Security Trustee SGML II, Stichting Security Trustee DMPL I, Stichting Security Trustee DMPL II, Stichting Security Trustee DMPL III, Stichting Security Trustee DMPL IV, Stichting Security Trustee DMPL V, Stichting Security Trustee DMPL VI, Stichting Security Trustee DMPL VII, Stichting Trustee Achmea Covered Bond Company and Stichting Trustee Achmea Hypotheekbank (the " <b>Previous Transaction Security Trustees</b> ").
<b>Previous Transaction SPVs:</b>	Securitized Guaranteed Mortgage Loans I B.V., Securitized Guaranteed Mortgage Loans II B.V., Dutch Mortgage Portfolio Loans I B.V., Dutch Mortgage Portfolio Loans II B.V., Dutch Mortgage Portfolio Loans III B.V., Dutch Mortgage Portfolio Loans IV B.V., Dutch Mortgage Portfolio Loans V B.V., Dutch Mortgage Portfolio Loans VI B.V., Dutch Mortgage Portfolio Loans VII B.V. and Achmea Covered Bond Company B.V. (the " <b>Previous Transaction SPVs</b> ").

## THE NOTES:

**Notes:** The euro 353,100,000 floating rate Senior Class A1 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A1 Notes**"), the euro 846,900,000

floating rate Senior Class A2 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A2 Notes**" ), and together with the Senior Class A1 Notes, the "**Senior Class A Notes**"), the euro 98,700,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2010 due 2047 (the "**Mezzanine Class B Notes**") and the euro 13,000,000 floating rate Subordinated Class C Notes 2010 due 2047 (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 or about 11 November 2010 (or such later date as may be agreed between the Issuer, the Arranger and the Managers) (the "**Closing Date**").

**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 respect of Notes in definitive form, serially numbered with coupons attached.

**Denomination:**

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

**Status and Ranking:**

The Notes of each Class rank *pari passu* 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, payments of principal and interest on (a) the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (b) 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.

The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes and the Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes and then to the Senior Class A2 Notes. However, to the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes and/or the Senior Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes.

See *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 25<sup>th</sup> day of January, April, July and October (or, if

such day is not a Business Day, the next succeeding Business Day, unless such Business Day (as defined below) falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25<sup>th</sup> 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 January 2011. 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 month deposits in euro (determined in accordance with Condition (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 5<sup>th</sup> decimal place with 0.00005, being rounded upwards) plus the Relevant Margin which will be equal to:

- (i) for the Senior Class A1 Notes a margin of 0.95 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 1.35 per cent. per annum;
- (iii) for the Mezzanine Class B Notes a margin of 0.50 per cent. per annum; and
- (iv) for the Subordinated Class C Notes a margin of 0.50 per cent. per annum.

**Interest Step-up:**

If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class C Notes) have not been redeemed in full, the rate of interest applicable to each such Class of Notes (other than the Subordinated Class C 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 month deposits in euro (determined in accordance with Condition 4(e)), plus the Relevant Margin which will be equal to:

- (i) for the Senior Class A1 Notes a margin of 1.90 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 2.70 per cent. per annum; and
- (iii) for the Mezzanine Class B Notes a margin of 1.0 per cent. per annum.

**Mandatory Redemption of the Notes:**

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to use all amounts received as principal on the Mortgage Receivables - subject to the Conditions - on each Quarterly Payment Date - to redeem or to partially redeem the Notes, other

than the Subordinated Class C Notes, on a *pro rata* and *pari passu* basis among the Notes of the same Class and sub-class. Such amounts will be passed through on each Quarterly Payment Date (the first falling in January 2011) to the holders of the Notes, other than the Subordinated Class C Notes, by applying in respect of each Senior Class A1 Note, the Class A1 Principal Redemption Amount, in respect of each Senior Class A2 Note, the Class A2 Principal Redemption Amount and in respect of each Mezzanine Class B Note, the Class B Note Principal Redemption Amount.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Notes Interest Available Amount, if and to the extent that all payments ranking above item (k) in the Interest Priority of Payments have been made in full, to redeem or to partially redeem the Subordinated Class C Notes on a *pro rata* and *pari passu* basis among themselves on each Quarterly Payment Date (the first falling in January 2011).

**Optional Redemption**

On the Quarterly Payment Date falling in October 2015 and each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") the Issuer will have the option to redeem (in whole but not in part) the Notes, other than the Subordinated Class C Notes, at their Principal Amount Outstanding on such date.

Upon the Senior Class A Notes and the Mezzanine Class B Notes being redeemed in full, the balance standing to the credit of the Reserve Account will form part of the Notes Interest Available Amount and, subject to the Interest Priority of Payments, be available for redemption of the Subordinated Class C Notes. On such Quarterly Payment Date, the Subordinated Class C Notes will remain subject to redemption in accordance with Condition 6(d).

**Final Maturity Date for the Notes:**

Unless previously redeemed, the Issuer will redeem the Notes, subject to in respect of the Mezzanine Class B Notes and Subordinated Class C Notes, Condition 9(b), at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in July 2047 (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 as 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**

If the Issuer (a) is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, assessments or charges of

**reasons:** 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 sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "**Tax Change**") and (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, other than the Subordinated Class C 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 subject to, in respect of the Mezzanine Class B Notes, Condition 9(b).

The Subordinated Class C Notes will subsequently be redeemed in accordance with and subject to Condition 6(d).

**Regulatory Call Option and Clean-Up Call Option:** If the Seller exercises its Regulatory Call Option or the 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 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).

**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 *Global Notes*).

**Use of proceeds:** The Issuer will use the proceeds of the issue of the Notes, other than the Subordinated Class C Notes, to pay to the Seller part of the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated on or about 11 November 2010 (the "**Mortgage Receivables Purchase Agreement**") and made between the Seller, the Issuer and the Security Trustee. See *Mortgage Receivables Purchase Agreement* below. The net 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 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 Interest Swap Counterparty under or in connection with the Interest Swap Agreement, (c) against the Participant under or in connection with the Sub-Participation Agreement, (d) against the Pool Servicer and the Issuer Administrator under the Administration Agreement, (e) against the Collection Foundation under

the Receivables Proceeds Distribution Agreement, (f) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC and (g) in respect of the Transaction Accounts, and (h) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement.

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 *Credit Structure and Description of Security*).

**Security over Collection Foundation Accounts balances:**

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

**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 *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 against certain borrowers (the "**Borrowers**") under or in connection with certain selected Mortgage Loans (the "**Mortgage Receivables**"). The Issuer will be entitled to all interest amounts (including penalty interest) and all principal amounts and prepayment penalties becoming due in respect of the Mortgage Receivables from and including the Cut-Off Date. The Seller has the benefit of Beneficiary Rights which entitle the Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Mortgage Receivables. Under the Mortgage Receivables Purchase

Agreement, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

**Mortgage Loans:**

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from mortgage loans secured by a first priority ranking Mortgage or, as the case may be, have first and immediately sequentially lower in priority ranking Mortgage over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*"), together with real property and apartment rights, the "**Mortgaged Assets**") situated in the Netherlands and entered into by the Seller (or one of the other Originators as its predecessors) on the one hand and the relevant Borrowers on the other hand which meet certain criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the "**Mortgage Loans**"). "**Mortgage**" means a mortgage right ("*hypotheekrecht*") securing the relevant Mortgage Receivable.

The Mortgage Loans will be in the form of (a) Interest Only Mortgage Loans ("*aflossingsvrije hypotheken*"), (b) Linear Mortgage Loans ("*lineaire hypotheken*"), (c) Annuity Mortgage Loans ("*annuïteiten hypotheken*"), (d) Life Mortgage Loans ("*levenhypotheken*"), (e) Savings Mortgage Loans ("*spaarhypotheken*"), (f) Investment Mortgage Loans ("*beleggingshypotheken*") or (g) a combination of these forms. See further *Description of the Mortgage Loans* below.

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of interest-only mortgage loans ("*aflossingsvrije hypotheken*", hereinafter "**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 the maturity of such Interest-only Mortgage Loan.

**Linear Mortgage Loans:**

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

**Annuity Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans ("*annuïteiten hypotheken*", hereinafter "**Annuity Mortgage Loans**"). Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, which is calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

**Life Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of life mortgage loans ("*levenhypotheken*", 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 (i) the Participant or (ii) with any life insurance company established in the Netherlands other than the Participant (each a "**Life Insurance Company**" and together with the Participant, the "**Insurance Companies**"). Under a Life Mortgage Loan a Borrower pays no principal towards redemption until the maturity of such Life Mortgage Loan. The Borrower has a choice between (i) the Traditional Alternative, (ii) the Unit-Linked Alternative and (iii) the Savings Alternative. Under the "**Traditional Alternative**", the amount to be received upon maturity of the Life Insurance Policy depends upon the performance of certain (bond) investments chosen by the relevant Insurance Company with a guaranteed minimum yield. Under the "**Unit-Linked Alternative**", the amount to be received upon pay-out of the Life Insurance Policy depends upon the performance of certain investment funds chosen by the Borrower. Under the "**Savings Alternative**", a certain pre-agreed amount is to be received upon pay out of the Life Insurance Policy with, in such case, the Participant and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the part of the Life Mortgage Loan to which a Life Insurance Policy with a Savings Alternative is connected (the "**Savings Element**") upon maturity of the Life Mortgage Loan. The Mortgage Receivables relating to the Life Mortgage Loans, will hereinafter be referred to as the "**Life Mortgage Receivables**".

**Savings Mortgage Loans:** A portion of the Mortgage Loans (or parts thereof) will be in the form of savings mortgage loans ("*spaarhypotheken*", hereinafter "**Savings Mortgage Loans**"), which consist of Mortgage Loans entered into by the Seller (or one of the Originators as its predecessor) and the relevant Borrowers combined with a savings insurance policy with the Participant (a "**Savings Insurance Policy**" and together with the Life Insurance Policies, the "**Insurance Policies**"). A Savings Insurance Policy is a combined risk insurance policy (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policy. Under a Savings Mortgage Loan no principal is paid by the Borrower until the maturity of such Savings Mortgage Loan. Instead, the Borrower pays a premium on a monthly basis to the Participant, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that, on an annuity basis, the final payment under the Savings Insurance Policy due by the Participant to the relevant Borrower is equal to the amount due by the Borrower to the Seller at the maturity of such Savings Mortgage Loan. The Mortgage Receivables resulting from the Savings Mortgage Loans will hereinafter be referred to as the "**Savings Mortgage Receivables**". See for more detail *Risk Factors* and *Description of the Mortgage Loans*.

**Investment Mortgage Loans:** A portion of the Mortgage Loans (or parts thereof) will be in the form of investment loans ("*beleggingshypotheken*", hereinafter "**Investment Mortgage Loans**"). An Investment Mortgage Loan is, like an Interest-Only Mortgage Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Mortgage Loan (or a part thereof), the Borrower pledges a



securities account it maintains with an investment firm or a bank established in the Netherlands. Under the related securities account agreement, the Borrower pays (on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall.

**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 Mortgage Payment Date immediately following the expiration of the relevant remedy period, if any, if any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets certain criteria set forth in the Mortgage Receivables Purchase Agreement, is untrue or incorrect in any material respect; or
- (ii) on the Mortgage Payment Date immediately following the date on which the Seller has obtained any Other Claim(s) vis-à-vis any Borrower including resulting from a further advance or a loan under a Mortgage Loan, which is secured by the mortgage right which also secures the relevant Mortgage Receivable (the "**Further Advance**"); or
- (iii) on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the relevant Mortgage Loan, which amendment is not a result of a deterioration of the Borrower's creditworthiness, and as a result thereof such Mortgage Loan no longer meets the representation and warranties set forth in the Mortgage Receivables Purchase Agreement; or
- (iv) on the Mortgage Payment Date immediately following the date on which the Participant agrees with the Borrower of a Savings Mortgage Loan or a Life Mortgage Loan with the possibility of a Savings Element, as the case may be, to switch whole or part of the premia accumulated in the relevant Savings Insurance Policy or Life Insurance Policy with a Savings Alternative, as the case may be, into a Life Insurance Policy, other than a Life Insurance Policy with a Savings Alternative or to switch the value of the relevant Life Insurance Policy, other than a Life Insurance Policy with a Savings Alternative into a Savings Insurance Policy or a Life Insurance Policy with a Savings Alternative, as the case may be; or
- (v) on the Mortgage Payment Date immediately following the date on which a Dutch court has ruled in respect of a Mortgage Receivable resulting from a Mortgage Loan originated by Avéro Hypotheken B.V that, upon an interest rate reset thereof, the Mortgage Loan is novated; and/or
- (vi) on the Mortgage Payment Date immediately following the date on which the relevant Borrower takes the position that the relevant Mortgage Loan has been novated.

The purchase price for the Mortgage Receivable in such event will be equal

to the Outstanding Principal Amount of the Mortgage Receivable, together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and reassignment).

**Clean-Up Call Option:** On each Quarterly Payment Date the Seller has the option but not the obligation to request the Issuer to sell 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. The purchase price will be calculated as set out in Sale of Mortgage Receivables below. The Issuer will apply the proceeds of the sale of the Mortgage Receivables towards redemption of 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 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 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).

**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, if 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, 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).

**Sale of Mortgage  
Receivables:**

*General*

The Issuer may not dispose of the Mortgage Receivables, except (a) to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and (b) in accordance with the Mortgage

Receivables Purchase Agreement. If the Issuer decides to offer for sale the Mortgage Receivables, or part thereof, 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 the event of a sale and assignment of Mortgage Receivables on an Optional Redemption Date, the purchase price of the Mortgage Receivables shall be equal to at least (I) the sum of 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 (i) an amount equal to the part to which the Issuer would be entitled in case such Mortgage Receivable would be foreclosed of (a) the foreclosure value of the Mortgaged Assets or (b), if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value; and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable and (II) increased with an amount equal to any payment due by the Issuer to the Interest Swap Counterparty in connection with the termination of the Interest Swap Agreement, or as the case may be, reduced with any payment due by the Interest Swap Counterparty to the Issuer in connection with the termination of the Interest Swap Agreement.

*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. If the Seller decides to exercise the Clean-Up Call Option, the Seller shall repurchase the Mortgage Receivables. 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 the Notes, other than the Subordinated Class C Notes (but not some only) in accordance with Condition 6(b) and subject to, in respect 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, other than the Subordinated Class C 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, 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).

*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 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 respect of the Mezzanine Class B Notes, Condition 9(b).

**Sub-Participation Agreement:**

On the Closing Date, the Issuer will enter into a sub-participation agreement (the "**Sub-Participation Agreement**") with, *inter alia*, the Participant under which the Participant will acquire participations in each of the Savings Mortgage Receivables and the Life Mortgage Loans with the possibility of a Savings Element (each a "**Participation**"). In the Sub-Participation Agreement the Participant will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium on the Savings Insurance Policies and the Life Insurance Policies with a Savings Alternative. In return, the Participant is entitled to receive the Participation Redemption Available Amount from the Issuer. The amount of the participation with respect to a Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element will consist of the initial participation at the Closing Date. See *Sub-Participation Agreement* below.

**Liquidity Facility:**

On the Closing Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider (the "**Liquidity Facility Agreement**") under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure* below.

The drawing under the Liquidity Facility Agreement will be credited to the Master Collection Account. The purpose of the Liquidity Facility will be to enable the Issuer on any Quarterly Payment Date to meet the Issuer's payment obligations under items (a) to (h) inclusive (but not item (g)) in the Interest Priority of Payments in the event that the Notes Interest Available Amount after any drawing from the Reserve Account and without taking into account any drawing from the Liquidity Facility is not sufficient to meet such payment obligations on such Quarterly Payment Date. No drawing under the Liquidity Facility Agreement may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger after the application of the Notes Interest Available Amount in full on such date.

**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 (i) EONIA on the balance standing to the credit of the Master Collection Account and the Reserve Account from time to time and (ii) Euribor on the balance standing to the credit of the Liquidity Facility Stand-by Account from time to time.

**Master Collection Account:** The Issuer shall maintain a euro account with the Floating Rate GIC Provider (the "**Master Collection Account**") to which all amounts of interest, prepayment penalties and principal received in respect of the Mortgage Receivables will be transferred by the Seller or the Pool Servicer on the Seller's behalf, or the Collection Foundation, on each Mortgage Payment Date, in accordance with the Administration Agreement.

**Liquidity Facility Stand-by Account:** The Issuer shall maintain with the Floating Rate GIC Provider a liquidity facility stand-by account (the "**Liquidity Facility Stand-by Account**"). If, at any time, the Issuer will be required to make a Liquidity Facility Stand-by Drawing, the Issuer shall deposit such amount in the Liquidity Facility Stand-by Account with a credit to a ledger (the "**Liquidity Facility Stand-by Ledger**").

**Reserve Account:** The net proceeds of the Subordinated Class C Notes will be credited to an account (the "**Reserve Account**", and together with the Master Collection Account and the Liquidity Facility Stand-by Account, the "**Transaction Accounts**") held by the Issuer with the Floating Rate GIC Provider. The purpose of the Reserve Account is to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (i) in the Interest Priority of Payments in the event the Notes Interest Available Amount (excluding items (v) and (vi) thereof) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amount applied in satisfaction of items (a) up to and including (i) in the Interest Priority of Payments, the 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:

- (i) 1.00 per cent. of the Principal Amount Outstanding of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class C Notes, at the Closing Date; or
- (ii) zero on the Optional Redemption Date whereon the Notes, other than the Subordinated Class C Notes, have been or are to be redeemed in full, subject to 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 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.

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

**Interest Swap Agreement:** On the Closing Date, the Issuer will enter into an interest swap agreement with the Interest Swap Counterparty and the Security Trustee, including a credit support annex (the "**Interest Swap Agreement**") to mitigate the risk of a difference between the rate of interest to be received by the Issuer on the Mortgage Receivables and the floating rate of interest payable by the Issuer on the Notes, other than the Subordinated Class C Notes. The risk of a difference between the rate of interest accruing on the balance standing to the credit of the Reserve Account and the floating rate of interest payable by the Issuer on the Subordinated Class C Notes will not be hedged. See *Credit Structure* below.

**Collection Foundation:** All payments made by the Borrowers in respect of the Mortgage Loans will be paid or have been directed to pay into the Collection Foundation Accounts.

**OTHER:**

**Management Agreements:** On the Closing Date, each of the Issuer, the Shareholder and the Security Trustee will enter into a management agreement with the relevant Director (together, the "**Management Agreements**"), whereunder the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

**Administration Agreement:** Under the terms of an administration agreement to be entered into on the Closing Date (the "**Administration Agreement**") between the Issuer, the Issuer Administrator, the Pool Servicer and the Security Trustee, (i) the Pool Servicer will agree to provide, *inter alia* (a) administration and management services and certain 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 and the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto, (b) the implementation of arrears procedures including the enforcement of mortgage rights and rights of pledge (see *Mortgage Loan Underwriting and Servicing* below) and (c) to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities, including the Dutch Central Bank and (ii) the Issuer Administrator will agree (a) to provide, *inter alia*, certain administration, calculation and cash management services for the Issuer,

including without limitation, all calculations to be made pursuant to the Conditions in connection with the Notes and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

**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(sf)" rating by Fitch and an "Aaa(sf)" rating by Moody's, and the Mezzanine Class B Notes, on issue, be assigned a "BB+(sf)" rating by Fitch and a "Baa2(sf)" rating by Moody's. 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 *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 fixed, subject to a 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 5.02 per cent. per annum. Interest rates vary between the individual Mortgage Loans. The range of interest rates is described further in *Description of the 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 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 the last day of each calendar month, with interest being payable in arrear. All payments made by Borrowers must be paid into a Collection Foundation Account maintained by the Collection Foundation with the Foundation Accounts Provider. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Seller is entitled vis-à-vis Collection Foundation.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Foundation Accounts Provider are assigned a rating of less than a long term rating of A or a short term rating of F1 by Fitch or Prime-1 by Moody's, Achmea Hypotheekbank N.V., on behalf of the Collection Foundation, will as soon as reasonably possible, but at least within 30 days, (i) ensure that payments to be made by the Foundation Accounts Provider in respect of amounts received on the Collection Foundation Accounts relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee from an eligible party, or transfer the Collection Foundation Accounts to a new account provider, provided that such guarantor or new account provider shall have at least a long term rating of A and a short term rating of F1 by Fitch and Prime-1 by Moody's assigned to its unsecured, unsubordinated and unguaranteed debt obligations; or (ii) implement any other actions provided that the Rating Agencies are notified of such other action.

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

The Seller, or if the Seller fails to reimburse the Collection Foundation or pay on behalf of the Collection Foundation any costs in connection with this replacement, the Foundation Accounts Provider, shall pay any costs incurred by the Collection Foundation as a result of the action described under (i) or (ii) above.



Each of the Collection Foundation and the Seller have undertaken to use reasonable efforts to procure that on each 9<sup>th</sup> business day of each calendar month or if this is not a business day the next succeeding business day (each a "**Mortgage Payment Date**") all amounts of principal, interest (including penalty interest) and prepayment penalties received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables will be transferred to the Master Collection Account.

For these purposes a "**Mortgage Calculation Period**" is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month, except for the first Mortgage Calculation Period which shall commence on (and include) the Cut-Off Date and end on (and include) the last day of November 2010.

### **Transaction Accounts**

#### *Master Collection Account*

The Issuer will maintain the Master Collection Account with the Floating Rate GIC Provider to which all amounts received (i) in respect of the Mortgage Loans, (ii) from the Participant pursuant to the Sub-Participation Agreement and (iii) from the other parties to the Relevant Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Master Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Mortgage Payment Date in respect of the Mortgage Receivables will be identified as principal or revenue receipts and credited to a principal ledger (the "**Principal Ledger**") or a revenue ledger (the "**Revenue Ledger**"), respectively. Further ledgers will be maintained to record amounts held in the Floating Rate GIC in respect of certain drawings made under the Liquidity Facility (see further *Liquidity Facility* below).

Payments may only be made from the Master Collection Account other than on a Quarterly Payment Date in order 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, (ii) amounts due to the Participant under the Sub-Participation Agreement, (iii) any Swap Termination Payment and (iv) any Tax Credit.

#### *Liquidity Facility Stand-by Account*

The Issuer will maintain with the Floating Rate GIC Provider the Liquidity Facility Stand-by Account. If, at any time, the Issuer will be required to make a Liquidity Facility Stand-by Drawing, the Issuer shall deposit such amount in the Liquidity Facility Stand-by Account with a credit to the Liquidity Facility Stand-by Ledger. Such amounts will be available for payment to be made by the Issuer subject to and in accordance with the Liquidity Facility Agreement as if it would be making a drawing thereunder.

#### *Reserve Account*

The Issuer will also maintain the Reserve Account with the Floating Rate GIC Provider. The net proceeds of the issue 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 (i) (inclusive) of the Interest Priority of Payments.

The purpose of the Reserve Account is to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (i) in the Interest Priority of Payments in the event the Notes Interest Available Amount is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items (a) to (i) (inclusive) in the Interest Priority of Payments, the excess amount will be applied to deposit into or replenish the Reserve Account up to the Reserve Account Required Amount, as the case may be. The "**Reserve Account Required Amount**" shall on any Quarterly Calculation Date be equal to:

(i) 1.00 per cent. of the Principal Amount Outstanding of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class C Notes, at the Closing Date or (ii) zero, on the Quarterly Payment Date whereon the Notes, other than the Subordinated Class C Notes, have been or are to be redeemed in full, subject to 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 (after payments pursuant to the Interest Priority of Payments would have been made on such date), such excess shall be drawn from the Reserve Account on such Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date and be available, subject to the Interest Priority of Payments, for redemption of the Subordinated Class C Notes.

On each Quarterly Payment Date, the Issuer has the option to invest the amounts standing to the credit of the Reserve Account in any securities each with a maturity not beyond the immediately succeeding Quarterly Payment Date and which at the time of such purchase have (i) a long-term unsecured, unguaranteed and unsubordinated rating of at least AA- by Fitch and A1 by Moody's and/or (ii) a short-term unsecured, unguaranteed and unsubordinated rating of at least F1+ by Fitch and Prime-1 by Moody's.

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

If at any time the rating of the unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than "A" (long term) or "F1" (short term) by Fitch or "Prime-1" (short term) by Moody's (such ratings the "**Minimum Requisite Rating**") or such rating is withdrawn by any of the Rating Agencies, the Floating Rate GIC Provider will use its best efforts within twenty (20) calendar days of such downgrade or withdrawal (a) to obtain a third party, having at least the Minimum Requisite Rating, to guarantee the obligations of the Floating Rate GIC Provider, which guarantee is in accordance with the then current criteria of the Rating Agencies, or (b) take any other action to maintain the then current ratings assigned to the Notes, other than the Subordinated Class C Notes. Following such twenty (20) calendar day period, the Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Trustee), by not less than five (5) calendar days' notice to the Floating Rate GIC Provider, terminate the Floating Rate GIC with effect from the expiry date of such notice.

If any collateral in the form of cash is provided by the Interest Swap Counterparty to the Issuer, the Issuer will be required to open a separate account in which such cash provided by the Interest Swap Counterparty 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 the Interest 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 Excess Swap Collateral or if a termination amount is owed to the Interest Swap Counterparty upon termination of the Interest Swap Agreement. If pursuant to the termination of the Interest Swap Agreement, the Issuer is entitled to retain the collateral, the collateral

may be applied in accordance with the Trust Deed and such account will not be subject to a security right in favour of the Security Trustee.

Any Excess Swap Collateral and any amounts remaining on such accounts upon termination of the Interest Swap Agreement which are owed by the Issuer to the Interest Swap Counterparty as termination payment upon termination of the Interest Swap Agreement shall be transferred directly to the Interest Swap Counterparty on the dates on which they are transferable in accordance with the Interest Swap Agreement, in the case of the Excess Swap Collateral, and on the termination date under the Interest Swap Agreement in the case of amounts owed by the Issuer to the Swap Counterparty upon termination of the Interest 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 Interest Swap Counterparty in accordance with the Interest Swap Agreement, the cash benefit in respect of which shall be paid directly by the Issuer to the Interest Swap Counterparty pursuant to the terms of the Swap Agreement ("**Tax Credit**").

"**Excess Swap Collateral**" means an amount equal to the value of any collateral transferred to the Issuer by the Interest Swap Counterparty under the Interest Swap Agreement that is in excess of the Interest Swap Counterparty's liability to the Issuer thereunder as at any date of valuation in accordance with the terms of the Interest Swap Agreement.

#### **Calculations**

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

In case the Issuer Administrator does not receive a Mortgage Report from the Pool Servicer with respect to a Mortgage Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from the Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, and (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Trustee Notification Events).

## **I Priority of Payments prior to the Enforcement Date**

### **A. Priority of Payments in respect of interest**

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

- (i) as interest on the Mortgage Receivable less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount calculated in respect of each Mortgage Calculation Period falling in such Quarterly Calculation Period as follows:  $R \times P/SMR$ , whereby  $R$  = the interest received on such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element in the relevant Mortgage Calculation Period,  $P$  = Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element on the first day of such Mortgage Calculation Period and  $SMR$  = the Outstanding Principal Amount of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element on the first day of such Mortgage Calculation Period ( $P/SMR$  being the "**Participation Fraction**");
- (ii) as interest received on the Transaction Accounts, on invested securities or other income proceeds received on such securities;
- (iii) as prepayment and interest penalties under the Mortgage Receivables;
- (iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to amounts which relate to interest in respect of a Savings Mortgage Loan or a Life Insurance Loan with the possibility of a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from Reserve Account and the Reconciliation Ledger (to the extent relating to interest) on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Interest Swap Counterparty under the Interest Swap Agreement on the immediately succeeding Quarterly Payment Date, but excluding any amounts provided by the Interest Swap Counterparty as collateral, if any, and Tax Credit, if any;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables or any other amount received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal less, in respect of a Savings Mortgage Loan or Life Insurance Loan with the possibility of a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, in respect of a Savings Mortgage Loan or Life Mortgage Loan with the possibility of a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (xi) any (remaining) amounts standing to the credit of the Master Collection Account on the Quarterly Payment Date on which the Notes, other than the Subordinated Class C Notes, are redeemed in full to the extent not included in items (i) up to and including (x); **less**
- (xii) 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 items (a), (b) and (c) 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.

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, *pro rata* and *pari passu*, according to the respective amounts thereof, of fees and expenses due and payable to the Issuer Administrator and the Pool Servicer under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such taxes cannot be paid out of item (xii) of the Notes Interest Available Amount), fees and expenses of the Rating Agencies 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, (iii) any bank account charges, if any, due under the Transaction Accounts and (iv) the Liquidity Facility Commitment Fee (as set forth in the Liquidity Facility Agreement) to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement, other than the Liquidity Facility Commitment Fee, 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, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under item (n) below;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Interest Swap Agreement, including any termination payment, other than any termination payment due or payable as a result of the occurrence of (i) an Event of Default (as defined therein) or (ii) an Additional Termination Event (as defined therein) relating to a Rating Event (as defined therein) where the Interest Swap Counterparty is the Defaulting Party or the sole Affected Party (as defined therein) (an "**Interest Swap Counterparty Default Payment**") payable under (m) below and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and any Tax Credit;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due or interest accrued but unpaid on the Senior Class A1 Notes and the Senior Class A2 Notes;
- (g) *seventh*, in or towards making good, any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes;
- (i) *ninth*, in or towards making good, any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of any sums required to be deposited into the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (k) *eleventh*, in or towards satisfaction of interest due or accrued but unpaid on the Subordinated Class C Notes;

- (l) *twelfth*, in or towards satisfaction of principal due on the Subordinated Class C Notes until the Subordinated Class C Notes are fully redeemed;
- (m) *thirteenth*, in or towards satisfaction of any Interest Swap Counterparty Default Payment payable to the Interest Swap Counterparty under the terms of the Interest Swap Agreement and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and any Tax Credit; and
- (n) *fourteenth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (o) *fifteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**B. 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 on any Quarterly Calculation Date, as being received or held during the immediately preceding Quarterly Calculation Period (items (i) up to and including (ix) the "**Notes Redemption Available Amount**");

- (i) as amounts of repayment and prepayment in full of principal under the Mortgage Receivables, from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
- (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
- (iv) as amounts to be received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal up to the Outstanding Principal Amount of the relevant Mortgage Receivable from any person, whether by set off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
- (v) as amounts to be credited to the relevant subledger of the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with items (g) and (i) of the Interest Priority of Payments;
- (vi) as Monthly Participation Increase;
- (vii) as partial prepayment in respect of Mortgage Receivables;
- (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, and the Initial Participation in respect of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element purchased on the Closing Date over (b) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date; and
- (ix) as any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes, other than the Subordinated Class C Notes, on the immediately preceding Quarterly Payment Date, and any amount to be drawn from the Reconciliation Ledger on the immediately preceding Quarterly

Payment Date to the extent relating to interest;

will pursuant to the terms of the Trust Deed be applied by the Issuer on the relevant Quarterly Payment Date (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**") on a *pro rata* basis and *pari passu* among the Notes of the same Class or sub-Class:

- (a) *first*, in or towards satisfaction of principal amounts due in respect of the Senior Class A1 Notes, until fully redeemed in accordance with the Conditions and,
- (b) *second*, in or towards satisfaction of principal amounts due in respect of the Senior Class A2 Notes until fully redeemed in accordance with the Conditions; and
- (c) *third*, in or towards satisfaction of principal amounts due in respect of the Mezzanine Class B Notes, until fully redeemed in accordance with the Conditions.

## **II Priority of Payments upon Enforcement**

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders, but excluding the Participant, which shall be entitled to receive an amount equal to the Participation in each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element or if the amount recovered is less than the Participation, then an amount equal to the amount actually recovered which amounts will not be part of this Priority of Payments upon Enforcement) in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Rating Agencies 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, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the Issuer Administrator and the Pool Servicer under the Administration Agreement and (iv) fees and expenses due to the GIC Provider under the GIC;
- (b) *second*, to the Liquidity Facility Provider, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under sub-paragraph (k) below;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of amounts, if any, due but unpaid under the Interest Swap Agreement including any termination payment other than any Interest Swap Counterparty Default Payment payable to the Interest Swap Counterparty under the terms of the Interest Swap Agreement payable under subparagraph (j) below and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (e) *fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of principal due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

- (f) *sixth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Subordinated Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of principal due but unpaid in respect of the Subordinated Class C Notes;
- (j) *tenth*, in or towards satisfaction of any Interest Swap Counterparty Default Payment payable to the Interest Swap Counterparty under the terms of the Interest Swap Agreement and excluding, for the avoidance of doubt, any amount relating to Excess Swap Collateral and Tax Credit;
- (k) *eleventh*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (l) *twelfth*, in or towards satisfaction of the Deferred Purchase Price to the Seller.

### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than (x) a Quarterly Payment Date if and to the extent that on such date the Notes are redeemed in full and (y) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount. The Liquidity Facility Agreement is for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that without taking into account any drawing under the Liquidity Facility Agreement, but after any drawing of the Reserve Account, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (h) (inclusive) (but not item (g)), in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger after the application of the Notes Interest Available Amount in full on such date. The Liquidity Facility Provider will rank in priority in respect of payments and security to the Notes, save for certain gross up amounts or additional amounts due under the Liquidity Facility Agreement.

If at any time (a) the unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than "A" (long term) or "F1" (short term) by Fitch or "Prime-1" (short term) by Moody's (the "**Liquidity Facility Provider Requisite Rating**" or any such rating is withdrawn by the Rating Agencies and (b) (i) the Liquidity Facility Provider is not within fourteen (14) calendar days replaced by the Issuer with a suitably rated alternative liquidity facility provider or (ii) no third party having the required ratings has guaranteed the obligations of the Liquidity Facility Provider which guarantee does not have an adverse affect on the then current ratings assigned to the Senior Class A Notes or (iii) no other solution is found to maintain the then current rating assigned to the Notes, 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 deposit such amount on the Liquidity Facility Stand-by Account with a corresponding credit to the Liquidity Facility Stand-by Ledger. Amounts so deposited to the Liquidity Facility Stand-by Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility if the Liquidity Facility had not been so drawn. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, "**Liquidity Facility Maximum Amount**" means the higher of (i) 2.00 per cent. of the Principal Amount Outstanding of the Notes at the commencement of the relevant Calculation Period and (ii) 1.00 per cent. of the aggregate Principal Amount Outstanding of the Notes at the Closing 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, including Realised Losses on the sale of Mortgage Receivables ("**Principal Deficiency**"). An amount equal to the Realised Losses shall be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the 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 reccredited 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 from the Closing Date up to and including the immediately preceding Quarterly Calculation Period the amount of the difference between (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element, the Participations, on the last day of the immediately preceding Mortgage Calculation Period, in respect of which the Seller, the Pool Servicer on behalf of the Issuer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the Quarterly Calculation Period immediately preceding such Quarterly Payment Date and (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables less, with respect to Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the Participations, and (b) with respect to Mortgage Receivables sold by the Issuer from the Closing Date up to and including the immediately preceding Quarterly Calculation Period, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and the Participations, and (ii) the purchase price received in respect of the Mortgage Receivables sold to the extent relating to the principal less, with respect to the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the Participations, and (c) with respect to the Mortgage Receivables in respect of which the Borrower has from the Closing Date up to and including the immediately preceding Quarterly Calculation Period (x) successfully asserted set-off or defence to payments or (y) (p)repaid any amounts, the amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") as a result thereof unless and to the extent such amount is not received from the Seller or otherwise pursuant to any items (i), (iii) and (vii) of the Notes Redemption Available Amount.

### **Interest Rate Hedging**

The Mortgage Loan Criteria require that all Mortgage Receivables sold and assigned to the Issuer at the Closing Date either bear a floating rate of interest or a fixed rate of interest subject to a reset from time to time (as further described in *Description of the Mortgage Loans*). The interest rate payable by the Issuer with respect to the Notes is calculated for all Notes as a margin over Euribor. On the first Optional Redemption Date the margin on the Notes (other than the Subordinated Class C Notes) will be reset and shall increase. The Issuer will mitigate this interest rate exposure in respect of the Senior Class A Notes and the Mezzanine Class B Notes (so excluding the Subordinated Class C Notes) by entering into the Interest Swap Agreement with the Interest Swap Counterparty and the Security Trustee. The risk of a difference between the rate of interest accruing on the balance standing to the credit of the Reserve Account and the floating rate of interest payable by the Issuer on the Subordinated Class C Notes will not be hedged. Under the Interest 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 Mortgage Receivables scheduled to be paid during the relevant Quarterly Calculation Period less, with respect to each Savings Mortgage Receivable, an amount equal to such scheduled interest for each month on such receivables multiplied by the Participation Fraction; plus
- (ii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period; plus
- (iii) interest received on the Master Collection Account; **less**
- (iv) an excess margin (the "**Excess Margin**") of 0.35 per cent. per annum applied to the relevant Outstanding Principal Amount of the Mortgage Receivables less in respect of a Savings Mortgage Loan or a Life Insurance Loan with a Savings Element, the Participation on the first day of the relevant Quarterly Calculation Period; and less
- (v) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments.

The Interest Swap Counterparty will agree to pay on each Quarterly Payment Date an amount equal to the sum of the scheduled interest due in respect of the Notes, other than the Subordinated Class C Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the Notes, other than the Subordinated Class C Notes, (each reduced by any outstanding debit balance on the relevant Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period.

Payments under the Interest Swap Agreement will be netted.

The Interest Swap Agreement will be documented under an ISDA Master Agreement. The Interest Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the ISDA Master Agreement) commonly found in standard ISDA documentation. The Interest Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Interest Swap Agreement or (iii) redemption of the Notes in accordance with Conditions 6(d) and 6(f). Events of Default under the Interest Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Swap Agreement and (ii) certain insolvency events and (iii) the service of an Enforcement Notice.

Upon the early termination of the Interest Swap Agreement, the Issuer or the Interest 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 Interest 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 Interest Swap Counterparty, the Issuer will not be required pursuant to the terms of the Interest Swap Agreement to pay the Interest Swap Counterparty such amounts as would otherwise have been required to ensure that the Interest Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Interest Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Interest Swap Counterparty will be required pursuant to the terms of the Interest 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 Interest Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Interest Swap Agreement to another office, have the right to terminate the Interest Swap Agreement. Upon such termination, the Issuer or the Interest 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 the Interest Swap Counterparties, the Issuer shall pay the cash benefit of such Tax Credit to the Interest Swap Counterparty.

If the Interest Swap Counterparty ceases to have certain required ratings by the Rating Agencies, the Interest Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Interest Swap Agreement, (ii) arranging for its obligations under the Interest Swap Agreement to be transferred to an entity with the required ratings, (iii) procuring another entity with at least the required ratings guarantee its obligations under the Interest Swap Agreement, or (iv) the taking of such other action as it may agree with Moody's. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Interest Swap Agreement. Upon such termination, the Issuer or the Interest Swap Counterparty may be obliged to make a termination payment to the other party.

In the case of a transfer of the obligations of the Interest Swap Counterparty to an other entity, the Issuer may apply any termination payment received from the Interest Swap Counterparty (the "**Swap Termination Payment**") towards fulfilment of its obligations against the replacement interest swap counterparty outside the Interest Priority of Payments.

The Issuer and the Interest Swap Counterparty will enter into a credit support annex which forms part of the Interest 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.

Any collateral transferred by the Interest Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the Interest Swap Agreement will be returned to the Interest 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 (a) to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and (b) in accordance with the Mortgage Receivables Purchase Agreement. If the Issuer decides to offer for sale the Mortgage Receivables, or part thereof, 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 in accordance with the Trust Deed.

#### *Sale of Mortgage Receivables on an Optional Redemption Date*

In the event of a sale and assignment of Mortgage Receivables on an Optional Redemption Date, the purchase price of the Mortgage Receivables shall be equal to at least (I) the sum of 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 (i) an amount equal to the part to which the Issuer would be entitled in case such Mortgage Receivable would be foreclosed of (a) the foreclosure value of the Mortgaged Assets or (b), if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value; and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable and (II) increased with an amount equal to any payment due

by the Issuer to the Interest Swap Counterparty in connection with the termination of the Interest Swap Agreement, or as the case may be, reduced with any payment due by the Interest Swap Counterparty to the Issuer in connection with the termination of the Interest Swap Agreement. The proceeds of such sale shall form part of the Notes Redemption Available Amount (to the extent it does not exceed the Outstanding Principal Amount of the Mortgage Receivables) and consequently be applied by the Issuer towards redemption of all the Notes, other than the Subordinated Class C Notes (but not some only) in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class B Notes, Condition 9(b).

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

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out 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 form part of the Notes Redemption Available Amount and consequently be applied by the Issuer towards redemption of all the Notes, other than the Subordinated Class C Notes (but not some only) in accordance with Condition 6(b) and subject to, in respect 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(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, other than the Subordinated Class C Notes, in accordance with Condition 6(f) and subject to, in respect 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 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 respect of the Mezzanine Class B Notes, Condition 9(b).

## DUTCH RESIDENTIAL MORTGAGE MARKET

### General

The housing market in the Netherlands is gradually recovering from the consequences of the credit crisis. The downward trend in transaction numbers has been broken and the decline in house prices has also come to an end. Looking at economic indicators, the picture is moderately positive. Unemployment rates are down and the rise in the number of forced sales has come to an end. Furthermore, as a result of declining interest rates, affordability of buying a new house has improved. However, the market is clearly still suffering from a lack of confidence. Such lack of confidence is caused by the credit crisis and political uncertainty on reforms that may affect the housing market. The possible changes to tax treatment of interest payments for owner-occupied residences and the debate initiated by the AFM about maximum mortgages do not increase confidence in the housing market. The Housing Ministry's (VROM) first-time buyers' subsidy has been cancelled since May 2010. Furthermore, it is uncertain when the government will lower the threshold for the Dutch mortgage guarantee (NHG), which is currently temporarily raised from euro 265,000 to euro 350,000. Without political intervention, the threshold is likely to revert to the old level by the end of this year. The low consumer confidence is reflected in a low number of house sales. In addition, the construction and completion of new housing remains low.

### Characteristics of Dutch mortgages

The most common mortgage loans types in the Netherlands are annuity, linear, savings, life and investment mortgage loans. For savings, life and investment mortgage loans no principal is repaid during the term of the contract. Instead, the borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount (plus annual indexation), provided the term of insurance is at least 15 years. In addition, the insurance policies are exempted from wealth tax. On 1 January 2008, Bank Savings Act ("*Wet Banksparen*") came into force in the Netherlands. This Act grants the same favourable tax conditions to consumers saving via a bank account for a home or a pension. The bank savings mortgage has rapidly become the preferred method of redemption. Transparency and favourable rates have contributed to the success of these products.

In the Netherlands mortgage loans interest payments are deductible from the income of the borrower for income tax purposes. There are however certain restrictions. Firstly, tax deductibility is limited to interest payments on mortgage loans that are used for buying a new (owner-occupied) home or the improvement of a house. Thus mortgages for second homes or consumption purposes are excluded. Second, interest deductibility has been limited to a period of 30 years. Secondly, on 1 January 2004 as a consequence of the so-called *bijleenregeling* (regulation for "additional lending") came into force: homeowners moving to a more expensive property must apply capital gains on their former house towards an upfront payment for such a newly acquired property.

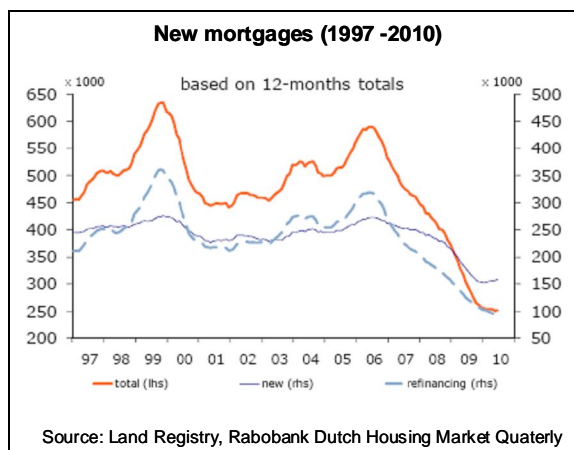
In the Netherlands, advances of up to 125 per cent. of foreclosure value have become standard practice as a result of the attractive fiscal regime, generally long periods of fixed interest rates and attractive repayment arrangements. The foreclosure value amounts to approximately 85-90 per cent. of the market value of properties in the Netherlands. Recently the AFM launched a plan designed to limit the risks on mortgage overhang debt. The proposal is to limit the mortgage amount to 112% of the purchase sum. This differs little from the current usual standard of 125% of the foreclosure value, assuming that this amounts to 90% of the purchase value (as is often the case). Thus far, the proposal mostly confirms prevailing practice. However, a new element is the compulsory redemption of the mortgage loan that exceeds 100% of the purchase value.

## Long lease

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

## Mortgage market

The Dutch mortgage market appears to be stabilising at the current level of around 250,000 mortgages issued on a 12-month basis. This development is entirely due to the output of newly issued mortgages. Land Registry data show that in the first half of this year, 5,146 more new mortgages were issued than in the same period in 2009. Nonetheless, on balance, on account of the continuing decline in re-financing loans, output was down slightly in the first six months of 2010. Expressed in figures, the picture is comparable, albeit with one important difference. On a 12-month basis the figures show growth. The lowest point was reached in February of this year (euro 61.2 billion). In recent months, this has risen to euro 62.0 billion. However, compared to the pre-crisis peak level of euro 126.7 billion in July 2006, the notion of growth can scarcely be considered.

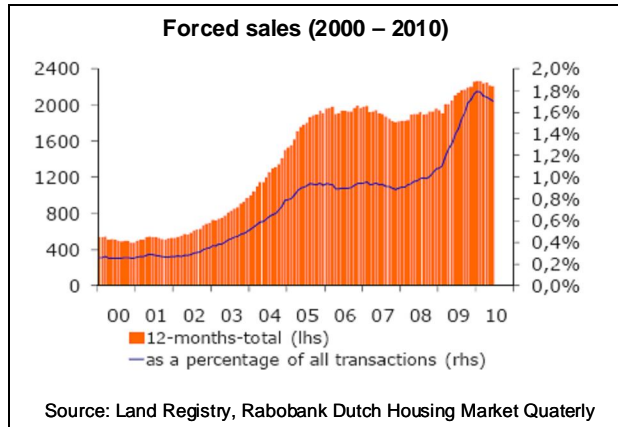


## Performance of Dutch mortgage loans

The economic downturn accompanied by rising unemployment have been the chief causes of a rise in the number of forced sales during 2008 and 2009. However, the extent of this increase remained limited in 2009 to 300 additional forced auctions – a rise of 15%. In view of the scale of the economic crisis (the worst since the 1930s), this increase was relatively modest. And despite the increase, the number of forced sales as a percentage of the number of outstanding mortgages (over 3 million), is still negligible. Moreover there are signs of a turnaround. There was a slight drop in forced sales in the first half of 2010. During this period the Land Registry recorded 1,077 forced auctions – 50 less than for the same period last year. While this difference may not be marked, the upward trend has been broken. Stabilisation of unemployment during the past half year may have played a role. Incidentally, the turning point has come relatively early in the cycle, since the Netherlands only emerged from recession in the third quarter of 2009. Generally, the trend in forced sales follows with a lag of about a year.

A number of factors can be mentioned that contribute to the strong performance of Dutch mortgage loans:

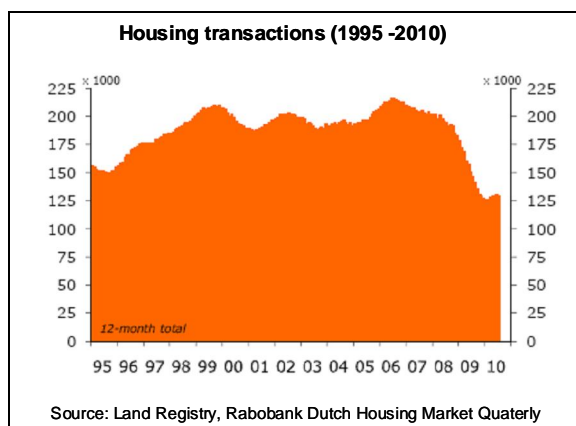
- (i) very low defaults due to relatively low unemployment rates, a strong cultural aversion to default and a supportive social security regime;
- (ii) legal ability of lenders in foreclosure to access borrowers' wages or seize their other assets;
- (iii) quality of mortgage servicing; and
- (iv) relatively conservative underwriting criteria including checking comprehensive credit bureau data with the BKR.



### Housing transactions

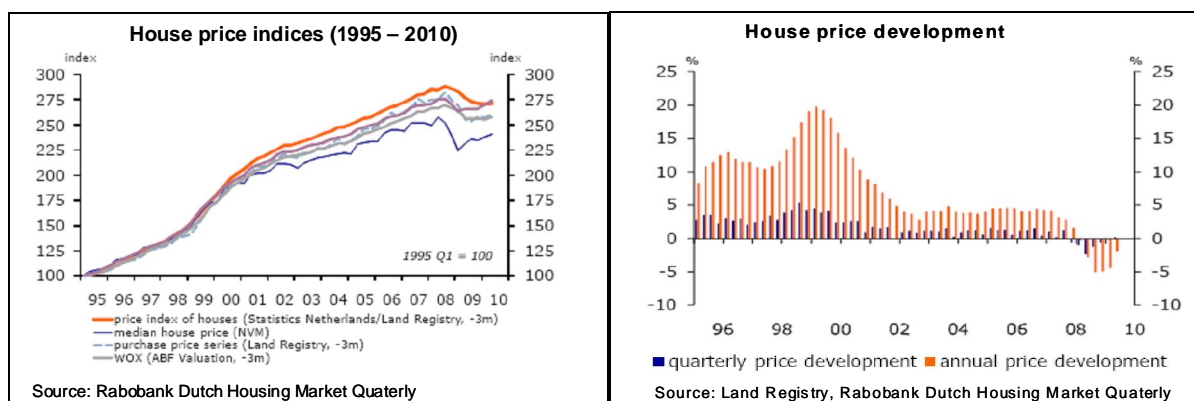
The market has made a clear break with the declining trend in transaction numbers. In the first half of 2010, the Land Registry recorded 59,636 houses sold 2,149 more than in the same period last year (+ 3.7%). However, the differences per quarter are rather small and we expect this to remain the case for the rest of the year. Meanwhile, the 12 month totals have risen slightly to 130,000, which remains extremely low, historically. Until recently, an average annual market volume of some 200,000 house transactions was customary. Current figures are about one third less. It will be quite some time before activity returns to the Dutch housing market at pre-crisis levels. Many potential house buyers continue to postpone a purchase, which is clear from the large number of houses for sale. According to NVM data, there were over 168,000 houses on the market in the second quarter, of which just under 24,000 were sold. This corresponds to a sales percentage of 14.2%.

Owing to the large supply of houses and the limited activity, houses remain on the market for longer than was the case before the credit crisis. Houses now take an average of 129 days to sell, compared to around 80 days before the crisis - an increase of 60%. Prospects of improvement are not good, with the stock of unsold homes continuing to rise. This also means that the price development needs to be viewed with caution.



### Housing prices

After one and a half years of declining house prices, the secondary housing market indicator (PBK) of CBS/Land Registry showed a small plus (+0.2%) in the second quarter of 2010, compared to the previous quarter. While prices are still lower than a year ago, this can be entirely attributed to the price drop in the second half of 2009 and the first quarter of this year. Moreover, the year-on-year decline is much less marked than in the previous quarters. On balance, 2010 has seen prices stabilise on the Dutch housing market.



Both confidence and economic growth are of considerable importance to the property market in the Netherlands. For now consumer confidence remains low. Confidence requires a certain degree of certainty. Uncertainty has prevailed on the Dutch housing market for some time now. Buyers are faced with uncertainty about a number of issues: household income, selling their existing house, the duration of a possible double housing costs and government policy for the housing market. Since mortgage loans are usually entered for a thirty-year period, the long-term horizon is very important. It is to be hoped that a new government will quickly create greater certainty about householders' future financial burden.



## Key Figures

<b>House Prices</b>				
<b>Year-on-year change (%)</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>a</sup></b>	<b>2011<sup>a</sup></b>
NVM (median house price)	0.0	-7.4	4	1½
Land Registry (purchase price)	2.6	-6.3	½	1½
Statistics Netherlands/Land Registry (PBK)	3.1	-3.5	-1½	1
ABF Valuation (WOX)	2.6	-3.2	-½	1

<b>Totals</b>				
<b>x 1000</b>	<b>2008</b>	<b>2009</b>	<b>2010<sup>a</sup></b>	<b>2011<sup>a</sup></b>
Sales transactions	182	128	135	145
Newly built homes	79	83	58	52

<b>Totals</b>				
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Enforced Sales	1,961	2,256	-	-

<b>Key economic figures (May 2008)</b>				
	<b>2008</b>	<b>2009</b>	<b>2010<sup>a</sup></b>	<b>2011<sup>a</sup></b>
GDP (growth, %)	2	-4	1½	1¾
Inflation (%)	2.5	1.2	1¼	1¼
Unemployment (x 1000)	304	380	469	460

<sup>a</sup>Rabobank Economic Research Department

## ACHMEA HYPOTHEEKBANK N.V.

### General Information

Achmea Hypotheekbank N.V. (in this chapter hereinafter referred to as the "**Bank**") is a fully owned subsidiary of Achmea Bank Holding N.V. Achmea Bank Holding N.V. is a fully owned subsidiary of Achmea Holding N.V. (Achmea Holding N.V. and its subsidiaries ("*dochtermaatschappijen*") (the "**Achmea Group**"). Achmea Holding N.V. is one of the two holding companies of the Dutch operations of the Eureko Group, the other holding company being Interpolis N.V. The Bank has its office at Lange Houtstraat 8, 2511 CW 's-Gravenhage, the Netherlands.

### Profile

The Bank was incorporated on 16 June 1995 with the purpose of collectively attracting funding on the capital and money markets to fund the mortgage portfolios of the mortgage companies referred to below (each of which granted mortgage loans under its own name) within the Achmea Group. Until 1 September 2000, the mortgage companies were the following companies:

- (i) Avéro Hypotheken B.V.
- (ii) FBTO Hypotheken B.V.
- (iii) Centraal Beheer Hypotheken B.V.
- (iv) Centraal Beheer Woninghypotheken B.V.
- (v) Woonfonds Holland B.V.
- (vi) Woonfonds Nederland B.V.
- (vii) Zilveren Kruis Hypotheken B.V.

Since the legal merger on 1 September 2000 of (i) throughout (iv) and (vi) and (vii), the Bank issues mortgage loans to private individuals in the Netherlands under several brand names. Three methods are used: (i) direct writing (Centraal Beheer Achmea, FBTO, Zilveren Kruis Achmea), (ii) through an intermediary (Avéro Achmea, Woonfonds Hypotheken) and (iii) through the home owners association 'Vereniging Eigen Huis' (FBTO). The mortgage business of the Bank contributes to the other activities of the Achmea Group, especially the life insurance and the investment funds business. In principle, mortgage loans are provided for residential property only. The Bank has merged with its subsidiary Woonfonds Holland B.V. on 1 January 2004.

The total mortgage portfolio of the Bank expanded from euro 4.2 billion as at 31 December 1995 to euro 14.1 billion as at 30 June 2010. This portfolio consists of euro 2.3 billion of mortgage loans which have the benefit of a Dutch mortgage guarantee (NHG), of which euro 1.4 billion is securitised. Apart from that, the portfolio consists of (i) euro 9.7 billion of mortgage loans for a principal amount less than or equal to 75 per cent. of the value of the security granted, indexed from the time of granting of the mortgage loan and (ii) euro 2.1 billion of other mortgage loans.

### Financing and collateral

The Bank funds its lending business partly by raising loans in euros and other global currencies on the international money and capital markets. These loans are secured by pledges on mortgage receivables. As

at 30 June 2010 an amount of euro 12.9 billion of the total mortgage portfolio have been pledged in connection with funding programmes (in millions of euros).

	as at 30 June 2010	as at 31 December 2009
Trustee	2,024	2,158
Covered bond	5,407	5,133
Securitisations	5,458	5,591
Other	-	-
	12,889	12,822

In addition to these funding arrangements the Bank also uses the European Medium Term Notes (EMTN) programme and savings to fund its lending.

### **Trustee**

Stichting Trustee Achmea Hypotheekbank (Trustee) was formed on 16 December 1995. This first collateral structure set up by the Bank was defined in a trust agreement, under which the Bank periodically pledges the mortgage receivables to the Trustee as security for the Bank's liabilities under financing contracts such as those relating to private loans, derivatives and the secured debt issuance programme (see *European Medium Term Notes Programme* below). It has been agreed with the Trustee that the value of the mortgage receivables will at all times be at least 5% more than the nominal value of the securitised loans.

### **Covered bond**

The Bank set up an euro 10 billion covered bond financing programme in early 2007. The collateral structure of this programme is based on the issue, by a specially formed company named Achmea Covered Bond Company B.V. ("ACBC"), of a guarantee of payment by the Bank of interest and capital on the bond loans. In exchange, the Bank periodically assigns mortgage receivables to ACBC. The value of the assigned portfolio of mortgage receivables is proportional to the nominal value of the bond loans taken up by the Bank under the programme. If a claim is made against the guarantee, ACBC will assume the management of the assigned portfolio with a view to discharging the guaranteed liabilities out of income from interest and repayment of principal. ACBC in turn has pledged the mortgage portfolio to Stichting Trustee Achmea Covered Bond Company as security for its liabilities. Achmea Hypotheekbank raised no new funding under the covered bond programme in the first half of 2010 (2009: euro 0.0 billion). In the case of the covered bond programme, the value of the mortgage receivables will at all times be at least 21.7% more than the bond loans issued under the programme.

### **Securitisation**

The Bank also uses securitisation as a funding instrument and has undertaken nine securitisation transactions since 2000. In all these securitisation transactions, the Bank has assigned a fixed portfolio of mortgage receivables to a specially formed legal entity known as a 'special purpose vehicle' (SPV). The names of these SPV's are Dutch Mortgage Portfolio Loans I B.V. (DMPL I B.V.), Dutch Mortgage Portfolio Loans II B.V. (DMPL II B.V.), Dutch Mortgage Portfolio Loans III B.V. (DMPL III B.V.), Dutch Mortgage Portfolio Loans IV B.V. (DMPL IV B.V.), Dutch Mortgage Portfolio Loans V B.V. (DMPL V B.V.), Dutch Mortgage Portfolio Loans VI B.V. (DMPL VI B.V.), Dutch Mortgage Portfolio Loans VII B.V. (DMPL VII B.V.), Securitised Guaranteed Mortgage Loans I B.V. (SGML I B.V.) and Securitised Guaranteed Mortgage Loans II B.V. (SGML II B.V.). In case of the both SGML's, all involved mortgage receivables fall under the Dutch mortgage guarantee (NHG) facility. The SPV's funded the purchase price by issuing bonds on the international capital market. The Bank still manages

the assigned portfolio of mortgage receivables. The SPV's use the income from the mortgage receivables to pay the principal and interest on the bonds and the transaction expenses. Securitisation of non-guaranteed loans also reduces the capital requirement in respect of the assigned portfolio of mortgage receivables.

### **European Medium Term Notes Programme**

The euro 10 billion EMTN programme launched in 1996 is used to fund a substantial portion of the mortgage portfolio. As at 30 June 2010, a total of euro 1.2 billion was outstanding in publicly placed notes and privately placed notes (2009: euro 1.2 billion). Four of the series of notes issued under this programme are quoted on Euronext Amsterdam by NYSE EuroNext and eight on Société de la Bourse de Luxembourg.

### **Savings**

Via Achmea Retail Bank N.V., a wholly owned subsidiary of Achmea Bank Holding N.V., savings are taken under the Centraal Beheer Achmea, Levob and FBTO labels. Some of this savings capital is used to fund the Bank its mortgage portfolio. As at 31 June 2010, euro 0.6 billion was funded in this way.

The Bank is not financially dependent upon other entities within the Achmea Group. However, for certain strategic decisions consent from Achmea Holding N.V. may be required.

### **Results (based on IFRS)**

Profits before tax in the last six years 2004, 2005, 2006, 2007, 2008 and 2009 varied from euro 6 million to euro 67 million per year. The result for 2009 was euro 66.5 million and for the first half year 2010 it amounts to euro 53.1 million. The BIS-ratio (the Bank of International Settlement – ratio) as at 30 June 2010 was 13.4 per cent. (based on IFRS; calculated on the basis of Basel II).

### **Operations**

The Bank is responsible for the acceptance and the servicing of mortgage loans, as well as risk, product and pricing policies.

The Bank's basic responsibilities include:

- (i) the operation of a commercial policy and the marketing of mortgage loans;
- (ii) the operation of a reliable financial, mortgage and policy administration;
- (iii) the operation of an adequate administrative organisation and reliable automation system;
- (iv) the provision of information sufficient to enable it to comply with its obligations and responsibilities;
- (v) compliance with statutory requirements regarding solvency and cash position;
- (vi) supervision of compliance with (a) directives issued by the Dutch Central Bank regarding the maintenance of a reliable administrative organisation and internal control system and (b) regulations issued by the AFM; and
- (vii) ensuring a reliable and continuous data processing system, more specifically on the basis of maintenance of the Bank's systems and of the interfaces with the systems operated by the individual mortgage brands.

The tasks which the Bank performs on the basis of these responsibilities include:

- (viii) determination of the funding requirements;
- (ix) preparation and monitoring of the interest rate and risk policies and execution of clearing transactions in relation to funds transfers;
- (x) preparation and maintenance of the administrative organisation, performance of internal control procedures;
- (xi) preparation and monitoring of risk standards and of product, acceptance and pricing policies;
- (xii) preparation and maintenance of a reliable and continuous data processing system and lending of support in the areas of market analysis and product development;
- (xiii) compilation of management reports;
- (xiv) execution of specialist tasks such as arrears management and legal and fiscal matters; and
- (xv) coordination of the contacts with the Dutch Central Bank and the AFM and other representative organisations.

### **Incorporation**

The Bank was incorporated on 16 June 1995 as a public limited liability company ("*naamloze vennootschap*") incorporated under the laws of The Netherlands. The Bank has its corporate seat in The Hague, the Netherlands. The deed of incorporation includes the current articles of association. The statement of no-objection of the Minister of Justice in respect of the articles of association was issued by the Ministry of Justice under number N.V. 532.216. The Bank is registered in the Commercial Register of The Hague under number 27154399 and has its registered offices at Hervenplein 2, 5232 JE 's Hertogenbosch. The telephone number of the Bank is +31 73 643 4021.

### **Objects**

The objects of the Bank (to be found in Article 2 of the Bank's articles of association) is to provide mortgage loans, to exercise banking business (including the provision of all banking cashier's and any other financial services) and anything related or beneficial to the foregoing, to participate in the management of, to conduct the business over, and the financing of other companies, of any nature, and finally to guarantee debts of other persons with which it is affiliated in a group.

### **Corporate Governance**

The Dutch Corporate Governance Code ("*Code Tabaksblat*") applies to companies of which the shares are listed on a recognised stock exchange. It therefore does not apply to the Bank. However, Eureko group implemented the Dutch Corporate Governance Code and in the annual report of Eureko information is provided on corporate governance.

### **Executive and Supervisory Boards**

As of the date of this Prospectus, the Executive Board and the Supervisory Board of the Bank are composed as follows, and their members perform the following principal activities:

#### *Executive Board*

R. Becker  
M. Wissels

#### *Supervisory Board*

**Supervisory Board**  
E.A.J. van de Merwe (Chairman)

**Principal activity outside the Bank**  
Independent Consultant

A.A. Lugtigheid  
 J.B.J.M. Molenaar  
 G. van Olphen  
 T.C.A.M. van Rijckevorsel

Adviser Executive Board Eureko B.V.  
 Director Finance Rabobank Nederland  
 Executive Board Eureko B.V. (CFO)  
 Executive Board Eureko B.V.

No potential conflict of interests exists between the duties of members of the Executive Board and the Supervisory Board of the Bank and their private interest or other duties.

The elected domicile of all the members of the Executive Board and the Supervisory Board elect domicile at the registered office of the Bank.

#### *Audit Committee*

The Audit Committee of the Bank consists of E.A.J. van de Merwe and T.C.A.M. van Rijckevorsel, members of the Supervisory Board of the Bank. The Audit Committee has obtained a mandate from the Supervisory Board to prepare together with the Executive Board the meetings of the Supervisory Board. In addition, the Audit Committee has the mandate to supervise the main developments in the field of financial reporting, tax, funding and finance, risk management and to monitor the relationship with the external accountants of the Bank.

#### **Capitalisation and indebtedness**

The following table sets out the capitalisation of the Bank and its subsidiaries:

	as at 30 June, 2010 (in millions of EUR)	as at 31 December, 2009 (in millions of EUR)
Total equity	523	484
Share Capital	18	18
Authorised 200,000 ordinary shares Issued 40,001 ordinary shares (Euro 453.78 par value)		
Share premium	269	269
Other reserves	194	144
Retained earnings	40	50
Fair value reserve	2	3
Total long term subordinated debt, of which:	184	181
NLG loan 5.57% 1999-2015	7	7
NLG loan 5.68% 1999-2014	1	1
NLG loan 5.55% 1999-2009	-	-
EUR loan 6.27% 2001-2013	26	25
EUR loan 5.77% 2001-2010	6	6
EUR loan 5.87% 2001-2011	6	6
EUR loan 5.95% 2001-2012	6	6
EUR loan 6.12% 2001-2015	7	6
EUR loan 5.96% 2002-2012	8	8
EUR loan 5.89% 2002-2012	5	5
EUR loan 5.89% 2002-2012	3	3
EUR loan 5.89% 2002-2012	12	12
EUR loan 5.89% 2002-2012	5	5
EUR loan 4.50% 2006-2016	60	60
EUR loan 5.50% 2007-2017	32	31
<b>Total capitalisation</b>	<b>707</b>	<b>665</b>

The following table sets out the redemption schedule of indebtedness of the Bank and its subsidiaries as at 30 June 2010:

Year	(in millions of EUR)
2010	6
2011	6
2012	39
2013	26
2014	1
2015	14
2016	60
2017	32
	<b>184</b>

At the end of 2009 the Executive Board tightened the internal capital norm from a BIS ratio of 10.0% to a Tier 1 ratio of 10.0%. Tier 1 capital strengthened from 10.4% (at 31 December 2009) to 10.9% (at 30 June 2010). The BIS ratio as at 30 June 2010 amounted to 13.4%, comfortably satisfying the minimum requirement by law.

#### **Supervision by the Dutch Central Bank**

On 1 November 1995, the Dutch Central Bank issued a general banking licence to the Bank pursuant to the provisions of the Act on the supervision of the former Act on the Supervision of Credit Institutions 1992 ("*Wet toezicht kredietwezen 1992*") and, as of 1 January 2007, pursuant to the provisions of the Act on Financial Supervision. The Bank is registered as a bank without special restrictions. As a result thereof, the Bank is under the permanent supervision of the Dutch Central Bank pursuant to which it is obliged to provide the Dutch Central Bank with all information required on banking developments, such as cash position and solvency.

#### **Interest rate mismatch**

As a financial institution, managing interest rate risk is a normal part of the Bank's business. The Bank maintains a conservative approach in terms of interest rate mismatches and actively manages those mismatches. It should be understood, however, that interest rate risk might still affect the results of the Bank.

#### **Contractual obligations**

As at 31 December 2009, the Bank had contractual obligations amounting to over euro 7.9 million (2008: euro 11.5 million), primarily in connection with the use of ICT-related services. An amount of euro 6.3 million (2008: euro 9.5 million) of this is connected with ICT-related contracts with group companies. After 31 December 2009 the Bank did not enter in any material contracts outside the scope of ordinary business other than reported as at 31 December 2009.

#### **Competitive position**

There continues to be substantial competition in The Netherlands for the types of mortgages and other products and services the Bank provides. Competition in the financial services industry is furthered by the high level of consolidation in The Netherlands in the markets where the Bank operates. The Bank faces competition from companies such as Rabobank, ABN AMRO Bank, Fortis Bank, SNS Bank and many others.

### **Recent Developments**

As of 24 June 2010, Fitch Ratings Limited ("**Fitch**") assigned a "A-"/Negative/"F2" rating to the Bank. Standard & Poor's Rating Services, as Division of Standard & Poor's Credit Market Services Europe Limited has assigned a "A-"/Stable/"A-2" rating to the Bank.

### ***Changes in the Executive Board***

Martijn Wissels has been appointed as Chief Financial Officer (CFO) of Achmea Bank. He succeeds Jacques Vervuurt, who has fulfilled this role for the past two years.

### ***Annual reports 2009***

On 6 April 2010 the Bank published the Achmea Hypotheek Bank Annual Report 2009 (the "**Achmea Annual Report 2009**"). The Achmea Annual Report 2009 is available on the website ([www.achmeamortgagebank.com](http://www.achmeamortgagebank.com))

On 26 March 2010 Eureko published the Annual Report 2009. The Annual Report is available on the website ([www.eureko.net](http://www.eureko.net)).

The Achmea Annual Report 2009 has been filed with the Irish Stock Exchange.

### ***Termination of certain product lines***

In May 2009 Avéro Achmea (Achmea Group's business division selling its products through independent agents and intermediaries) announced that, in view of the current market situation and as a result of a thorough product line review, they had decided to terminate its product lines 'life insurances' and 'mortgages'. Consequently, Achmea Hypotheekbank N.V. has ended its origination of mortgage loans under the brand name of Avéro Achmea. The total outstanding portfolio which Avéro Achmea originated over the years is a significant part of the total portfolio (20 per cent.). The production of this brand in the first half year of 2009 was a negligible part of the total production of Achmea Hypotheekbank N.V.

Tightened regulation in relation to intermediary sales and increased competition in the intermediary market have further initiated preliminary considerations within Achmea Group on the extent and scope of the intermediary sales lines under the name Woonfonds. These reviews are currently in an exploratory phase.

### ***Further medium term notes programme guaranteed by the State of the Netherlands***

Achmea Hypotheekbank N.V. announced on 23 October 2009 that it established a further medium term notes programme to refinance its existing mortgage portfolio. The notes under this programme benefit from security in accordance with the Credit Guarantee Scheme provided by the State of the Netherlands, for which Achmea Hypotheekbank N.V. received approval from the Dutch Ministry of Finance, following a positive recommendation by the Dutch Central Bank.

On 27 October 2009, Achmea Hypotheekbank N.V. has successfully placed USD 3.25 billion in 5 year medium term notes under the Credit Guarantee Scheme of the State of the Netherlands. The fixed rate tranche of USD 2.75 billion was priced at a fixed coupon of 3.20%, 35 basis points overmid-swaps. The floating rate tranche of USD 0.5 billion was priced at 3-month USD LIBOR plus 35 basis points. The USD proceeds of both tranches have been swapped to 6-month EURIBOR plus 11 basis points.

The notes were placed among a variety of financial institutions, among which banks, fund managers and insurance companies in Europe, US, the Middle East and Asia. The notes carry an AAA(sf) rating by Fitch and an Aaa(sf) rating by Moody's. Joint lead managers were Citigroup, Deutsche Bank AG, MorganStanley, Rabobank, and The Royal Bank of Scotland plc.



## DESCRIPTION OF THE MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned on the Closing Date to the Issuer are any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loans selected by agreement between the Seller and the Issuer.

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

The Mortgage Loans have been selected in accordance with the Mortgage Loan Criteria as set out in Mortgage Receivables Purchase Agreement. All of the Mortgage Loans were originated by the Seller and the other Originators.

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

### **Mortgaged Assets**

The mortgage rights securing the Mortgage Loans are vested on (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*").

For over a century different municipalities and other public bodies in the Netherlands have used long lease ("*erfpacht*") as a system to issue land without giving away the ownership of it. There are three types of long lease: temporary ("*tijdelijk*"), ongoing ("*voortdurend*") and perpetual ("*eeuwigdurend*"). A long lease is a right in rem ("*zakelijk recht*") which entitles the leaseholder ("*erfpachter*") to hold and use a real property ("*onroerende zaak*") owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in the event of his or her death. Usually some remuneration ("*canon*") will be due for the long lease.

### **Repayment types**

The Seller offers a selection of mortgage products. The pool contains six distinguishable repayment types: interest only, annuity, linear, traditional life/unit linked mortgage loan and savings mortgage loan.

The following types of repayment are involved in the transaction.

#### *Interest-only mortgage loan*

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

#### *Annuity mortgage loan*

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans ("*annuïteiten hypotheken*", hereinafter "**Annuity Mortgage Loans**"). Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

#### *Linear mortgage loan*

A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans ("*lineaire hypotheeken*", hereinafter "**Linear Mortgage Loans**"). Under a Linear Mortgage Loan, the Borrower pays a constant principal 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 loan*

A portion of the Mortgage Loans (or parts thereof) will be in the form of investment loans ("*beleggingshypotheeken*", hereinafter "**Investment Mortgage Loans**"). An Investment Mortgage Loan is, like an Interest-Only Mortgage Loan, a loan on which only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. To secure the Investment Mortgage Loan (or a part thereof), the Borrower pledges a securities account it maintains with an investment firm or a bank established in the Netherlands. Under the related securities account agreement, the Borrower pays (on a regular basis) a sum which is invested in a variety of investment funds offered by the investment firm or bank. Upon maturity the investment proceeds are applied towards repayment of the Investment Loan. If the proceeds are insufficient, the relevant Borrower is obliged to make up any shortfall.

The relevant investments held in an securities account in the name of the relevant Borrower and the securities are purchased for the account of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*"), which is by law obliged to ensure that the securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Dutch Giro Securities Transfer Act ("*Wet Giraal Effectenverkeer*", the Wge) or, if they do not qualify as such, by a separate depository vehicle.

In relation to most Investment Mortgage Loans, the securities account is maintained with Achmea Retail Bank N.V. However in some cases, the securities account is held with Bank Insinger de Beaufort N.V.

#### *Life Mortgage Loans*

A portion of the Mortgage Loans (or parts thereof) will be in the form of life mortgage loans ("*levenhypotheeken*", 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 (i) the Participant or (ii) with any life insurance company established in the Netherlands other than the Participant (each a "**Life Insurance Company**" and together with the Participant, the "**Insurance Companies**"). Under a Life Mortgage Loan a Borrower pays no principal towards redemption until the maturity of such Life Mortgage Loan. The Borrower has a choice between (i) the Traditional Alternative, (ii) the Unit-Linked Alternative and (iii) the Savings Alternative. Under the "**Traditional Alternative**", the amount to be received upon maturity of the Life Insurance Policy depends upon the performance of certain (bond) investments chosen by the relevant Insurance Company with a guaranteed minimum yield. Under the "**Unit-Linked Alternative**", the amount to be received upon pay-out of the Life Insurance Policy depends upon the performance of certain investment funds chosen by the Borrower. Under the "**Savings Alternative**", a certain pre-agreed amount is to be received upon pay out of the Life Insurance Policy with, in such case, the Participant and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the part of the Life Mortgage Loan to which a Life Insurance Policy with a Savings Alternative is connected (the "**Savings Element**") upon maturity of the Life Mortgage Loan. The Mortgage Receivables relating to the Life Mortgage Loans, will hereinafter be referred to as the "**Life Mortgage Receivables**".

#### *Savings mortgage loan*

A portion of the Mortgage Loans (or parts thereof) will be in the form of savings mortgage loans ("*spaarhypotheeken*", hereinafter "**Savings Mortgage Loans**"), which consist of Mortgage Loans entered into by one of the Originators and the relevant Borrowers combined with a savings insurance policy with the Participant ("**Savings Insurance Policy**" and together with the Life Insurance Policies, the

"**Insurance Policies**"). A Savings Insurance Policy is a combined risk insurance policy (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policy. Under a Savings Mortgage Loan no principal is paid by the Borrower until maturity of such Savings Mortgage Loan. Instead, the Borrower pays premium on a monthly basis to the Participant, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that, on an annuity basis, the final payment under the Savings Insurance Policy due by the Participant to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity of such Savings Mortgage Loan.

In respect of all repayment types the Borrower is obligated to take out a Life Insurance Policy for the part of the loan above eighty (80) per cent. (in respect of Mortgage Loans granted to a Borrower pursuant to an application for a loan made prior to 1 January 2007) or ninety (90) per cent. (in respect of Mortgage Loans granted to a Borrower pursuant to an application for a loan made on or after 1 January 2007) of the property's foreclosure value.

### **Interest types**

The Seller offers a number of different types of interest as summarised below.

#### *Floating rate ('Flexi- or Profirente')*

The floating interest rate is fixed for one calendar quarter or one calendar year. The interest rate can be changed on the first day of a calendar quarter in line with the prevailing daily interest rate. The Borrower can switch to a longer fixed-interest period during the quarter without incurring a penalty.

#### *Fixed interest ('Vaste-, Vaste Switch, TRAM- or Trend rente')*

The Borrower pays the same interest rate throughout the fixed-interest period. The fixed-interest periods are available in terms of one year to thirty (30) years. For terms longer than three years, it is possible to change the term, subject to certain conditions, by means of interest rate averaging. For the one-year interest rate product, there is an option which allows the Borrower to switch to a longer fixed-interest period during the term, as is the case for the quarterly variable interest rate.

#### *Transitional interest rate ('Rentegewenningsrente')*

The fixed-interest period lasts for a total of ten (10) years. With this type of interest rate, the Borrower pays an increasing rate of interest for the first three years. In the fourth to the tenth year, the customer pays the same interest rate. In the first year, the interest rate is 1.5 per cent. lower than in the fourth to the seventh year. In the second and third year, the rate is 1.0 per cent. and 0.5 per cent. lower respectively.

#### *Spread interest rate ('Palet Rente or Rente Egaal Constructie')*

For the spread interest rate product the contracted "fixed" period is 5 or 10 years. Within the contract the loan is split up in 5 or (respectively) 10 parts. Each part has a separate duration. For the 5 years spread interest rate option the 5 parts have durations which range from 1 year up to 5 year fixed. For the 10 year spread interest rate option the durations vary from 1 year up to 10 year fixed. Each duration has its own specific interest rate. During the year the Borrower pays the average interest of the separate parts. During the contract each year a part of the loan is refixed to the current market interest rate, with a duration of the remaining "fixed" period of the mortgage loan. In the standard version of the spread interest rate product, each time 20% (or, respectively, 10%) of the loan is changed. Apart from the standard version of this type of interest product, the Borrowers have two alternatives. Within these alternatives it is possible to emphasize shorter or longer durations within the 5 (or 10) parts.

#### *Bandwidth interest rate ('Component- or Rentepfectrente')*

For the bandwidth interest rate product, a contracted rate of interest is agreed for a certain term. The Borrower pays this rate of interest in the first year. In addition to the contracted rate of interest, an upper

and a lower limit is set, which is referred to as the bandwidth. Every year, the contracted rate of interest is checked against the prevailing rate of interest. The contracted rate is amended only if the prevailing rate of interest goes above or below the agreed bandwidth. As long as the current bandwidth interest rate remains within the bandwidth, nothing changes. If the bandwidth interest rate is above the limit when it is checked, only the excess is added to the contracted rate of interest. Conversely, the same principle applies, i.e. the amount below the lower limit is deducted from the contracted rate of interest. If the bandwidth interest rate is back in the bandwidth again at the time of the annual check, the original contracted interest rate will be charged.

### Summary of the Pool

The numerical information set out below under *Key Characteristics of the Pool* relates to a pool of Mortgage Loans (the "**Provisional Pool**") which was selected as of the close of business, on 30 September 2010. All amounts are in euro. All amounts relating to principal are inclusive of any Participation, unless stated otherwise. 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.

### Detailed information on the Provisional Pool of Mortgage Loans

The Provisional Pool of 30 September 2010 is available to investors in Excel format, upon request, from the Seller or the Arranger. A model of the transaction described in this prospectus is available on [www.absxchange.com](http://www.absxchange.com), access granted to investors upon request to the Seller or the Arranger.

### Key Characteristics of the Pool

Total Current Principal Balance (€):	1,471,067,343.15
Savings Balance (€):	63,932,642.21
Total Net Current Principal Balance (€):	1,407,134,700.94
Number of Loan Parts:	20,270
Number of Mortgages:	9,004
Weighted Average Loan to Original Foreclosure Value:	86.08%
Weighted Average Loan to Indexed Foreclosure Value:	80.48%
Weighted Average Interest Rate:	5.02%
Seasoning (months):	86.99
Weighted Average Remaining Term (months):	257.71
Weighted Average Fixed Rate Period (months):	103.88
Average Mortgage Balance (€):	163,379.31
Maximum Mortgage Balance (€):	920,000.00

**Table 1: Mortgage Balance (€)**

<b>Mortgage Balance (€)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Mortgages</b>	<b>% No of Mortgages</b>
0.01—25,000.00	1,415,805.91	0.10	82	0.91
25,000.01— 50,000.00	18,240,014.59	1.24	444	4.93
50,000.01— 75,000.00	62,658,403.28	4.26	979	10.87
75,000.01— 100,000.00	97,270,163.98	6.61	1,100	12.22
100,000.01— 125,000.00	128,844,871.65	8.76	1,142	12.68
125,000.01— 150,000.00	150,437,257.34	10.23	1,092	12.13
150,000.01— 175,000.00	151,158,024.29	10.28	929	10.32
175,000.01— 200,000.00	142,718,218.28	9.70	760	8.44
200,000.01— 225,000.00	119,059,408.11	8.09	560	6.22
225,000.01— 250,000.00	116,581,588.44	7.92	491	5.45
250,000.01— 275,000.00	92,385,358.94	6.28	351	3.90
275,000.01— 300,000.00	92,699,205.33	6.30	321	3.57
300,000.01— 325,000.00	53,248,998.02	3.62	170	1.89
325,000.01— 350,000.00	48,660,886.99	3.31	144	1.60
350,000.01— 375,000.00	37,724,121.21	2.56	104	1.16
375,000.01— 400,000.00	34,535,953.65	2.35	89	0.99
400,000.01— 425,000.00	23,541,455.71	1.60	57	0.63
425,000.01— 450,000.00	20,514,091.47	1.39	47	0.52
450,000.01— 475,000.00	12,004,701.87	0.82	26	0.29
475,000.01— 500,000.00	14,228,666.84	0.97	29	0.32
500,000.01 >=	53,140,147.25	3.61	87	0.97
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>9,004</b>	<b>100.00</b>

**Table 2: Loan to Original Foreclosure Value (%)**

<b>Loan to Original Foreclosure Value (%)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Mortgages</b>	<b>% No of Mortgages</b>
0.01—50.00	139,161,020.23	9.46	1,562	17.35
50.01—55.00	50,433,551.07	3.43	438	4.86
55.01—60.00	68,002,972.35	4.62	571	6.34
60.01—65.00	76,869,757.84	5.23	593	6.59
65.01—70.00	93,893,956.24	6.38	661	7.34
70.01—75.00	167,182,553.77	11.36	1,048	11.64
75.01—80.00	75,511,271.79	5.13	461	5.12
80.01—85.00	65,849,566.43	4.48	379	4.21
85.01—90.00	88,421,092.83	6.01	472	5.24
90.01—95.00	48,864,921.51	3.32	237	2.63
95.01—100.00	60,141,400.18	4.09	284	3.15
100.01—105.00	69,806,863.31	4.75	309	3.43
105.01—110.00	109,090,543.58	7.42	441	4.90
110.01—115.00	67,863,379.18	4.61	301	3.34
115.01—120.00	82,717,993.52	5.62	353	3.92
120.01—125.00	207,256,499.32	14.09	894	9.93
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>9,004</b>	<b>100.00</b>

**Table 3: Loan to Indexed Foreclosure Value (%)**

<b>Loan to Indexed Foreclosure Value (%)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Mortgages</b>	<b>% No of Mortgages</b>
0.01—5.00	87,823.68	0.01	13	0.14
5.01—10.00	1,093,955.89	0.07	44	0.49
10.01—15.00	4,115,267.68	0.28	106	1.18
15.01—20.00	8,978,107.42	0.61	172	1.91
20.01—25.00	20,568,475.34	1.40	324	3.60
25.01—30.00	31,463,499.46	2.14	414	4.60
30.01—35.00	43,296,263.82	2.94	503	5.59
35.01—40.00	55,823,838.82	3.79	555	6.16
40.01—45.00	66,464,338.12	4.52	589	6.54
45.01—50.00	65,379,312.03	4.44	531	5.90
50.01—55.00	71,344,106.93	4.85	529	5.88
55.01—60.00	68,997,316.17	4.69	485	5.39
60.01—65.00	69,790,258.98	4.74	443	4.92
65.01—70.00	75,010,278.78	5.10	440	4.89
70.01—75.00	84,137,902.03	5.72	437	4.85
75.01—80.00	84,221,313.70	5.73	421	4.68
80.01—85.00	63,029,953.82	4.28	305	3.39
85.01—90.00	57,228,469.05	3.89	237	2.63
90.01—95.00	51,859,831.20	3.53	226	2.51
95.01—100.00	62,211,077.50	4.23	259	2.88
100.01—105.00	66,181,248.28	4.50	273	3.03
105.01—110.00	78,282,580.42	5.32	311	3.45
110.01—115.00	93,718,749.67	6.37	375	4.16
115.01—120.00	75,041,122.51	5.10	305	3.39
120.01—125.00	58,154,282.44	3.95	243	2.70
125.01—130.00	65,085,999.42	4.42	258	2.87
130.01—135.00	41,452,054.72	2.82	172	1.91
135.01 >=	8,049,915.27	0.55	34	0.38
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>9,004</b>	<b>100.00</b>

**Table 4: Interest Rate (%)**

<b>Interest Rate (%)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
0.01—3.00	1,462,416.49	0.10	12	0.06
3.01—3.25	12,494,507.15	0.85	194	0.96
3.26—3.50	44,820,317.72	3.05	759	3.74
3.51—3.75	56,295,691.45	3.83	734	3.62
3.76—4.00	43,296,858.72	2.94	498	2.46
4.01—4.25	70,196,219.79	4.77	924	4.56
4.26—4.50	120,159,690.05	8.17	1,597	7.88
4.51—4.75	157,707,251.64	10.72	2,029	10.01
4.76—5.00	220,648,746.30	15.00	2,844	14.03
5.01—5.25	213,825,938.83	14.54	2,651	13.08
5.26—5.50	213,721,364.03	14.53	3,111	15.35
5.51—5.75	109,387,397.36	7.44	1,608	7.93
5.76—6.00	87,139,158.13	5.92	1,384	6.83
6.01—6.25	43,623,346.82	2.97	682	3.36
6.26—6.50	27,723,120.27	1.88	471	2.32
6.51—6.75	16,134,722.26	1.10	262	1.29
6.76—7.00	12,123,770.39	0.82	195	0.96
7.01—7.25	6,664,218.99	0.45	102	0.50
7.26—7.50	5,602,328.75	0.38	87	0.43
7.51 >=	8,040,278.01	0.55	126	0.62
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>20,270</b>	<b>100.00</b>

**Table 5: Remaining Term (years)**

<b>Remaining Term (years)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
0.01—5.00	19,945,606.75	1.36	406	2.00
5.01—10.00	55,239,380.23	3.76	981	4.84
10.01—15.00	92,152,192.31	6.26	1,448	7.14
15.01—20.00	375,538,322.89	25.53	5,890	29.06
20.01—25.00	424,767,194.13	28.87	5,941	29.31
25.01—30.00	502,680,328.67	34.17	5,591	27.58
30.01 >=	744,318.17	0.05	13	0.06
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>20,270</b>	<b>100.00</b>



**Table 6: Remaining Fixed Period (months)**

<b>Remaining Fixed Period (months)</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
<= 1.00	8,821,646.85	0.65	100	0.54
1.01—3.00	18,388,457.62	1.36	247	1.34
3.01—5.00	10,938,319.45	0.81	169	0.92
5.01—10.00	53,164,523.77	3.94	782	4.25
10.01—15.00	50,437,871.49	3.74	627	3.41
15.01—20.00	53,045,027.94	3.93	707	3.85
20.01—25.00	38,404,320.42	2.85	519	2.82
25.01—30.00	44,317,644.65	3.28	604	3.28
30.01 >=	1,072,083,882.88	79.44	14,632	79.58
<b>Total:</b>	<b>1,349,601,695.07</b>	<b>100.00</b>	<b>18,387</b>	<b>100.00</b>

**Table 7: Interest Product**

<b>Interest Product</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
Fixed	1,349,601,695.07	91.74	18,387	90.71
Floating	121,465,648.08	8.26	1,883	9.29
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>20,270</b>	<b>100.00</b>

**Table 8: Repayment Method**

<b>Repayment Method</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
Annuity	14,295,248.69	0.97	471	2.32
Hybrid	142,298,502.46	9.67	1,183	5.84
Interest only	884,697,401.74	60.14	13,562	66.91
Investment external	14,382,959.68	0.98	101	0.50
Investment Achmea	51,858,076.21	3.53	383	1.89
Investment Averro	476,134.06	0.03	3	0.01
Life	26,586,392.19	1.81	327	1.61
Linear	974,453.86	0.07	38	0.19
Savings	225,310,224.99	15.32	3,012	14.86
U-Linked Achmea	59,431,425.24	4.04	685	3.38
U-Linked External	50,756,524.03	3.45	505	2.49
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>20,270</b>	<b>100.00</b>

**Table 9: Region**

<b>Region</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Mortgages</b>	<b>% No of Mortgages</b>
Drenthe	44,678,964.21	3.04	316	3.51
Flevoland	39,028,430.52	2.65	239	2.65
Friesland	51,160,641.20	3.48	354	3.93
Gelderland	216,410,522.15	14.71	1,273	14.14
Groningen	36,988,134.19	2.51	263	2.92
Limburg	64,979,316.54	4.42	459	5.10
Noord-Brabant	258,501,385.14	17.57	1,571	17.45
Noord-Holland	214,394,358.09	14.57	1,284	14.26
Overijssel	132,878,304.60	9.03	866	9.62
Utrecht	129,099,773.64	8.78	676	7.51
Zeeland	25,534,932.07	1.74	154	1.71
Zuid-Holland	257,412,580.80	17.50	1,549	17.20
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>9,004</b>	<b>100.00</b>

**Table 10: Trade Mark**

<b>Trade Mark</b>	<b>Total Current Principal Balance</b>	<b>% Total Current Principal Balance</b>	<b>Number of Loan Parts</b>	<b>% No of Loan Parts</b>
Avéro Achmea	212,463,528.70	14.44	3,039	14.99
Centraal Beheer Achmea	485,788,683.20	33.02	7,907	39.01
FBTO	58,072,921.30	3.95	419	2.07
Woonfonds Hypotheken	714,742,209.95	48.59	8,905	43.93
<b>Total:</b>	<b>1,471,067,343.15</b>	<b>100.00</b>	<b>20,270</b>	<b>100.00</b>

## MORTGAGE LOAN UNDERWRITING AND SERVICING

### Origination

#### *Principles*

The Mortgage Loans in respect of the Mortgage Receivables to be assigned on the Closing Date were each originated by one of the Originators.

The Mortgage Loans in respect of the Mortgage Receivables to be assigned on the Closing Date were originated either through direct marketing (with respect to Centraal Beheer Hypotheken B.V., Centraal Beheer Woninghypotheken B.V., FBTO Hypotheken B.V. or the Seller under the names Centraal Beheer Achmea and FBTO) or through independent intermediaries (with respect to Woonfonds Nederland B.V., Avéro Hypotheken B.V. and the Seller under the names Woonfonds Hypotheken and Avéro Achmea).

In both cases, prior to the merger into the Seller, the responsibility of accepting the loans rested exclusively with the Originators. To be accepted, loans had to fit into a set of standard underwriting criteria, which are authorised by the management board of Achmea Group. Exceptions could only be made under special circumstances and with the approval of the management of the respective Originator. After the merger, the responsibility of accepting the loans rested with the Seller.

#### *Procedure of Origination*

The origination procedure starts as soon as an Originator receives a loan application form (in hard copy or electronically) from either the prospective Borrower or from an intermediary, such as a mortgage adviser, insurance agent, or real estate broker. The data from the form are entered into the respective automated offering-program system. This system evaluates whether the collateral value and income meet the requirements for a mortgage loan.

Initially the income tests were performed on the (industry standard) basis of pre-tax income versus pre-tax debt servicing costs (the so-called "*woonquote*"). As of 2001, a more advanced income test has been implemented at Woonfonds which takes into account the income of the borrower, the costs of the loan, the real estate tax and the income tax. The net result of the calculation must conform to standards that are based on data of the Nibud (the National Institute for Budget guidance). This latter test is aimed at better incorporating tax-deductibility of interest charges and other variables. The Nibud-model was also implemented for Centraal Beheer and Avéro in October 2003. When granting mortgage loans, Achmea Hypotheekbank N.V. applies the Code of Conduct on Mortgage Credit ("*Gedragscode*") by the CHF ("*Contactorgaan Hypothecaire Financiers*"), the industry body for mortgage lenders. In establishing the loan levels related to income, Achmea Hypotheekbank N.V. uses tables based on Nibud tables as specified by the CHF.

Through this system, the application is evaluated in relation to the underwriting criteria. At the same time, detailed credit information in relation to the applicant is received automatically from the *Bureau Krediet Registratie* ("**BKR**") which provides positive and negative credit information on all Borrowers with credit histories at financial institutions in the Netherlands.

Once the application is found to match the criteria, a loan proposal is sent to the applicant or to his intermediary/mortgage broker. The proposal remains valid for acceptance for a period of three weeks. If the Borrower accepts the proposal, then after reception of other relevant documents (such as proof of income and insurance policies) as well as the valuation on the underlying property is satisfactory to the Originator, the loan is granted. The valuation of the real estate has to be performed by an independent certificated valuer except (i) for buildings under construction, where the value is based on the building

contract or (ii) when the loan is less than ninety (90) per cent. of the value based on real estate tax valuations. Only at Centraal Beheer (and not after July 1st 2003) no valuation report was requested when the application for a loan was for less than sixty (60) per cent of eighty five (85) per cent of the purchase price. The relevant information is put in the automated middle and back office systems.

The Borrower will then be informed that the loan is granted and a public notary will be advised of the exact terms and conditions of the loan and asked to draft a notarial deed for the mortgage loan. The original deed is stored by the notary, but a digitalised copy of the deed and of all other relevant original documents are stored by the Seller. The notary public is also responsible for registering the mortgage with the central Property Register (the "*Kadaster*").

## **Servicing**

### *Mortgage Administration*

Once a Mortgage Loan has been accepted and registered by the notary the regular administration of the Mortgage Loan commences. Administration refers to those activities that occur during the regular running time of the mortgage such as changes in interest, making payments out of the construction deposit as the construction of the building progresses, or the administration of (partial) redemption payments and the subsequent recalculation of the new interest payments, or even termination of the loan if full repayment has been made.

### *Interest Collections*

Payments are typically scheduled to be received by the Seller on the first business day of each month. The percentage of Borrowers paying by way of direct debit is ninety eight and a half (98.5) per cent. This automated process has a fail rate of 1.0 per cent. This can be caused by a change in the bank account of the Borrower of which the Pool Servicer may not have been notified or the account may have insufficient funds. If the first initial automatic collection failed, a new batch is automatically generated to perform a repeat try on the 8th day after such failed automatic collection. This automatic repeat action has a fifty (50) per cent. success rate. If both collections are unsuccessful the Borrower will receive a first reminder on the 15th day after non payment. Payment information is monitored daily by personnel in the accounts receivable management departments ("*Debiteuren Beheer*").

### *Arrears management*

*Debiteuren Beheer* (Arrears Management) handles all contacts with the Borrower in terms of payments and arrears. Arrears management reminder letters are automatically generated by the system and sent out to the borrower first on the fifteenth (15th) day after non-payment and second within fifteen (15) days after the first reminder. At this point, a penalty interest charge is also automatically added to the prevailing interest rate on the mortgage loan. If a check at BKR is done and reveals that the borrower has problems elsewhere, the file will be transferred immediately to *Bijzonder Beheer* (Default Management). Otherwise, contact with the borrower will be made by Arrears Management and the account is given active treatment status. *Debiteuren Beheer* works with the Borrower to ascertain whether a solution to his/her payment problem can then be reached. This is mostly done by telephone. In most cases, the borrower makes full payment shortly after this contact or signs a settlement plan. Settlement plans, which must be signed by the borrower, typically have a 3 month horizon with exceptional cases allowing for up to 6 months. To make this plan, detailed information is collected on the Borrower's current job status, actual income, and monthly outflows. Adherence to the agreed plan is closely monitored and deviation leads to the file being transferred to Default Management. Throughout the Arrears Management process, the aim is to come to a solution with the borrower and to continue the relationship with the client.

### *Default management*

If no contact can be made a third reminder is sent by registered mail. If that registered letter is not answered or is returned unopened the Borrowers account is transferred to *Bijzonder Beheer*. If *Debiteuren Beheer* is unsuccessful in its attempts to get the Borrower out of the arrears situation for more than three months after the first missed payment, the file will also be transferred to *Bijzonder Beheer*. Whereas *Debiteuren Beheer* tries to get payment but also to keep customer satisfaction in mind, *Bijzonder Beheer* will use all legal means to receive payment. This can include obtaining a letter of lien of salary (the employer will deduct the agreed amount from the Borrower's salary before salary payment is made, and this deduction is paid directly to the Lender) and/or getting a third party guarantor to assist in payment and guaranteeing future payment.

A joint effort to sell the property is often made. The Borrower can choose to sell his/her house at this stage, which will be accepted by the Seller if revenues from a voluntary sale cover the outstanding debt in full, or if it is expected that foreclosure will realise a lower recovery value.

If all the above measures are unsuccessful the last step is foreclosure.

#### *Foreclosure process*

If a workout plan cannot be negotiated with the Borrower or the Borrower fails to comply with the settlement, the foreclosure process starts. A notary is appointed to initiate the foreclosure process. In general, the decision to foreclose will be taken six months following the transfer to Default Management. *Bijzonder Beheer* calculates the best method of maximising the sale value of the property. This could mean that the property is sold either as a private sale or by public auction. A private sale can, and often does, precede a public auction. When the decision is made to foreclose, the head of the department gives formal instruction to the notary. The date of the sale will be set by the notary within three weeks of this instruction and, usually, will be four to 10 weeks after the decision to foreclose (depending on the region and the number of other foreclosures currently being handled). Throughout the foreclosure process, the Seller's management team works according to guidelines set down by Dutch law, the lender and the BKR.

#### *Debt after sale or foreclosure*

If amounts are still outstanding after the foreclosure process has been completed, *Bijzonder Beheer* continues to manage the remaining receivables indirectly. The entire file is handed over to a bailiff who will continue to seek payment from the Borrower through all available means.

Detailed working process descriptions of all the above steps are available and used by the Pool Servicer.

## 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 Beneficiary Rights which are connected to the Mortgage Receivables and are to be applied towards redemption of the Mortgage Receivables, to the extent legally possible and required, are assigned to the Issuer together with such Mortgage Receivables. The Seller will agree to assign such Beneficiary Rights to the Issuer and the Issuer will agree to accept such assignment. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of an Assignment Notifications Event. 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 30 September 2010 (the "**Cut-Off Date**"). The Seller, or the Pool Servicer on the Seller's behalf will pay or procure that the Collection Foundation will pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the relevant Mortgage Receivables.

### **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 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.

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 Realised Losses of the type (a) and (b) in respect of such Mortgage Receivable, zero.

The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and on each Quarterly Payment Date a Deferred Purchase Price Instalment will 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 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 (n) 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 (k) have been made on such date ("**Deferred Purchase Price Instalment**") (see *Credit Structure* above).

### **Representations and warranties**

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

- (a) each of the Mortgage Receivables and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date;
- (b) the Seller has full right and title ("*titel*") to the Mortgage Receivables and the Beneficiary Rights relating thereto and power ("*beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the

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

- (c) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) each Mortgage Receivable is fully secured by a Mortgage ("*hypotheekrecht*") on a Mortgaged Asset in the Netherlands and, to the extent applicable, Borrower Pledge(s) and is governed by Dutch law;
- (e) each Mortgaged Asset concerned was valued when the application for a Mortgage Loan was made (i) by an independent qualified valuer not more than twelve (12) months before the application for such Mortgage Loan was made, or (ii) with respect to Mortgage Loans where, at the time of application, the Outstanding Principal Amount did not exceed 90 per cent. of the sale price of the Mortgaged Asset on the basis of an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"); notwithstanding the foregoing, for property to be constructed or in construction at the time of application for a Mortgage Loan no valuation is required or performed, rather 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;
- (f) each Mortgage Receivable, the Mortgage, the borrower pledge and any other rights of pledge of the Borrower to the Originator, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (g) each Mortgage Loan was originated by the Seller or the relevant other Originator;
- (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 respectively and, to the extent relating to the Mortgages, have been entered in the relevant public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority ("*eerste in rang*") or, as the case may be, have first ("*eerste in rang*") and immediately sequentially lower in priority and (iii) were vested for an Outstanding Principal Amount which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Seller on behalf of the Borrower, up to an amount of at least fifty (50) per cent. of such Outstanding Principal Amount, therefore in total up to a maximum amount of not less than one hundred and fifty (150) per cent. of the Outstanding Principal Amount of the relevant Mortgage Receivables upon origination;
- (i) (i) neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the relevant Mortgage Receivable contain any explicit provision on the issue whether the mortgage right or rights of pledge follows the receivable upon its assignment or pledge, or (ii) the mortgage deeds or such other agreements contain a confirmation that the mortgage or rights of pledge will follow in part or in full the Mortgage Receivable upon its assignment or pledge;
- (j) each of the Mortgage Loans meets the Mortgage Loan Criteria;
- (k) each of the Mortgage Loans and, to the extent offered by it, the Insurance Policy connected thereto, has been granted in accordance with all applicable legal requirements prevailing at the time of origination and the Code of Conduct on Mortgage Loans (as amended from time to time) ("*Gedragscode Hypothecaire Financieringen*") and each Mortgage Loan meets in all material respects the relevant Originator'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 Seller's administration manual;
- (l) no amounts due and payable under any of the Mortgage Receivables on the Cut-Off Date were unpaid;

- (m) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables and the Beneficiary Rights;
- (n) the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, does not, at the Cut-Off Date, exceed 125 per cent. of the original foreclosure value ("*executiewaarde*") of the Mortgaged Assets;
- (o) each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element has the benefit of a Savings Insurance Policy and a Life Insurance Policy with a Savings Alternative with the Participant, respectively, and each of the Life Mortgage Receivables, other than the Life Mortgage Receivables with a Savings Element, has the benefit of a Life Insurance Policy (other than a Life Insurance Policy with a Savings Alternative) with any of the Insurance Companies, respectively, and either (i) the Seller has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Insurance Policies, which have been notified to the relevant Insurance Companies or (ii) the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
- (p) with respect to each of the Mortgage Receivables to which an Insurance Policy with any of the Insurance Companies is connected, the Seller has the benefit of the Borrower Insurance Pledge granted by the relevant Borrower and such right of pledge has been notified to the relevant Insurance Companies, which, to the extent required has been recorded on the relevant Insurance Policy;
- (q) with respect to Life Mortgage Loans to which a Life Insurance Policy with a Life Insurance Company is connected, (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Life Beneficiary Rights, (ii) the Life Mortgage Loans and the Life Insurance Policies are not marketed as one product or under one name, (iii) the Borrowers were free to choose the relevant Life Insurance Company and (iv) the Life Insurance Company is not a group company of the Seller;
- (r) with respect to Life Mortgage Loans to which a Life Insurance Policy other than Life Mortgage Loans with the possibility of a Savings Element, with the Participant is connected, (i) there is no connection, whether from a legal or a commercial point of view, between the relevant Life Mortgage Loan and any Life Insurance Policy, other than the right of pledge securing Life Mortgage Loan and the relevant Life Beneficiary Rights, (ii) the Life Mortgage Loans and the relevant Life Insurance Policies were not marketed as one product and (iii) the Borrowers were free to choose the relevant Life Insurance Company;
- (s) the aggregate Outstanding Principal Amount of all Mortgage Receivables resulting from Employee Mortgage Loans did not exceed 7.44 per cent. of the Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date;
- (t) it has not, in respect of Mortgage Loans originated by any of the Originators, granted any Further Advance, unless it is a Seller Further Advance; "**Seller Further Advance**" means a Further Advance granted to a Borrower of a Mortgage Loan originated by: (i) Centraal Beheer Hypotheken B.V., provided that such further advance or further loan only relates to withdrawals of principal prepayments previously made by the relevant Borrower; (ii) Woonfonds Nederland B.V. or (iii) the Seller;
- (u) with respect to each of the Mortgage Receivables secured by a Mortgage on a long lease, the Mortgage Loan has a maturity that is equal to or shorter than the term of the long lease and becomes due if the long lease terminates for whatever reason;
- (v) the Mortgage Loans originated under the brand name Centraal Beheer Achmea, Avéro, FBTO and Woonfonds have been originated between 1 January 1992 and 1 September 2000;
- (w) each receivable under the Mortgage Loan ("*hypothecaire lening*") which is fully secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;



- (x) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (y) the Borrowers are not in any material breach of any provision of their Mortgage Loans, except for any arrears after the Cut-Off Date;
- (z) the Mortgage Conditions applicable to Mortgage Loans originated after 1 January 2003 and originated by Avéro Hypotheken B.V. and FBTO Hypotheken B.V. provide that all payments by the relevant Borrowers should be made without any deduction or set-off;
- (aa) it can be determined in the administration of the Seller without any uncertainty which Beneficiary Rights belong to the Mortgage Receivables;
- (bb) it has not accepted any deposits from the Borrowers and it currently does not have any account relationships with any of the Borrowers;
- (cc) it has no Other Claims;
- (dd) in respect of a Mortgage Receivable resulting from a Mortgage Loan originated by Avéro Hypotheken B.V., (i) the Mortgage secures all debts of the Borrower of whatever nature now or in the future, (ii) the termination clause in relation to the interest rate reset date is intended and should be interpreted to provide an option to either terminate or extend the term of the Mortgage Loan, but not as a novation and (iii) in case of an interest rate reset of the Seller considers such Mortgage Loan to be extended and not novated;
- (ee) 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 for the account of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*"), which is by law obliged to ensure that the securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Dutch Giro Securities Transfer Act ("*Wet Giraal Effectenverkeer*", the Wge) or, if they do not qualify as such, by a separate depository vehicle; and
- (ff) none of the savings accounts held by Borrowers with Achmea Retail Bank N.V. have been offered in combination with or as one product with the Mortgage Loans of the relevant Borrower;
- (gg) 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;
- (hh) under each of the Mortgage Receivables interest and, if applicable, principal due in respect of a period of at least one (interest) payment has been received by the Seller;
- (ii) in respect of Employee Mortgage Loans, (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan with salary payments is agreed or actually effectuated; and
- (jj) it has not been notified and is not aware that any of the relevant Insurance Policies is not in full force and effect nor that the lapse of time will result in any event affecting such force and effectiveness.

### **Mortgage Loan Criteria**

Each of the Mortgage Loans will meet, *inter alia*, the following criteria (the "**Mortgage Loan Criteria**"):

- (a) the Mortgage Loans are in the form of:
  - (1) interest only mortgage loans ("*aflossingsvrije hypotheek*");
  - (2) annuity mortgage loans ("*annuïteitenhypotheek*");
  - (3) linear mortgage loans ("*lineaire hypotheek*");
  - (4) investment mortgage loans ("*beleggingshypotheek*");
  - (5) savings mortgage loans ("*spaarhypotheek*");

- (6) life mortgage loans ("*levenhypotheken*") to which a Life Insurance Policy is connected with (a) the Traditional Alternative; or (b) the Unit-Linked Alternative; or (c) the Savings Alternative; or
- (7) mortgage loans which combine any of the above mentioned mortgage loans,
- (b) the Borrower is a resident of the Netherlands and a natural person;
- (c) the interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or variable;
- (d) the Mortgaged Assets were not the subject of residential letting and was, or was to be, occupied by the relevant Borrower;
- (e) each Mortgage Loan has been originated after 1 January 1992;
- (f) the legal final maturity of each Mortgage Loan does not extend beyond July 2045;
- (g) the Mortgaged Asset is for residential use or for partial residential and partial commercial use by the Borrower, located in the Netherlands and the value of the commercial part is less than fifty (50) per cent. of the foreclosure value of the relevant Mortgaged Asset;
- (h) each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, has an Outstanding Principal Amount of not more than euro 920,000; and
- (i) the Outstanding Principal Amount was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit ("*depot*").

#### **Repurchase of Mortgage Receivables**

If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable 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 and if such matter is not capable of being remedied or is not remedied within the said period of fourteen (14) days, the Seller will on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable with any Beneficiary Rights relating thereto.

On the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the relevant Mortgage Loan, which amendment is not a result of a deterioration of the Borrower's creditworthiness, and as a result of which the relevant Mortgage Loan no longer meets the Mortgage Loans Criteria (as set out above) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above and in the Mortgage Receivables Purchase Agreement) the Seller will also repurchase and accept reassignment of the Mortgage Receivable resulting from such Mortgage Loan.

On the Mortgage Payment Date immediately following the date on which the Participant agrees with the Borrower of a Savings Mortgage Loan or a Life Mortgage Loan with the possibility of a Savings Element, as the case may be, to switch whole or part of the premia accumulated in the relevant Savings Insurance Policy or Life Insurance Policy with a Savings Alternative, as the case may be, into a Life Insurance Policy, other than a Life Insurance Policy with a Savings Alternative or to switch the value of the relevant Life Insurance Policy, other than a Life Insurance Policy with a Savings Alternative, into a Savings Insurance Policy or a Life Insurance Policy with a Savings Alternative, as the case may be, the Seller will also repurchase and accept re-assignment of such Mortgage Receivable on the immediately succeeding Mortgage Payment Date.

In addition, the Seller will repurchase and accept re-assignment of a Mortgage Receivable, if the Seller obtains an Other Claim, including resulting from a Further Advance, vis-à-vis the Borrower of such Mortgage Receivable on the Mortgage Payment Date immediately following the day such Other Claim is obtained.

Finally, the Seller will repurchase and accept re-assignment of (i) all Mortgage Receivables resulting from Mortgage Loans originated by Avéro Hypotheken B.V. on the Mortgage Payment Date immediately following the date on which a Dutch court has ruled in respect of such a Mortgage Receivable that, upon an interest rate reset thereof, the Mortgage Loan is novated and/or (ii) a Mortgage Receivable in case the relevant Borrower takes the position that the relevant Mortgage Loan has been novated on any succeeding Mortgage Payment Date.

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

Other than in the events set out above and notwithstanding the Clean-Up Call Option or the Regulatory Call Option, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer.

#### **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 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.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in respect of the Mortgage Receivables sold by it in its sole discretion, in case of the exercise of the Regulatory Call Option for a price set out under *Sale of Mortgage Receivables in Credit Structure* above.

#### **Assignment Notification Events**

If, *inter alia*:

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

- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement other than the representations and warranties contained in Clause 6.1 thereof, or under any of the other Relevant Documents to which the Seller is a party or if any notice or other document, certificate or statement delivered by the Seller pursuant hereto and thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the Seller or for its conversion ("*conversie*") into a foreign entity or any of its assets are placed under administration ("*onder bewind gesteld*"); or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in the Act on Financial Supervision or for bankruptcy or for any analogous insolvency proceedings under any applicable law for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party; or
- (g) the Seller has given materially incorrect information or has not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into the Mortgage Receivables Purchase Agreement and/or any of the other Relevant Documents; or
- (h) the (in)direct shareholding of Eureka B.V. in the Seller falls below 50 per cent., unless the new shareholder holding 50 per cent. or more in the share capital of the Seller, whether directly or indirectly, or the Seller itself, has a rating of at least "A-" by Fitch and "A3" by Moody's;
- (i) if the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations are rated by Moody's (whether it is a public rating or a private rating), such credit rating is set or falls below "Baa3" or such rating is withdrawn or, for as long as no such rating is set by Moody's, the Seller during a period of two consecutive months fails to have a solvency ratio on a consolidated basis of at least 0.25% above the percentage required by paragraph 10.6 of the Decree on prudential rules pursuant to the Chapter 10 of the Decree prudential rules to the Act on Financial Supervision (*Besluit prudentiële regels Wft*, the "**Solvency Rules**") for tier 1 capital and 0.50% above the percentage required by the Solvency Rules for tier 1 capital, upper tier 2 capital and lower tier 2 capital together;
- (j) the credit rating by Fitch of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations is set below or falls below "BBB-" or such rating is withdrawn,
- (k) a Trustee Notification Event occurs, or
- (l) the Collection Foundation has been declared bankrupt (*faillissement*) or been subjected to suspension of payments (*surseance van betaling*) or analogous insolvency procedures under any applicable law;

(each an "**Assignment Notification Event**") then, and at any time thereafter, unless an appropriate remedy to the satisfaction of the Issuer and the Security Trustee is found and implemented within a period of thirty (30) calendar days and provided that the Security Trustee has notified the Rating Agencies of such event and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C Notes, will be adversely affected as a consequence thereof, except in the occurrence of the events mentioned under (d) and (e) where no remedy shall apply, the Seller shall forthwith notify the Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage

Receivables and the Beneficiary Rights relating thereto or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, pursuant to the Beneficiary Waiver Agreement the Seller will (a) use its best efforts to terminate the appointment of the Seller as beneficiary under the Insurance Policies and to appoint as first beneficiary under the Insurance Policies up to the Outstanding Principal Amount of the relevant Mortgage Receivable (x) the Issuer under the dissolving condition of the occurrence of a Trustee Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event and (b) with respect to 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 Receivable in favour of (x) the Issuer under 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.

**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 the Mortgage Receivables, or part thereof, 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. See *Credit Structure* above for a description of the calculation of the purchase price of the Mortgage Receivables in the event of a sale of Mortgage Receivables.

**Set-off by Borrowers**

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

**Jointly-held Security Interests**

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in the event of a foreclosure in respect of any of the Mortgage Receivables, the share ("aandeel") in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the 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 addition, it will be agreed in the Mortgage Receivables Purchase Agreement that following a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, 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 have to be paid by the Seller forthwith.

## ADMINISTRATION AGREEMENT

### Services

In the Administration Agreement (i) the Pool Servicer will agree (a) to provide, *inter alia*, administration and management services and certain 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 and the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto; (b) to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Servicing* above); and (c) to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities, and (ii) the Issuer Administrator will agree (x) to provide, *inter alia*, certain administration, calculation and cash management services to the Issuer, including drawings (if any) to be made by the Issuer from the Reserve Account, including (a) all payments to be made by the Issuer under the Interest Swap Agreement, (b) drawings (if any) to be made by the Issuer under the Liquidity Facility (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) all payments to be made by the Issuer under the Sub-Participation Agreement, (e) the maintaining of all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions under the Notes and (g) the preparation of the quarterly report; and (y) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Issuer Administrator and the Pool Servicer will also provide the Interest Swap Counterparty with all information necessary in order to perform its roles as calculation agent under the Interest Swap Agreement.

The initial Pool Servicer, being Achmea Hypotheekbank N.V., is a licensed bank under the Act on Financial Supervision and will be obliged to administer the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as it administers 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 the Rating Agencies or any other party being required where such sub-agent is a group company). Any such subcontracting will not relieve the Pool Servicer or the Issuer Administrator of its responsibility to perform its obligations under the Administration Agreement, although where services are subcontracted, such services will be performed by a sub-agent.

### Calculations

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the mortgage reports provided by the Pool Servicer for each Mortgage Calculation Period (the "**Mortgage Reports**").

### Termination

The appointment of the Pool 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 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 specified therein, (b) a default by the Pool 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 specified therein or (c) the Pool 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 (only in respect of the Pool 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) the Pool Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision.

Upon termination of the appointment of the Pool 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 issuer administrator, as the case may be, and such substitute pool 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 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 must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence 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 Security Trustee Pledge Agreement II, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Pool Servicer and/or the Issuer Administrator under the Administration Agreement may be terminated by the Pool 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 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 Issuer Administrator provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute pool 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 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 issuer administrator, as the case may be, has entered into such new agreement.

### **Market Abuse Directive**

Pursuant to the Administration Agreement, the Issuer Administrator, *inter alia*, shall procure compliance by the Issuer with all applicable legal requirements, including in respect of the below.

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

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

the publication of such information in accordance with the MAD Regulations. Notwithstanding the delegation of compliance with the MAD Regulations to the Issuer Administrator, the Issuer shall ultimately remain legally responsible and liable for such compliance.



## SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to the Participant and the Participant will acquire a sub-participation in each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element.

### Participation

In the Sub-Participation Agreement the Participant will undertake to pay to the Issuer in respect of each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element:

- (i) at the Closing Date the sum of an amount equal to Savings Premia in respect of the Savings Insurance Policies or Life Insurance Policies with a Saving Alternative, as the case may be, received by the Participant with accrued interest up to the Cut-Off Date (the "**Initial Participation**"); and
- (ii) on each Mortgage Payment Date, an amount equal to the amount received by the Participant as Savings Premia during the immediately preceding Mortgage Calculation Period in respect of the relevant Savings Insurance Policies or Life Insurance Policies with a Saving Alternative, as the case may be,

provided that in respect of each relevant Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element no amounts will be paid to the extent that, as a result, thereof the Participation in such relevant Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element would exceed the relevant Outstanding Principal Amount.

As a consequence of such payments, the Participant will acquire a participation in respect of each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element (the "**Participation**"), which will be equal on any date to the Initial Participation as increased during each Mortgage Calculation Period on the basis of the following formula (the "**Monthly Participation Increase**"):

(Participation Fraction x R) + S whereby

R = the amount of interest, due by the Borrower on the Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element and actually received by the Issuer in such Mortgage Calculation Period or the relevant Mortgage Payment Date; and

S = the amount received by the Issuer from the Participant in such Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element pursuant to the Sub-Participation Agreement.

In consideration for the undertaking of the Participant described above, the Issuer will undertake to pay the Participant on each Mortgage Payment Date in respect of each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element in respect of which amounts have been received during the relevant Mortgage Calculation Period (i) all amounts received by means of repayment and prepayment in full under the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding any prepayment penalties and interest penalties, (ii) all amounts received in connection with a repurchase of any Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) all amounts received in connection with a sale of Savings Mortgage Receivables and Life Mortgage

Receivables with a Savings Element pursuant to the Trust Deed and to the extent such amounts relate to principal and (iv) all amounts received as Net Proceeds on any Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element to the extent such amounts relate to principal (together, the "**Participation Redemption Available Amount**") which amount will never exceed the amount of the Participation.

### **Reduction of Participation**

If:

- (i) a Borrower invokes a defence, including, but not limited to, a right of set-off or counterclaim in respect of a Savings Mortgage Loan or Life Mortgage Loan with the possibility of a Savings Element based upon a default in the performance, in whole or in part, by the Participant or, for whatever reason, the Participant does not pay the insurance proceeds when due and payable, whether in full or in part, in respect of the relevant Savings Insurance Policy; or
- (ii) the Seller fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or a Life Mortgage Receivable with a Savings Element;

and, as a consequence thereof, the Issuer has not received any amount which was in respect of such Savings Mortgage Receivable outstanding prior to such event, the Participation of the Participant in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such defence or failure to repay accordingly.

### **Enforcement Notice**

If an Enforcement Notice is served by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Participant may, and if so directed by the Participant shall, by notice to the Issuer:

- (i) declare that the obligations of the Participant under the Sub-Participation Agreement are terminated; and
- (ii) declare the Participation in respect of each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Participation Redemption Available Amount received or collected by the Issuer or, in the event of enforcement, the Security Trustee under the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element.

### **Termination**

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

## DUTCH MORTGAGE PORTFOLIO LOANS VIII B.V.

Dutch Mortgage Portfolio Loans VIII B.V. (the "**Issuer**") a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") was incorporated under the laws of the Netherlands on 22 October 2010.

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 51113821.

The Issuer is a special purpose vehicle, whose objectives are (a) to acquire, purchase, conduct the management of, dispose of and to encumber assets and to exercise any rights connected to these assets, (b) to acquire monies to finance the acquisition of the assets mentioned under a., by way of issuing notes, securities or by way of entering into loan agreements, (c) to on-lend and invest any funds held by the company, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) incidental to the foregoing: (i) to borrow funds, amongst others to repay the obligations under the securities mentioned under b., and (ii) to grant security rights or to release security rights to third parties, and (f) to perform all activities which are, in the widest sense of the word, 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 DMPL VIII Holding.

Stichting DMPL VIII Holding is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 13 October 2010. The objects of Stichting DMPL VIII Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting DMPL VIII Holding 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, R. Langelaar and R. Arendsen. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

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

Each of the Directors of Stichting DMPL VIII Holding and the Issuer has entered into a management agreement with the entity of which it has been appointed as managing director. In these management agreements each of the 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 ratings 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, without the prior written consent of the Security Trustee and provided that the Security Trustee has notified the Rating Agencies thereof and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C 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 Directors.

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

### **Capitalisation**

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

#### **Share Capital**

Authorised Share Capital	euro	90,000
Issuer Share Capital	euro	18,000

#### **Borrowings**

Senior Class A1 Notes	euro	353,100,000
Senior Class A2 Notes	euro	846,900,000
Mezzanine Class B Notes	euro	98,700,000
Subordinated Class C Notes	euro	13,000,000
Initial Participation	euro	59,482,393.39

## **USE OF PROCEEDS**

The proceeds of the Notes to be issued on the Closing Date amount to euro 1,311,700,000.

The proceeds of the issue of the Notes, other than the Subordinated Class C Notes, will be applied on the Closing Date to pay (part of) 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 on the Closing Date.

An amount of euro 59,482,393.39 will be received by the Issuer on the Closing Date as consideration for the Initial Participation granted to the Participant in the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price to be paid on the Closing Date.

## 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) to the Noteholders under the Notes, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Issuer Administrator and the Pool Servicer under the Administration Agreement, (iv) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (vi) to the Interest Swap Counterparty under the Interest Swap Agreement, (vii) to the Seller under the Mortgage Receivables Purchase Agreement and (viii) to the Participant under the Sub-Participation Agreement (the parties referred to under item (i) through (viii) 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 and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee will distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement, save for amounts due to the Participant in connection with the Participation. The amounts due to the Secured Parties, other than the Participant, will be the sum of (a) amounts recovered ("*verhaald*") by the Security Trustee (i) on the Mortgage Receivables and the other assets pledged under the Security Trustee Pledge Agreement I and the Security Trustee Pledge Agreement II, other than the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element, and (ii) on Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element to the extent the amount exceeds the relevant Participation in the relevant Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and (b) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion which the sum of the Participations bears to the aggregate Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Parties (other than the Participant) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables).

The amounts due to the Participant consists of, *inter alia*, (i) the amounts actually recovered ("*verhaald*") by it on the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element under the Security Trustee Pledge Agreement I but only to the extent such amounts do not exceed the relevant Participation in each of such Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and (ii) the *pro rata* part of the amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the Participations bears to the aggregate Mortgage Receivables), less (y) any amounts already paid to the Participant by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the Participations bear to the aggregate Mortgage Receivables).

The Issuer shall grant a first ranking right of pledge ("*pandrecht*") (the "**Security Trustee Pledge Agreement I**") over the Mortgage Receivables and the Beneficiary Rights relating thereto (see also *Risk Factors* above) to the Security Trustee on the Closing Date.

The pledges created under the Security Trustee Pledge Agreement I will not be notified to the Borrowers or the Insurance Companies except following the occurrence of certain notification events, which are similar to the Assignment Notification Events but relate to the Issuer and include the delivery of an Enforcement Notice ("**Trustee Notification Events**"). Prior to notification of the pledge to the Borrowers and the Insurance Companies respectively, the pledge on the Mortgage Receivables and the Beneficiary Rights respectively will be a "silent" right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Dutch Civil Code.

In addition, a right of pledge (the "**Security Trustee Pledge Agreement II**" and together with the Security Trustee Pledge Agreement I, 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 Sub-Participation Agreement and (v) the Interest Swap Agreement (vi) the Liquidity Facility Agreement, (vii) the Receivables Proceeds Distribution Agreement, and (b) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore be a "disclosed" right of pledge", 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 withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers, the Insurance Companies or parties to the Relevant Documents. Pursuant to the Trust Deed, the Security Trustee, until it has given an Enforcement Notice, may at its option, from time to time, for the sole purpose of enabling the Issuer to make payments in accordance with the Interest Priority of Payments, pay or procure the payment of certain amounts from such account as opened by the Security Trustee in its name at any bank as chosen by the Security Trustee, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge in respect of the amounts so paid.

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

The rights of pledge described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders 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 *Credit Structure* above). The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes. The Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes and then to the Senior Class A2 Notes. However, to the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes and/or the Senior Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be

insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.

The Collection Foundation will in a collection foundation accounts pledge agreement dated 11 November 2010 (the "**Collection Foundation Accounts Pledge Agreement**") grant on the balances standing to the credit of the Collection Foundation Accounts a first ranking right of pledge in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge in favour of, *inter alia*, the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees) in securitisations and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of such right of pledge. Such rights of pledge have been notified to Foundation Accounts Provider.

Since the Previous Transaction SPVs and/or the Previous Transaction Security Trustees, as the case may be and the Issuer and/or the Security Trustee, as the case may be have a second and a first ranking right of pledge on the amounts standing to the credit of the Collection Foundation Accounts, the rules applicable to co-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In principle co-owners are required to co-operate with regard to their co-owned goods, but according to section 3:168 of the Netherlands Civil Code it is possible for co-owners to make an arrangement for the management ("*beheer*") of the co-owned goods by one or more of the co-owning parties.

The Previous Transaction SPVs, the Issuer, the Security Trustee and the Previous Transaction Security Trustees have further in the Collection Foundation Accounts Pledge Agreement agreed that the Security Trustee and the Previous Transaction Security Trustees will manage ("*beheren*") such co-held rights jointly. The Issuer has been advised that it is uncertain whether the foreclosure of the rights of pledge will constitute management for the purpose of section 3:168 of the Netherlands Civil Code and as a consequence the cooperation of the Previous Transaction SPVs and the Issuer may be required for such foreclosure to take place.

Furthermore, such parties have agreed in the Collection Foundation Accounts Pledge Agreement that (i) the share ("*aandeel*") in each co-held right of pledge is equal to the entitlement of such party the amounts collected from the respective mortgage receivables assigned to each Previous Transaction SPV and the amounts collected from the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Collection Foundation Accounts the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transaction Security Trustees should become insolvent. However, the Issuer has been advised that the insolvency of the Collection Foundation would not affect this arrangement. In this respect it has been agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.



## THE SECURITY TRUSTEE

Stichting Security Trustee DMPL VIII (the "**Security Trustee**") is a foundation ("*stichting*") established under the laws of the Netherlands on 13 October 2010. It has its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or security trustee, (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 the Issuer, including the holders of the notes to be issued by the Issuer., and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the holding of the above mentioned security rights, (c) to borrow money, (d) to make donations, and (e) to perform any and all acts which are related, incidental or which may be conducive to the above.

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

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 or the Collection Foundation Accounts pledge agreement to the Noteholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and subject to and in accordance with the Priority of Payments upon Enforcement.

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

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Relevant Document to which it is a party, except in the event of its wilful misconduct ("*opzet*"), gross negligence ("*grove nalatigheid*"), fraud or bad faith and it shall not be responsible for any act or negligence of persons or institutions selected by it 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, reasonably acceptable to the Issuer, after having consulted the Secured Parties, other than the Noteholders, and provided that the Security Trustee has notified the Rating Agencies and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C Notes, will be adversely affected as a consequence thereof, has been contracted to act as director of the Security Trustee.

The Security Trustee may agree, without the consent of the Noteholders, 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 (i) the Security Trustee has notified the Rating Agencies and (ii) the Security Trustee does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C 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 353,100,000 floating rate Senior Class A1 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A1 Notes**") , the euro 846,900,000 floating rate Senior Class A2 Mortgage-Backed Notes 2010 due 2047 (the "**Senior Class A2 Notes**" , and together with the Senior Class A1 Notes, the "**Senior Class A Notes**"), the euro 98,700,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2010 due 2047, (the "**Mezzanine Class B Notes**") and the euro 13,000,000 floating rate Subordinated Class C Notes 2010 due 2047 (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 Dutch Mortgage Portfolio Loans VIII B.V. (the "**Issuer**") passed on or about 8 November 2010. The Notes are issued under a trust deed dated on or about 11 November 2010 as amended from time to time (the "**Trust Deed**") between the Issuer, Stichting DMPL VIII Holding and Stichting Security Trustee DMPL VIII (the "**Security Trustee**").

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 pertaining to the Notes (the "**Coupons**") and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the "**Paying Agency Agreement**") dated on or about 11 November 2010 as amended from time to time between the Issuer, the Security Trustee, The Royal Bank of Scotland N.V. as paying agent (the "**Paying Agent**") and as reference agent (the "**Reference Agent**"), (iii) an administration agreement (the "**Administration Agreement**") dated on or about 11 November 2010 as amended from time to time between the Issuer, ATC Financial Services B.V. as the Issuer Administrator and Achmea Hypotheekbank as the Pool Servicer and the Security Trustee, (iv) a pledge agreement dated on or about 11 November 2010 as amended from time to time between the Issuer and the Security Trustee (the "**Security Trustee Pledge Agreement I**") and (v) a pledge agreement dated on or about 11 November 2010 as amended from time to time between the Issuer, the Security Trustee and others (the "**Security Trustee Pledge Agreement II**" and together with the Security Trustee Pledge Agreement I, the "**Pledge Agreements**").

Unless otherwise defined herein, words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated on or about 10 November 2010 and signed by the Issuer, the Security Trustee, the Seller and certain other parties as amended from time to time. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, "**Class**" means either the Senior Class A Notes (being the Senior Class A1 Notes and the Senior Class A2 Notes jointly), or the Mezzanine Class B Notes or the Subordinated Class C Notes, as the case may be. The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes. The Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes and then to the Senior Class A2 Notes. To the extent that the Notes Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes and/or the Senior Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A2

Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes.

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 the holders of the Senior Class A Notes (the "**Senior Class A Noteholders**"), the holders of the Mezzanine Class B Notes (the "**Mezzanine Class B Noteholders**") 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: Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands, 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, novated 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 100,000. Under Dutch law, the valid transfer of Notes or Coupons requires, *inter alia*, delivery ("*levering*") thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat any Noteholder and the Coupons pertaining 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. The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes. The Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied firstly to the Senior Class A1 Notes and then to the Senior Class A2 Notes.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed payments of principal and interest on (a) the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (b) 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 and the Pledge Agreements, which will create the following security rights:
  - (i) a first ranking pledge by the Issuer in favour of the Security Trustee over the Mortgage Receivables and the Beneficiary Rights; and
  - (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 Interest Swap Agreement, (iv) the Sub-Participation Agreement, (v) the Floating Rate GIC, (vi) the Liquidity Facility Agreement, (vii) the Receivables Proceeds Distribution Agreement and (b) in respect of the Transaction Accounts
- (d) The Notes will be secured (indirectly) by the Security. The Senior Class A Notes (being the Senior Class A1 Notes and the Senior Class A2 Notes jointly) will rank in priority to the Mezzanine Class

B Notes 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 Pledge Agreements, the Parallel Debt Agreement, the Interest Swap Agreement, the Floating Rate GIC, the Sub-Participation Agreement, the Note Purchase Agreements, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Liquidity Facility Agreement, the Management Agreements, the Deed of Assignment 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 11 November 2010 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 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 the Interest Swap Agreement is transferred, unless all rights in relation to such account has 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 with respect to 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 judgement) 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 of each Class of Notes on the first day of such Floating Rate Interest Period and will be payable quarterly in arrear on the 25<sup>th</sup> day of January, April, July and October (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 25<sup>th</sup> 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 which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in January 2011.

(c) *Interest on the Notes up to (but excluding) the first Optional Redemption Date or, in respect of the Subordinated Class C Notes, up to the Final Maturity 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 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 5<sup>th</sup> decimal place with 0.00005, being rounded upwards) plus, in respect of the Senior Class A Notes and the Mezzanine Class B Notes up to (but excluding) the first Optional Redemption Date and in respect of the Subordinated Class C Notes up to the Final Maturity Date:

- (i) for the Senior Class A1 Notes a margin of 0.95 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 1.35 per cent. per annum;
- (iii) for the Mezzanine Class B Notes a margin of 0.50 per cent. per annum; and
- (iv) for the Subordinated Class C Notes a margin of 0.50 per cent. per annum.

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

If on the first Optional Redemption Date any Class of Notes (other than the Subordinated Class C Notes) have not been redeemed in full, the annual rate of interest applicable to each Class of Notes (other than the Subordinated Class C Notes) will be equal to the sum of Euribor for three (3) month

deposits in euros (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 A1 Notes a margin of 1.90 per cent. per annum;
- (ii) for the Senior Class A2 Notes a margin of 2.70 per cent. per annum; and
- (iii) for the Mezzanine Class B Notes a margin of 1.0 per cent. per annum.

(e) *Euribor*

For the purpose of Condition 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 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 month euro deposits 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 a.m. (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 the Euribor for three 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 a.m. (Amsterdam time) on each Interest Determination Date, determine the floating rates of interest referred to in Condition 4(c) and 4(d) above for each of the Notes (the "**Floating Rate of Interest**") and calculate the amount of interest

payable on each Class of 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 cause the applicable Floating Rate of Interest and the relevant Floating Interest Amount in respect of each Quarterly Payment Date and the relevant Quarterly Payment Date applicable to each Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the Pool Servicer, 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(f) 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(f) 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 pertaining thereto, at any specified office of the Paying Agent in cash or by transfer to a euro account, 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 on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons pertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, when payment is 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 with respect to payment by transfer to a euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the Local Business Day immediately following the 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 that the Issuer will at all times maintain a paying agent having a specified office in the European Union. Notice of any termination or appointment of a Paying Agent 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 July 2047 (the "**Final Maturity Date**").

### (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, on each Quarterly Payment Date, (the first falling in January 2011), the Issuer shall apply the Notes Redemption Available Amount (as defined below), including as a result of the exercise of the Regulatory Call Option or the Clean-Up Call Option by the Seller, to redeem or to partially redeem (a) first, the Senior Class A1 Notes until fully redeemed, (b) second, the Senior Class A2 Notes until fully redeemed; and (c) third, the Mezzanine Class B Notes on a basis. The amounts available for the Noteholders will be passed through on each Quarterly Payment Date to the Notes, other than the Subordinated Class C Notes, by applying in respect of each Senior Class A1 Note, the Class A1 Principal Redemption Amount, in respect of each Senior Class A2 Note, the Class A2 Principal Redemption Amount and in respect of each Mezzanine Class B Note, the Class B Principal Redemption Amount.

### (c) *Optional redemption of the Notes, other than the Subordinated Class C Notes*

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 October 2015 and on any Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") redeem all of the Notes, other than the Subordinated Class C Notes, in whole but not in part, at their Principal Amount Outstanding on such date.

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, the Interest Swap Counterparty and the Security Trustee prior to the relevant Quarterly Payment Date.

### (d) *Redemption of the 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 Class C Redemption Available Amount (as defined below), to redeem or to partially redeem on a *pro rata* basis the Subordinated Class C Notes on each Quarterly Payment Date (the first falling in January 2011). The amounts available for the Noteholders will be passed through on each Quarterly Payment Date to the Subordinated Class C Notes by applying in respect of each Subordinated Class C Note, the Class C Principal Redemption Amount.

(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 Amounts due in respect of the relevant Class on the 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) On each Quarterly Calculation Date the Issuer or the Issuer Administrator on its behalf will 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 the Notes of the relevant Class on the 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 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 person.

(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, on any Quarterly Payment Date, at their Principal Amount Outstanding if the Issuer has satisfied the Security Trustee that:

(i) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands (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

- (ii) 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 the Senior Class A Notes in accordance with the Trust Deed.

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 Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Interest Swap Counterparty 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:

**"Class A1 Principal Redemption Amount"** means the principal amount so redeemable in respect of each Senior Class A1 Note on the relevant Quarterly Payment Date which shall be equal to the Notes Redemption Available Amount available for such purpose divided by the number of Senior Class A1 Notes subject to such redemption (rounded down to the nearest euro).

**"Class A2 Principal Redemption Amount"** means the principal amount so redeemable in respect of each Senior Class A2 Note on the relevant Quarterly Payment Date which shall be equal to the Notes Redemption Available Amount available for such purpose divided by the number of Senior Class A2 Notes subject to such redemption (rounded down to the nearest euro).

**"Class B Principal Redemption Amount"** means the principal amount so redeemable in respect of each Mezzanine Class B Note on the relevant Quarterly Payment Date which shall be equal to the Notes Redemption Available Amount available for such purpose divided by the number of Mezzanine Class B Notes subject to such redemption (rounded down to the nearest euro).

**"Class C Principal Redemption Amount"** means the principal amount so redeemable in respect of each Subordinated Class C Note on the relevant Quarterly Payment Date which shall be equal to the Class C Principal Redemption Available Amount divided by the number of Subordinated Class C Notes subject to such redemption (rounded down to the nearest euro).

**"Class C Principal Redemption Available Amount"** means on any Quarterly Payment Date, an amount equal to the lesser of:

- (i) the aggregate Principal Amount Outstanding of the Subordinated Class C Notes; and
- (ii) the Notes Interest Available Amount remaining after all payments ranking above item (k) in the Interest Priority of Payments have been made in full on such Quarterly Payment Date.

**"Notes Redemption Available Amount"** means, on any Quarterly Payment Date, the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period:

- (i) as amounts of repayment and prepayment in full of principal under the Mortgage Receivables, from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a

- Savings Element, the Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
  - (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
  - (iv) as amounts to be received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal up to the Outstanding Principal Amount of the relevant Mortgage Receivable from any person, whether by set off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Loan and Life Mortgage Loan with the possibility of a Savings Element, the Participation in such Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
  - (v) as amounts to be credited to the relevant sub-ledger of the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with items (g) and (i) of the Interest Priority of Payments;
  - (vi) as Monthly Participation Increase;
  - (vii) as partial prepayment in respect of Mortgage Receivables;
  - (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, and the Initial Participation in respect of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element purchased on the Closing Date over (b) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date; and
  - (ix) as any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes, other than the Subordinated Class C Notes, on the immediately preceding Quarterly Payment Date, and any amount to be drawn from the Reconciliation Ledger on the immediately preceding Quarterly Payment Date to the extent relating to principal;

**"Net Proceeds"** shall mean the amount to which the Issuer is entitled of (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to fire insurance policy and any Insurance Policy, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Mortgage Receivable, calculated in accordance with the Mortgage Receivables Purchase Agreement;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month, except for the first Mortgage Calculation Period which shall commence on (and include) the Cut-Off Date and end on (and include) the last day of November 2010.

**"Principal Amount Outstanding"** means in respect of any Note, on any Quarterly Payment Date the principal amount of such Note upon issue less the aggregate amount of all relevant Principal Redemption Amounts in respect of such Note that have become due and payable prior to such

Quarterly Payment Date, provided that for the purpose of Conditions 4, 6 and 10 all relevant Principal Redemption Amounts that have become due and not been paid shall not be so deducted.

**"Principal Redemption Amounts"** means the Class A1 Principal Redemption Amount, the Class A2 Principal Redemption Amount, the Class B Principal Redemption Amount and the Class C Principal Redemption Amount.

**"Quarterly Calculation Date"** means, in relation to a Quarterly Payment Date, the 6<sup>th</sup> business day prior to such 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;

## **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 years from the date on which such payment first becomes due.

## **9. Subordination and limited recourse**

### **(a) Interest**

Interest on the Mezzanine Class B Notes 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 of the Subordinated Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of any 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. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or full) at such time there will be no recourse of any of the Noteholders in respect of any amounts already paid towards redemption of the Senior Class A1 Notes in accordance with Condition 6.

## 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 following 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 default is made for a period of fifteen (15) days in the payment of 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 bankruptcy trustee 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 of the proposal.

### (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 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 such Basic Terms Change (a) is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default (b) the Security Trustee (i) has notified the Rating Agencies and (ii) in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C 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-thirds 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-third 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 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 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 Basic Terms Change in respect 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, a change which would have the effect of altering the amount, timing or priority of any payments due from the Issuer to the Interest Swap Counterparty, or a change which otherwise materially affects the position of the Interest Swap Counterparty under the Interest Swap Agreement, other than a change which would have the effect of altering the first Optional Redemption Date in which event no consent from the Interest Swap Counterparty is required, the Interest Swap Counterparty has agreed thereto, such agreement not to be unreasonably withheld 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 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. 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, and any consent, to the transfer of the rights and obligations under a Relevant Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee (i) has notified the Rating Agencies and (ii) in its reasonable opinion, the Security Trustee does not expect that the then current ratings assigned to the Notes, other than the Subordinated Class C Notes, will be adversely affected as a consequence of any such modification, authorisation, waiver or consent. The Security Trustee may not waive, modify or amend, or consent to any waiver, modification or amendment of, any of the Conditions which (a) would have the effect of altering the amount, timing or the priority of any payments due from the Issuer to the Interest Swap Counterparty, or (b) otherwise materially affects the position of the Interest Swap Counterparty under the Interest Swap Agreement, other than a change which would

have the effect of altering the first Optional Redemption Date in which event no consent from the Interest Swap Counterparty is required, unless the Interest Swap Counterparty has agreed thereto, such agreement not to be unreasonably delayed. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent 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, and any non-contractual obligations arising out of or in relation to the Notes and Coupons, shall be governed by and 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, including without limitation disputes relating to any non-contractual obligations arising out of or in relation to 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.

## 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 A1 Notes, in the principal amount of euro 353,100,000, (ii) in the case of the Senior Class A2 Notes, in the principal amount of euro 846,900,000, (iii) in the case of the Mezzanine Class B Notes, in the principal amount of euro 98,700,000 and (iv) in the case of the Subordinated Class C Notes, in the principal amount of euro 13,000,000. Each Temporary Global Note will be deposited with Euroclear Netherlands ("*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*"), on or about 11 November 2010. 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 100,000 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 A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A1 Notes;
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes;
- (iii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes; and
- (iv) 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 upon the occurrence of the Exchange Event as described above.

## TAXATION IN THE NETHERLANDS

This section provides a general description of the main Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Netherlands taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Netherlands tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Prospectus and on the Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

Subject to the foregoing:

1. No registration, stamp, transfer or turnover taxes or other similar duties or taxes will be payable in the Netherlands in respect of the offering and the Issue of the Notes by the Issuer or in respect of the signing and delivery of the Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest.
3. A holder of Notes (a "**Holder**") will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Notes or any payment under the Notes or in respect of any gain realised on the disposal or redemption of the Notes, provided that:
  - (i) such Holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
  - (ii) such Holder does not have an enterprise or an interest in an enterprise that, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable;

and, if the Holder is a legal person, an open limited partnership ("*open commanditaire vennootschap*") or another company with a capital divided into shares or a special purpose fund ("*doelvermogen*"),

- (iii) such Holder does not have a substantial interest\* in the share capital of the Issuer and/or the Seller or in the event that such Holder does have such an interest, such interest forms part of the assets of an enterprise; and
- (iv) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;

and, if the Holder is a natural person,

- (v) such Holder does not derive benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; and

- (vi) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest\* in the share capital of the Issuer and/or the Seller.

\*Generally speaking, an interest in the share capital of the Issuer and/or the Seller should not be considered as a substantial interest if the Holder of such interest, and if the Holder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer and/or the Seller.

- 4. No Netherlands gift or inheritance taxes will arise on the transfer of the Notes by way of a gift by, or on the death of, a Holder who is neither resident nor deemed to be resident in the Netherlands, unless:
  - (i) in case of a gift of the Notes under a suspensive condition by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual is resident or deemed to be resident in the Netherlands at the date
    - (a) of the fulfillment of the condition; or
    - (b) of his/her death and the condition of the gift is fulfilled after the date of his/her death.
  - (ii) in case of a gift of Notes by an individual who at the date of the gift or - in case of a gift under a suspensive condition - at the date of the fulfillment of the condition was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift or the fulfillment of the condition, while being resident or deemed to be resident in the Netherlands.

## PURCHASE AND SALE

Pursuant to a senior class a notes purchase agreement dated on or about 10 November 2010, among the Senior Class A Managers in their capacity of purchaser of the Senior Class A Notes (the "**Senior Class A Managers**") and the Seller and the Issuer (the "**Senior Class A Notes Purchase Agreement**"), the Senior Class A Managers have agreed to purchase the Senior Class A Notes at their issue price. The Issuer and the Seller on a joint and several basis have agreed to indemnify and reimburse the Arranger and the Senior Class A Managers against certain liabilities and expenses in connection with the issue of the Senior Class A Notes.

Pursuant to a class b and c notes purchase agreement dated on or about 10 November 2010, among the Class B and C Manager in its capacity of purchaser of the Mezzanine Class B Notes and the Subordinated Class C Notes (the "**Class B and C Manager**", and together with the Senior Class A Managers, the "**Managers**") and the Seller and the Issuer (the "**Class B and C Notes Purchase Agreement**"), the Class B and C Manager has agreed to purchase the Mezzanine Class B Notes and the Subordinated Class C Notes at their respective issue prices. The Issuer and the Seller on a joint and several basis have agreed to indemnify and reimburse the Class B and C Manager against certain liabilities and expenses in connection with the issue of the Mezzanine Class B Notes and the Subordinated Class C Notes.

Each reference in this section *Purchase and Sale* to the "Notes" means with respect to the Senior Class A Managers, the Senior Class A Notes and with respect to the Class B and C Manager, the Mezzanine Class B Notes and the Subordinated Class C Notes.

### **European Economic Area**

In relation to each Member State of the European Economic Area<sup>1</sup> which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each of the Managers 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 euro 43,000,000 and (iii) an annual net turnover of more than euro 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**

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<sup>1</sup> The EU plus Iceland, Norway and Liechtenstein

Each of the Managers 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**

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

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

Such offers, sales, distributions and other transfers have been and shall only be made in the Republic of France to (i) qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account except as otherwise stated under French laws and regulations and/or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account and/or persons providing portfolio management services on a discretionary basis (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with articles L. 411-2 and D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) to non-resident investors (*investisseurs non-résidents*).

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

### **Italy**

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

- (a) to qualified investors (*investitori qualificati*), including individuals and small and medium size enterprises, as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time and recently supplemented by resolution n. 16850 of 1 April 2009, on the basis of the relevant criteria set out by the Prospectus Directive 2003/71/EC of the European



- Parliament and of the Council of 4 November 2003, pursuant to art. 100, paragraph 1, lett. a) of D.Lgs. no. 58 of 24 February 1998, as amended (the “*Consolidated Financial Act*”); or
- (b) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by Consolidated Financial Act and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

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

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

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

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

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

### **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 each of the Issuer, the Arranger and the Managers 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.

Each of the Managers 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 8 November 2010.
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 5,690.
3. The Senior Class A1 Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 055765499 and ISIN code NL0009639277.
4. The Senior Class A2 Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 055770735 and ISIN code NL0009639285.
5. The Mezzanine Class B Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 055771251 and ISIN code NL0009639293.
6. The Subordinated Class C Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 055772860 and ISIN code NL0009639301.
7. The addresses of the clearing system is: Euroclear Netherlands, Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.
8. 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.
9. As long as any of the Notes are outstanding, copies of the following documents may be inspected in physical form at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
  - (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 Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Parallel Debt Agreement;
  - (viii) the Security Trustee Pledge Agreement I;
  - (ix) the Security Trustee Pledge Agreement II;
  - (x) the Administration Agreement;
  - (xi) the Sub-Participation Agreement;
  - (xii) the Floating Rate GIC;
  - (xiii) the Interest Swap Agreement;
  - (xiv) the Liquidity Facility Agreement;
  - (xv) the Beneficiary Waiver Agreement; and
  - (xvi) the Master Definitions Agreement.
10. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent.
11. The audited annual financial statements of the Issuer will be made available, free of charge, from the specified office of the Issuer.
12. 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;

13. A quarterly report on the performance of the transaction, including any arrears and losses, can be obtained at: [www.atccapitalmarkets.com](http://www.atccapitalmarkets.com);
14. None of the website addresses contained in this Prospectus form part of this Prospectus.

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