

## IMPORTANT NOTICE

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Nothing in this electronic transmission constitutes an offer to sell or a solicitation of an offer to buy the Notes described in the following prospectus in any jurisdiction where it is unlawful to do so.

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States (**U.S.**) or any other relevant jurisdiction. The Notes include notes in bearer form that are subject to U.S. tax law requirements and may not be offered or sold within the U.S. or to or for the account or benefit of a U.S. Person (as defined in Regulation S under the Securities Act) unless registered under the Securities Act, or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws of the U.S.

The Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules (**Risk Retention U.S. Persons**). Prospective investors should note that the definition of "U.S. Person" in the U.S. Risk Retention Rules is different from the definition of "U.S. Person" in Regulation S. Each purchaser of the Notes or a beneficial interest therein acquired in the initial distribution of the Notes, by its acquisition of the Notes or a beneficial interest therein, will be deemed to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in section 20 of the U.S. Risk Retention Rules). please refer to the risk factor entitled "U.S. Risk Retention Requirements" for more details.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**E.E.A.**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (**MIFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (**Insurance Distribution Directive**), where in both instances (i)

and (ii) that client respectively customer would not qualify as a professional client as defined in point (10) of article 4(1) of MIFID II. Furthermore, a retail investor is not a person who is a “qualified investor” within the meaning of article 2(1)(e) of Directive 2003/71/EC. Consequently no key information document required by Regulation (EU) no 1286/2014 (the **PRIIPS Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the E.E.A. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the E.E.A. may be unlawful under the PRIIPS Regulation.

Solely for the purposes of the product approval process of the Manager (the **Manufacturer**), the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MIFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **Distributor**) should take into consideration the Manufacturer’s target market assessment; however, a Distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturer’s target market assessment) and determining appropriate distribution channels.

**Confirmation of your representation:** The attached document is delivered to you at your request. By accessing the attached document you shall be deemed to have confirmed and represented that (i) you are located outside the United States and not a U.S. Person nor acting for the account or benefit of a U.S. Person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (ii) if you are (a) in the United Kingdom, you are a Relevant Person, (b) in any member state of the European Economic Area other than the United Kingdom, you are (1) not a Retail Investor and (2) a Qualified Investor (as defined in the Prospectus Directive) and if you are acting as financial intermediary (as that term is used in Article 3(2) of the Prospectus Directive), the securities acquired by you as a financial intermediary in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in any member state of the European Economic Area which has implemented the Prospectus Directive to Qualified Investors, or (c) outside the United Kingdom or European Economic Area (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions) in any other jurisdiction, you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and (iii) you consent to delivery of the attached document by electronic transmission.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Manager nor any person who controls them nor any director, officer, employee nor agent of it or their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version that will be made available to you upon request to the Manager.

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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.

**PROSPECTUS DATED 14 DECEMBER 2018**

**STRONG 2018 B.V. as Issuer**

*(incorporated with limited liability in the Netherlands)*

|   | <b>Class A</b>   | <b>Class B</b>   | <b>Class C</b>   |
|---|--|--|--|
| <b>Principal Amount</b>   | EUR 800,000,000  | EUR 33,400,000   | EUR 8,400,000  |
| <b>Issue Price</b>  | 100.749 per cent.  | 100 per cent.  | 100 per cent.  |
| <b>Interest Rate up to (but excluding) First Optional Redemption Date</b> | 3 month Euribor plus a margin of 0.60 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum | 3 month Euribor plus a margin of 2.00 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum | 3 month Euribor plus a margin of 6.00 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum |
| <b>Interest Rate as from First Optional Redemption Date</b>               | 3 month Euribor plus a margin of 1.20 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum | 3 month Euribor plus a margin of 3.00 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum | 3 month Euribor plus a margin of 6.00 per cent. per annum with a minimum Interest Rate of 0.00 per cent. per annum |
| <b>Expected ratings (Moody's / Fitch / S&amp;P)</b>                       | Aaa (sf) / AAA sf / AAA (sf)   | Aa1 (sf) / BBB+ sf / A- (sf)   | Ba1 (sf)/ N/A / N/A  |
| <b>First Notes Payment Date</b>   | Notes Payment Date falling in March 2019   | Notes Payment Date falling in March 2019   | Notes Payment Date falling in March 2019   |
| <b>First Optional Redemption Date</b>                                     | Notes Payment Date falling in September 2025   | Notes Payment Date falling in September 2025   | N/A  |
| <b>Final Maturity Date</b>  | Notes Payment Date falling in September 2067   | Notes Payment Date falling in September 2067   | Notes Payment Date falling in September 2067   |

## Obvion N.V. as Seller and Servicer

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meanings ascribed thereto in section 9.1 (Definitions) of the Glossary of Defined Terms set out in this Prospectus. The principles of interpretation set out in section 9.2 (Interpretation) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.*

|                               |   |
|-------------------------------|---|
| <b>Closing Date</b>           | The Issuer will issue the Notes in the Classes set out above on 20 December 2018 (or such later date as may be agreed between the Issuer and the Manager).  |
| <b>Underlying Assets</b>      | The Issuer will make payments on the Notes in accordance with the relevant Priority of Payments from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising Mortgage Loans originated by the Seller which have the benefit of an NHG Guarantee and are secured over residential properties located in the Netherlands. Legal title of the resulting Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, on any Notes Payment Date thereafter. See section 7.1 ( <i>Purchase, repurchase and sale</i> ).   |
| <b>Security for the Notes</b> | The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, <i>inter alia</i> , the Mortgage Receivables (see section 4.7 ( <i>Security</i> )).   |
| <b>Denomination</b>           | The Notes will have a denomination of EUR 100,000.  |
| <b>Form</b>                   | The Notes will be in bearer form. The Notes will be represented by Global Notes, without Coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.   |
| <b>Interest</b>               | The Notes will carry Floating Rates of Interest, payable in arrear on each Notes Payment Date. See further Condition 4 ( <i>Interest</i> ) in section 4.1 ( <i>Terms and Conditions</i> ).  |
| <b>Euribor</b>                | Interest payable on the Notes is calculated on the basis of Euribor plus the applicable margin. Euribor is an interest rate benchmark within the meaning of Regulation 2016/2011 on indices used as benchmarks, applicable as of 1 January 2018 (the <b>Benchmark Regulation</b> ). Euribor is currently administered by the European Money Markets Institute that applies the Benchmark Regulation transitional provisions for registration in the register maintained pursuant to article 36 of the Benchmark Regulation. The Benchmark Regulation provides for a transitional period of 2 years (until 1 January 2020) to apply for registration.  |
| <b>Redemption Provisions</b>  | Payments of principal on the Notes will be made on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions, provided that the Available Principal Funds will, subject to certain conditions being met, be applied (i) up to (but excluding) the First Optional Redemption Date, towards payment of the purchase price for the Further Advance Receivables and/or, up to the Replacement Available Amount, towards payment of the purchase price for the Replacement Receivables to the extent offered by the Seller and (ii) up to (but excluding) the Revolving Period End Date, towards payment of the purchase price for the New Mortgage Receivables up to the New Mortgage Receivables Available Amount or to make a reservation for such purpose which will form part of the Reserved Amount. The Notes will mature on the Final Maturity Date. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances, the Issuer will have the option to redeem all (but not only part) of the Notes (other than the Class C Notes). See further Condition 6 ( <i>Redemption</i> ) in section 4.1 ( <i>Terms and Conditions</i> ). |
| <b>Subscription and sale</b>  | The Manager has, pursuant to the Subscription Agreement, agreed with the Issuer, subject to certain conditions precedent being satisfied, to subscribe, or procure the subscription for the Class A Notes at the Issue Price. Rabobank has, pursuant to the Subscription Agreement, agreed with the Issuer, subject to certain conditions precedent being satisfied, to subscribe, or procure the subscription for the Class B Notes and the Class C Notes at their Issue Price.  |
| <b>Credit Rating Agencies</b> | Each of Moody's, S&P and Fitch is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.   |
| <b>Ratings</b>                | Ratings will be assigned to the Notes as set out above on or before the Closing Date. The ratings assigned by S&P and Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class of Notes held by such Noteholder on the Final Maturity Date. The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.   |
| <b>Listing</b>                | Application has been made to list only the Class A Notes on Euronext Amsterdam. This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.   |

|  |  |
|--|--|
| <b>Eurosystem Eligibility</b>                | The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories and/or Central Securities Depositories that fulfils the minimum standard established by the European Central Bank, as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend, <i>inter alia</i> , upon satisfaction of the Eurosystem eligibility criteria, as amended from time to time. The Class B Notes and the Class C Notes are not intended to be recognised as Eurosystem Eligible Collateral.  |
| <b>Limited recourse obligations</b>          | The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available. See section 2 ( <i>Risk factors</i> ).  |
| <b>Subordination</b>                         | The Classes of Notes, other than the Class A Notes, are subordinated to other Classes of Notes in reverse alphabetical order. See section 5 ( <i>Credit structure</i> ).   |
| <b>Retention and Information Undertaking</b> | The Seller, as originator, has undertaken to the Issuer, the Security Trustee and the Manager that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest of not less than 5 per cent. in the securitisation transaction described in this Prospectus in accordance with each of article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR Solvency II. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche, in this case the Class C Notes and if necessary, other tranches or claims having the same or a more severe risk profile than those sold to investors, as required by article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR Solvency II. The Seller has also undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, articles 51, 52 and 53 of the AIFMR and articles 254, 256 of the DR Solvency II, which information can be obtained from the Seller upon request. Each prospective Noteholder should ensure that it complies with the CRR, the AIFMR and the DR Solvency II to the extent they apply to it. The Issuer Administrator, on behalf of the Issuer, will prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the DR Solvency II and none of the Issuer, Obvion (in its capacity as the Seller and the Servicer), the Issuer Administrator nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes. See section 4.4 ( <i>Regulatory and industry compliance</i> ) for more details. The Seller intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions that meet certain requirements. Consequently, the Notes may not be purchased by any persons that are "U.S. persons" as defined in the U.S. Risk Retention Rules ( <b>Risk Retention U.S. Persons</b> ). Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" in Regulation S. |
| <b>Volcker Rule</b>                          | The Issuer is structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the <b>Volcker Rule</b> ). In reaching the conclusion that the Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of the Volcker Rule, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the <b>Investment Company Act</b> ) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy the applicable elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act. The general effects of the Volcker Rule remain uncertain.   |

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws, and include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable state or local securities laws.

**For a discussion of some of the risks associated with an investment in the Notes, see section 2 (*Risk factors*).**

*Arranger*  
**Rabobank**

*Manager*  
**Rabobank**

## IMPORTANT INFORMATION AND RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. In addition to the Issuer, each of the Seller, the Arranger or Stater Nederland B.V. is responsible for the information as referred to in the following paragraphs. To the best of the Issuer's knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

For the information set forth in the following sections of this Prospectus: 3.4 (*Seller*), 3.5 (*Servicer*), under Retention statement in section 4.4 (*Regulatory and industry compliance*), 6.1 (*Stratification tables*), 6.2 (*Description of Mortgage Loans*), 6.3 (*Origination and servicing*), 6.4 (*Dutch residential mortgage market*), 6.5 (*NHG Guarantee programme*) and under CRR, AIFMR and DR Solvency II in sections 4.4 (*Regulatory and industry compliance*) and 8 (*General*), the Issuer has relied on information from the Seller, for which the Seller is responsible. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information set forth in these sections and paragraphs referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. For the information set forth in paragraph Rabobank in section 3.7 (*Other parties*) of this Prospectus, the Issuer has relied on information from the Arranger, for which the Arranger and the Seller are responsible. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information set forth in paragraph Rabobank in section 3.7 (*Other parties*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Arranger and the Seller accept responsibility accordingly. For the information set forth in section 6.3.3 (*Stater Nederland B.V.*), the Issuer has relied on information from Stater Nederland B.V. Stater Nederland B.V. is responsible solely for the information set forth in section 6.3.3 (*Stater Nederland B.V.*) of this Prospectus and not for information set forth in any other section and consequently, Stater Nederland B.V. does not assume any liability in respect of the information contained in any paragraph or section other than the paragraph Stater Nederland B.V. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information set forth in section 6.3.3 (*Stater Nederland B.V.*) is in accordance with the facts and does not omit anything likely to affect the import of such information. Stater Nederland B.V. accepts responsibility accordingly. The information in these sections and any other information from third parties set forth in and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Manager has not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Manager as to the accuracy or completeness of the information set forth in this Prospectus or any other information provided by the Issuer, Seller or Stater Nederland B.V. or any other party.

Neither the Manager nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. The Manager and its respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by the Manager or its respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

The Manager is acting exclusively for the Issuer and no one else in connection with the offer. It will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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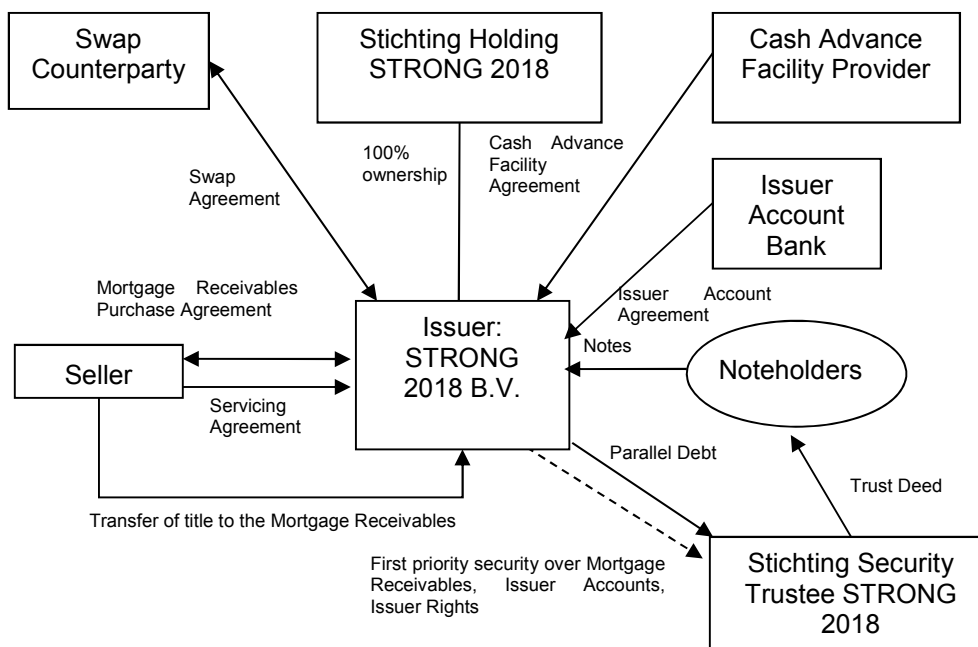


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## 1 TRANSACTION OVERVIEW

The following section provides a general overview of the principal features of the transaction described in this Prospectus including the issue of the Notes. The information in this section does not purport to be complete. This general overview should be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including any amendment and supplement thereto (if any) and the documents incorporated by reference. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Relevant Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity that has prepared the information in this section, but only if such information is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.

### 1.1 Structure diagram



### 1.2 Risk factors

There are certain risk factors 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 credit enhancement features, there remains, amongst others, a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the Mortgage Receivables and Mortgaged Assets (see section 2 (*Risk factors*)).

### 1.3 Principal parties

|                              |   |
|------------------------------|---|
| <b>Issuer</b>                | STRONG 2018 B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its official seat ( <i>statutaire zetel</i> ) in Amsterdam, the Netherlands and registered with the Trade Register under number 73061514. The entire issued share capital of the Issuer is held by the Shareholder.  |
| <b>Seller</b>                | Obvion, incorporated under Dutch law as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its official seat ( <i>statutaire zetel</i> ) in Eindhoven, the Netherlands and registered with the Trade Register under number 14054733. The entire issued share capital of Obvion is held by Rabobank.   |
| <b>Issuer Administrator</b>  | Intertrust Administrative Services B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its official seat ( <i>statutaire zetel</i> ) in Amsterdam, the Netherlands and registered with the Trade Register under number 33210270. The entire issued share capital of the Issuer Administrator is held by Intertrust (Netherlands) B.V., which entity is also the sole shareholder of each of the Directors. |
| <b>Servicer</b>              | Obvion.   |
| <b>Sub-MPT Provider</b>      | Stater Nederland B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its official seat ( <i>statutaire zetel</i> ) in Amersfoort, the Netherlands and registered with the Trade Register under number 08716725.  |
| <b>Security Trustee</b>      | Stichting Security Trustee STRONG 2018, established under Dutch law as a foundation ( <i>stichting</i> ), having its official seat ( <i>statutaire zetel</i> ) in Amsterdam, the Netherlands and registered with the Trade Register under number 73061506.  |
| <b>Shareholder</b>           | Stichting Holding STRONG 2018, established under Dutch law as a foundation ( <i>stichting</i> ), having its official seat ( <i>statutaire zetel</i> ) in Amsterdam, the Netherlands and registered with the Trade Register under number 73061344.   |
| <b>Directors</b>             | Intertrust Management B.V., being the sole managing director of each of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., being the sole managing director of the Security Trustee. The Directors and the Issuer Administrator belong to the same group of companies.   |
| <b>Commingling Guarantor</b> | Rabobank.   |
| <b>Construction Deposits</b> | Rabobank.   |

**Guarantor**

**Issuer Account Bank** Rabobank.

**Cash Advance Facility Provider** Rabobank.

**Swap Counterparty** Obvion.

**Back-Up Swap Counterparty** Rabobank.

**Paying Agent** Deutsche Bank AG, London Branch.

**Reference Agent** Deutsche Bank AG, London Branch.

**Arranger** Rabobank.

**Manager** Rabobank

**Clearing Institutions** Euroclear and Clearstream, Luxembourg.

**Listing Agent** Rabobank.

**Credit Rating Agencies** Moody's, Fitch and S&P. Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation.

**Savings Mortgage Participants** ASR Levensverzekering N.V. with respect to Savings Mortgage Loans to which a Savings Insurance Policy of ASR Levensverzekering N.V. is connected;

Obvion with respect to Switch Mortgage Loans and Savings Mortgage Loans to which a Savings Investment Insurance Policy or Savings Insurance Policy of Interpolis is connected; and

Obvion with respect to Bank Savings Mortgage Loans.

**1.4 Notes**

**Notes** The EUR 800,000,000 senior class A mortgage-backed notes 2018 due 2067, the EUR 33,400,000 mezzanine class B mortgage-backed notes 2018 due 2067 and the EUR 8,400,000 subordinated class C notes 2018 due 2067 will be issued by the Issuer on the Closing Date.

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|---------------------------|--|
| <b>Issue Price</b>        | <p>The issue price of each Class of Notes will be as follows:</p> <ul style="list-style-type: none"> <li>(i) the Class A Notes, 100.749 per cent.;</li> <li>(ii) the Class B Notes, 100 per cent.; and</li> <li>(iii) the Class C Notes, 100 per cent.</li> </ul>  |
| <b>Denomination</b>       | The Notes will be issued in denominations of EUR 100,000.  |
| <b>Status and Ranking</b> | <p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed prior to the delivery of an Enforcement Notice, (i), payments of principal and interest, respectively, on the Class B Notes will be subordinated to, <i>inter alia</i>, payments of principal and interest, respectively, on the Class A Notes and (ii) payments of principal and interest, respectively, on the Class C Notes will be subordinated to, <i>inter alia</i>, payments of principal and interest, respectively, on the Class A Notes and the Class B Notes. See further section 4.1 (<i>Terms and Conditions</i>). The obligations of the Issuer in respect of the Notes will be subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments. See further section 5.2 (<i>Priorities of Payments</i>).</p>  |
| <b>Interest</b>           | <p>Interest on the Notes will accrue from (and including) the Closing Date by reference to successive Interest Periods and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on a Notes Payment Date. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in December 2018. The interest will be calculated on the basis of the actual number of calendar days elapsed in an Interest Period divided by 360 calendar days.</p> <p>Interest on the Notes for the first Interest Period will accrue from (and include) the Closing Date at an annual rate equal to the linear interpolation between the Euribor for 3-months deposits in euro and the Euribor for 6-months deposits in euro (determined in accordance with Condition 4 (<i>Interest</i>)) plus a margin per annum which will be 0.60 per cent. for the Class A Notes, 2.00 per cent. for the Class B Notes and 6.00 per cent. for the Class C Notes. The Interest Rate of the Notes shall at any time be at least zero per cent.</p> <p>Interest on the Notes for each successive Interest Period up to (but excluding) the First Optional Redemption Date will accrue from the first Notes Payment Date at an annual rate equal to Euribor for 3-months deposits in euro (determined in accordance with Condition 4 (<i>Interest</i>)) plus a margin per annum</p> |

which will be 0.60 per cent. for the Class A Notes, 2.00 per cent. for the Class B Notes and 6.00 per cent. for the Class C Notes. The Interest Rate of the Notes shall at any time be at least zero per cent.

Interest payable on the Notes is calculated on the basis of Euribor plus the applicable margin. Euribor is an interest rate benchmark within the meaning of Regulation 2016/2011 on indices used as benchmarks, applicable as of 1 January 2018 (the **Benchmark Regulation**). Euribor is currently administered by the European Money Markets Institute (**EMMI**) that applies the Benchmark Regulation transitional provisions for registration in the register maintained pursuant to article 36 of the Benchmark Regulation. The Benchmark Regulation provides for a transitional period of 2 years (until 1 January 2020) to apply for registration.

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| <b>Interest step-up</b>                  | If on the First Optional Redemption Date, the Notes of any Class have not been redeemed in full, the margin for such Class of Notes (other than the Class C Notes) will increase and the interest applicable to such Class of Notes will then be equal to Euribor for 3-months deposits in euro, payable by reference to Interest Periods on each Notes Payment Date, plus a margin per annum which will for the Class A Notes be 1.20 per cent. and for the Class B Notes be 3.00 per cent. For the Class C Notes such margin will remain at 6.00 per cent. per annum. The Interest Rate on the Notes shall at any time be at least zero per cent.   |
| <b>Final Maturity Date</b>               | Unless previously redeemed as provided below, the Issuer will, subject to and in accordance with the Conditions, redeem any remaining Notes outstanding on the Final Maturity Date at their respective Principal Amount Outstanding, together with accrued interest, on such date, subject to and in accordance with the Conditions.  |
| <b>Payment of Principal on the Notes</b> | Prior to the delivery of an Enforcement Notice, the Issuer shall on each Notes Payment Date apply the Available Principal Funds, subject to and in accordance with the Conditions and the Redemption Priority of Payments, towards redemption, at their respective Principal Amount Outstanding, of (i) <i>firstly</i> , the Class A Notes, until fully redeemed and (ii) <i>secondly</i> , the Class B Notes, until fully redeemed, provided that the Available Principal Funds will, subject to certain conditions being met, be applied (i) up to (but excluding) the First Optional Redemption Date, in or towards payment of the purchase price for the Further Advance Receivables and/or, up to the Replacement Available Amount, towards payment of the purchase price for the Replacement Receivables to the extent offered by the Seller to the Issuer and (ii) up to (but excluding) the Revolving Period End Date, up to the New Mortgage Receivables Available Amount in or towards payment of the purchase price for the New Mortgage Receivables to the extent offered by the Seller or to make a reservation for such |

purpose which will form part of the Reserved Amount.

Prior to the delivery of an Enforcement Notice, payment of principal on the Class C Notes will be made subject to and in accordance with the Conditions, on each Notes Payment Date to the extent Available Revenue Funds are available in accordance with the Revenue Priority of Payments.

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| <b>Optional Redemption of the Notes</b>   | The Issuer will have the option to redeem, subject to Condition 9(b) ( <i>Principal</i> ), all (but not only part of) the Notes (other than the Class C Notes) on the First Optional Redemption Date and on each Optional Redemption Date thereafter at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes.   |
| <b>Redemption following clean-up call</b> | On the Notes Payment Date following the exercise by the Seller of the Clean-Up Call Option, the Issuer shall redeem, subject to Condition 9(b) ( <i>Principal</i> ), all (but not only part of) the Notes (other than the Class C Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes.   |
| <b>Redemption for tax reasons</b>         | In the event of certain tax changes affecting any Class of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of any Class of Notes the Issuer (whilst not under any obligation to pay additional amounts in respect of any withholding or deduction) may (but is not obliged to) redeem all (but not only part of) the Notes (other than the Class C Notes) at their Principal Amount Outstanding together with accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b) ( <i>Principal</i> ). |
| <b>Method of Payment</b>                  | For as long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common safekeeper for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders.  |
| <b>Withholding tax</b>                    | All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.           |
| <b>Use of proceeds</b>                    | The Issuer will apply the net proceeds from the issue of the Notes (other than the Class C Notes) on the Closing Date towards (i) payment of part of the Initial  |

Purchase Price for the Mortgage Receivables purchased by the Issuer pursuant to the provisions of the Mortgage Receivables Purchase Agreement, (ii) payment of any initial swap payment to the Swap Counterparty in connection with the entering into the Swap Agreement and (iii) to make a deposit in the Pre-Funding Account in the amount of EUR 194,991,918.25. See section 7.1 (*Purchase, repurchase and sale*).

The proceeds from the issue of the Class C Notes will be used to fund the Reserve Account.

**Security for the Notes** The Noteholders will benefit from the security created by the Issuer in favour of the Security Trustee pursuant to the Pledge Agreements.

Under the Trust Deed, the Issuer will undertake to pay to the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to Rabobank as initial Noteholder, the Directors, the Servicer, the Issuer Administrator, the Paying Agent, the Reference Agent, the Participants, the Cash Advance Facility Provider, the Swap Counterparty, the Back-Up Swap Counterparty, the Noteholders and the Seller pursuant to the relevant Transaction Documents, provided that every payment in respect of such Transaction Documents for the account of or made to the Secured Creditors directly shall operate in satisfaction *pro tanto* of the corresponding covenant in favour of the Security Trustee (such a payment undertaking and the obligations and liabilities resulting from it being referred to as the Parallel Debt).

The Notes will be secured indirectly, through the Security Trustee, by (i) a first priority right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto in respect of the Mortgage Loans and the Beneficiary Rights relating thereto, (ii) a first priority right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Conditional Deed of Novation, the Servicing Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Participation Agreements, the Beneficiary Waiver Agreement, the Commingling Guarantee, the Construction Deposits Guarantee and (iii) a first priority right of pledge granted by the Issuer to the Security Trustee over the Issuer's claims in respect of the Issuer Accounts. See for a more detailed description section 4.7 (*Security*).

The amounts payable by the Security Trustee to the Secured Creditors under the Trust Deed will be limited to the net amounts available for such purpose to the Security Trustee which, for the greater part, will consist of amounts recovered by the Security Trustee from the Mortgage Receivables. Payments to the Secured Creditors (other than the Participants) will be made in accordance



with the Post-Enforcement Priority of Payments.

**Listing** Application will be made to list the Class A Notes on Euronext Amsterdam. Listing of the Class A Notes is expected to take place on the Closing Date. On the Closing Date, no application will be made to list the Class B Notes and the Class C Notes on Euronext Amsterdam.

**Rating** It is a condition precedent to issuance that, upon issue, the Class A Notes be assigned an 'Aaa (sf)' rating by Moody's, an 'AAA sf' rating by Fitch and an 'AAA (sf)' rating by S&P, the Class B Notes, upon issue, be assigned an 'Aa1 (sf)' rating by Moody's, a 'BBB+ sf' rating by Fitch and an 'A-(sf)' rating by S&P and the Class C Notes, upon issue, be assigned a 'Ba1 (sf)' rating by Moody's.

Each of the Credit Rating Agencies engaged by the Issuer to rate the Notes has agreed to perform ratings surveillance with respect to its ratings for as long as the Notes remain outstanding. Fees for such ratings surveillance by the Credit Rating Agencies will be paid by the Issuer. Although the Issuer will pay fees for ongoing rating surveillance by the Credit Rating Agencies, the Issuer has no obligation or ability to ensure that any Credit Rating Agency performs rating surveillance. In addition, a Credit Rating Agency may cease rating surveillance if the information furnished to that Credit Rating Agency is insufficient to allow it to perform surveillance.

The Credit Rating Agencies have informed us that the "sf" designation in their ratings represents an identifier for structured finance product ratings. For additional information about this identifier, prospective investors can go to the related rating agency's website. The Issuer and the Manager have not verified, do not adopt and do not accept responsibility for any statements made by the Credit Rating Agencies on their internet websites. Credit ratings referenced throughout this Prospectus are forward-looking opinions about credit risk and express an agency's opinion about the ability of and willingness of an issuer of securities to meet its financial obligations in full and on time. Ratings are not indications of investment merit and are not buy, sell or hold recommendations, a measure of asset value, or an indication of the suitability of an investment.

**Selling restrictions** There are selling restrictions in relation to the European Economic Area, France, Italy, Japan, Switzerland, the United Kingdom and the United States of America and such other restrictions as may be required in connection with the offering and sale of the Notes. See section 4.3 (*Subscription and Sale*).

## **1.5 Credit structure**

**Available funds** The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Issuer Account Agreement, Participation Agreements, Commingling Guarantee, Construction Deposits Guarantee and Swap Agreement as well as amounts it is entitled to

draw under the Cash Advance Facility Agreement and the Reserve Account to make payments of, *inter alia*, principal and interest due in respect of the Notes and to purchase Further Advance Receivables (if any), Replacement Receivables (if any) and New Mortgage Receivables (if any), subject to and in accordance with the terms and conditions of the Mortgage Receivables Purchase Agreement. Furthermore, the amounts standing to the credit of the Pre-Funding Account may be used by the Issuer to purchase New Mortgage Receivables during the Pre-Funding Period. Thereafter any remaining amounts standing to the credit of the Pre-Funding Account will become part of the Available Principal Funds.

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| <b>Priorities<br/>Payments</b>                 | <b>of</b> | The obligations of the Issuer in respect of the Notes will be subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments and (i) the right to payment of principal and interest, respectively, on the Class B Notes will be subordinated to, <i>inter alia</i> , payments of principal and interest, respectively, on the Class A Notes and (ii) the right to payment of principal and interest, respectively, on the Class C Notes will be subordinated to, <i>inter alia</i> , payments of principal and interest, respectively, on the Class A Notes and the Class B Notes and in each case, may be limited as more fully described in section 4.1 ( <i>Terms and Conditions</i> ) and section 5 ( <i>Credit structure</i> ). |
| <b>Issuer Collection<br/>Account</b>           |           | The Issuer shall maintain with the Issuer Account Bank the Issuer Collection Account to which, <i>inter alia</i> , all amounts of interest, Prepayment Penalties and principal received under the Mortgage Receivables will be transferred by the Servicer (on behalf of the Seller) in accordance with the Servicing Agreement.   |
| <b>Reserve<br/>Account</b>                     |           | The Issuer shall maintain with the Issuer Account Bank the Reserve Account to which the proceeds of the Class C Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (j) of the Revenue Priority of Payments in the event of a shortfall of the Available Revenue Funds (excluding any amount to be drawn from the Reserve Account and any amount to be drawn under the Cash Advance Facility or forming part of the Cash Advance Facility Stand-by Drawing) on any Notes Payment Date. See <i>Reserve Account</i> in section 5.6 ( <i>Issuer Accounts</i> ).  |
| <b>Cash Advance<br/>Facility<br/>Agreement</b> |           | On the Signing Date, the Issuer will enter into a 364-day term Cash Advance Facility Agreement with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in the Available Revenue Funds. See <i>Cash Advance Facility</i> in section 5.5 ( <i>Liquidity support</i> ).  |
| <b>Cash Advance</b>                            |           | The Issuer shall maintain with the Cash Advance Facility Provider the Cash Advance Facility Account through which, <i>inter alia</i> , all drawings to be made   |

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| <b>Facility Account</b>                               | under the Cash Advance Facility will be administered. Each such drawing made under the Cash Advance Facility Agreement (other than a Cash Advance Facility Stand-by Drawing) shall subsequently be deposited into the Issuer Collection Account.   |
| <b>Cash Advance Facility Stand-by Drawing Account</b> | The Issuer shall maintain with the Issuer Account Bank the Cash Advance Facility Stand-by Drawing Account into which any Cash Advance Facility Stand-by Drawing to be made under the Cash Advance Facility Agreement will be deposited.  |
| <b>Pre-Funding Account</b>                            | The Issuer shall maintain with the Issuer Account Bank the Pre-Funding Account to which on the Closing Date an amount will be credited equal to the proceeds of the Notes (other than the Class C Notes) minus (i) the amount which is to be applied towards payment of part of the Initial Purchase Price for the Mortgage Receivables purported to be sold and assigned to the Issuer at the Closing Date and (ii) the initial swap payment to be paid to the Swap Counterparty in connection with the Swap Agreement. The balances standing to the credit of the Pre-Funding Account may be used to purchase New Mortgage Receivables on each Notes Payment Date during the Pre-Funding Period. On the Notes Payment Date on which the Pre-Funding Period terminates, the balance standing to the credit of the Pre-Funding Account will be drawn by the Issuer to form part of the Available Principal Funds on that Notes Payment Date. |
| <b>Issuer Account Agreement</b>                       | The Issuer, the Issuer Account Bank and the Security Trustee will enter into the Issuer Account Agreement, under which the Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to (i) EONIA on the balance standing from time to time to the credit of the Issuer Collection Account and the Reserve Account and (ii) 3-months Euribor plus a margin on the balance standing from time to time to the credit of the Cash Advance Facility Stand-by Drawing Account, provided that the Issuer Account Bank, subject to certain conditions being met, has the right to amend the rate of interest payable by it. Should the interest rate on any of the accounts drop below zero, the Issuer will be required to make payments to the Issuer Account Bank accordingly, provided that the balance standing to the credit of each Issuer Account are sufficient to make such payment.                    |
| <b>Swap Agreement</b>                                 | On the Signing Date, the Issuer, the Security Trustee and the Swap Counterparty will enter into the Swap Agreement to hedge the risk between, <i>inter alia</i> , 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. See section 5.4 ( <i>Hedging</i> ). If, <i>inter alia</i> , the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or is declared bankrupt ( <i>failliet</i> ), the Swap Agreement shall be novated to the Back-Up Swap  |

Counterparty pursuant to the Conditional Deed of Novation.

## 1.6 Portfolio information

**Mortgage Loans** The Mortgage Receivables to be sold by the Seller pursuant to the terms and conditions of the Mortgage Receivables Purchase Agreement will result from Mortgage Loans which (a) have the benefit of an NHG Guarantee and (b) are secured by a first priority Mortgage or, in case of Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower priority Mortgages over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), or (iii) a long lease (*recht van erfpacht*) situated in the Netherlands and entered into by the Seller and the relevant Borrowers which meet the criteria for such Mortgage Loans set forth in the Mortgage Receivables Purchase Agreement.

The pool of Mortgage Loans (or the Loan Parts together comprising a Mortgage Loan), in whole or in part, will consist of (i) Linear Mortgage Loans (*lineaire hypotheken*), (ii) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*), (iii) Annuity Mortgage Loans (*annuïteitenhypotheken*), (iv) Life Mortgage Loans (*levenhypotheken met levensverzekering*), (v) Investment Mortgage Loans (*levenhypotheken met beleggingsrekening*), (vi) Savings Mortgage Loans (*spaarhypotheken*), (vii) Switch Mortgage Loans (*switchhypotheken*) or (viii) Bank Savings Mortgage Loans (*bankspaarhypotheken*). See further section 6.2 (*Description of Mortgage Loans*).

In the event and to the extent a Mortgage Loan exceeds 100 per cent. of the Foreclosure Value of the relevant Mortgaged Asset, such Mortgage Loan shall have the benefit of a Risk Insurance Policy (i.e. an insurance policy which pays out upon the death of the insured) taken out by the Borrower with an Insurance Company. However, in the event of Mortgage Loans to which NHG Conditions dating prior to 17 June 2018 apply, which do not include a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 80 per cent. of the Foreclosure Value of the relevant Mortgaged Asset. In the case of Mortgage Loans consisting of more than one Loan Part including a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Risk Insurance Policy will be included in the relevant Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy.

**NHG Guarantee** Each Mortgage Loan has the benefit of an NHG Guarantee. See further *Table 26* under section 6.1 (*Stratification tables*) and under section 6.5 (*NHG Guarantee programme*).

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| <b>Linear Mortgage Loans</b>        | A portion of the Mortgage Loans or parts thereof will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan, the Borrower pays a fixed amount of principal each month towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).  |
| <b>Interest-only Mortgage Loans</b> | A portion of the Mortgage Loans or parts thereof will be in the form of Interest-only Mortgage Loans, provided that in accordance with the NHG Conditions the interest-only part does not exceed 50 per cent. of the Market Value of the Mortgage Asset. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of such Mortgage Loan (or relevant part thereof).   |
| <b>Annuity Mortgage Loans</b>       | A portion of the Mortgage Loans or parts thereof will be in the form of Annuity Mortgage Loans. Under an Annuity Mortgage Loan, the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity.   |
| <b>Life Mortgage Loans</b>          | A portion of the Mortgage Loans or parts thereof will be in the form of Life Mortgage Loans, i.e. mortgage loans which have the benefit of a Life Insurance Policy. Under a Life Mortgage Loan, no principal is paid until maturity, but instead the Borrower pays a premium on a monthly basis to the relevant Insurance Company under a Life Insurance Policy taken out with such Insurance Company. The premiums paid by such Borrower are invested by the relevant Insurance Company in certain investment funds. It is the intention that a Life Mortgage Loan will be fully repaid with the proceeds of the relevant Life Insurance Policy. The Life Insurance Policies are pledged to the Seller. See for more detail section 2 ( <i>Risk factors</i> ) and 6.2 ( <i>Description of Mortgage Loans</i> ).   |
| <b>Investment Mortgage Loans</b>    | A portion of the Mortgage Loans or parts thereof will be in the form of Investment Mortgage Loans, i.e. mortgage loans under which the Borrower does not pay principal prior to the maturity of the mortgage loan, but instead undertakes to invest, on an instalment basis or up front, defined amounts in certain investment funds. The amounts invested take the form of participations in the investment funds selected by the Borrower and are credited to a Borrower Investment Account in the name of the relevant Borrower. It is the intention that an Investment Mortgage Loan will be fully repaid with the proceeds of the investments held in the relevant Borrower Investment Account. The Borrower Investment Accounts are pledged to the Seller. See for more detail section 2 ( <i>Risk factors</i> ) and 6.2 ( <i>Description of Mortgage Loans</i> ). |

**Savings  
Mortgage Loans**

A portion of the Mortgage Loans or parts thereof will be in the form of Savings Mortgage Loans which consist of mortgage loans entered into by the Seller and the relevant Borrowers combined with a Savings Insurance Policy. A Savings Insurance Policy consists of a combined risk and capital insurance policy taken out by a Borrower with ASR Levensverzekering N.V. or Interpolis in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower pays a Savings Premium. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Savings Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. It is the intention that the Savings Mortgage Loans will be fully repaid by means of the proceeds of the Savings Insurance Policies. The Savings Insurance Policies are pledged to the Seller. See for more detail section 2 (*Risk factors*) and 6.2 (*Description of Mortgage Loans*).

In respect of the Savings Mortgage Loans to which a Savings Insurance Policy of ASR Levensverzekering N.V. is connected, ASR Levensverzekering N.V. will, as Insurance Savings Participant, agree to use the amount of the Savings Premiums scheduled to be received by it (and the interest received on the Participation) to acquire a Participation in the relevant Savings Mortgage Receivables.

In respect of the Savings Mortgage Loans to which a Savings Insurance Policy of Interpolis is connected, Obvion will, as Insurance Savings Participant, agree to use an amount equal to the amount of the Savings Premiums scheduled to be received by Interpolis (and the interest received on the Participation) to acquire a Participation in the relevant Savings Mortgage Receivables.

**Switch Mortgage  
Loans**

A portion of the Mortgage Loans or parts thereof will be in the form of Switch Mortgage Loans which are offered by the Seller under the name of "Obvion Switchhypotheek". Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy with Interpolis whereby part of the premiums paid is invested in certain Switch Investment Funds and/or deposited into a Switch Savings Account. The Borrowers may at any time switch (*omzetten*) their investments among the Switch Investment Funds and to and from the Switch Savings Account. It is the intention that the Switch Mortgage Loans will be fully repaid by means of the proceeds of the Savings Investment Insurance Policies. The Savings Investment Insurance Policies are pledged to the Seller. See for more detail sections 2 (*Risk factors*) and 6.2 (*Description of Mortgage Loans*).

Obvion will, as Insurance Savings Participant, agree to use an amount equal to the amount of the Savings Premiums scheduled to be received by Interpolis (and the interest received on the Participation) to acquire a Participation in the Switch

Mortgage Receivables.

**Bank Savings Mortgage Loans** A portion of the Mortgage Loans or parts thereof will be in the form of Bank Savings Mortgage Loans which consist of mortgage loans between the Seller and the relevant Borrowers combined with a Bank Savings Account held by such Borrowers with the Bank Savings Account Bank. Under a Bank Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower on a monthly basis pays a Bank Savings Deposit. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account at maturity of the associated Bank Savings Mortgage Loan will be equal to the amount due by the Borrower to the Seller at maturity of such Bank Savings Mortgage Loan. It is the intention that the Bank Savings Mortgage Loans will be fully repaid by the balance standing to the credit of the Bank Savings Accounts. The Bank Savings Accounts are pledged to the Seller and subsequently re-pledged to the Bank Savings Account Bank. See for more detail sections 2 (*Risk factors*) and 6.2 (*Description of Mortgage Loans*).

Obvion will, as Bank Savings Participant, agree to use an amount equal to the amount of the Bank Savings Deposits scheduled to be received by the Bank Savings Account Bank (and the interest received on the Participation) to acquire a Participation in the Bank Savings Mortgage Receivables. See for more detail section 7.6 (*Sub-participation*).

## **1.7 Portfolio documentation**

**Mortgage Receivables** Under the Mortgage Receivables Purchase Agreement, the Issuer will, subject to the fulfilment of certain conditions (including compliance with the Mortgage Loan Criteria and the Additional Purchase Criteria), purchase and accept the assignment of any and all Mortgage Receivables, which will include any Further Advance Receivables, any Replacement Receivables and any New Mortgage Receivables and, for the avoidance of doubt, including any parts thereof corresponding with amounts constituting Construction Deposits, of the Seller against certain Borrowers under or in connection with certain selected Mortgage Loans (which may consist of one or more Loan Parts) originated by the Seller and that are secured by a Mortgage.

The Seller has the benefit of Beneficiary Rights which entitles the Seller to receive 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.

**Further** A portion of the Mortgage Receivables is secured by Mortgages that will also secure any Further Advances to be granted by the Seller to the relevant

**Advances**

Borrower whereby Further Advances include: (a) further advances made under a Mortgage Loan which will be secured by the same Mortgage as the loan previously made under such Mortgage Loan (*verhoogde inschrijving*), (b) further advances made under a Mortgage Loan which will be secured by a second or sequentially lower priority Mortgage as the loan previously made under such Mortgage Loan (*verhoging*) and (c) withdrawals of monies which were previously repaid by a Borrower to redeem the Mortgage Loan (*heropname*). The Mortgage Receivables Purchase Agreement provides, that as from the Closing Date up to (but excluding) the First Optional Redemption Date, if, subject to the Mortgage Conditions, the Seller has agreed with a Borrower to grant a Further Advance, the Issuer will, subject to the fulfilment of certain conditions (including compliance with the Mortgage Loan Criteria and the Additional Purchase Criteria), purchase and accept assignment of the Further Advance Receivable and the Beneficiary Rights relating thereto on the next succeeding Notes Payment Date, provided that the Issuer has sufficient funds available for payment of the Initial Purchase Price for such Further Advance Receivable.

The Issuer will, subject to and in accordance with certain conditions and subject to the Redemption Priority of Payments, apply the Available Principal Funds or part thereof towards payment of the Initial Purchase Price for the Further Advance Receivables.

When a Further Advance is granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable and the Beneficiary Rights relating thereto, the Issuer will at the same time create a first right of pledge on such Further Advance Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.

If, *inter alia*, (a) any Further Advance Receivable does not meet the Additional Purchase Criteria on the relevant Notes Payment Date or (b) the Issuer does not have sufficient funds available for payment of the Initial Purchase Price for such Further Advance Receivable, the Seller shall repurchase and accept the re-assignment of any Mortgage Receivable resulting from the Mortgage Loan in respect of which a Further Advance is granted and the Beneficiary Rights relating thereto.

**Replacement  
Receivables**

The Mortgage Receivables Purchase Agreement provides that, if any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall, if such matter is not capable of being remedied or is not remedied in accordance with the terms of the Mortgage Receivables Purchase Agreement, at the Seller's expense, repurchase and accept re-assignment of the relevant Mortgage Receivable. The Issuer will, up to (but excluding) the First Optional Redemption Date, on the Notes Payment Date immediately following the date of such repurchase apply the Available Principal Funds up to the Replacement Available



Amount to purchase and accept assignment from the Seller of any Replacement Receivables and the Beneficiary Rights relating thereto, subject to the fulfilment of certain conditions and to the extent offered by the Seller. Such conditions include, *inter alia*, the requirement that any Replacement Receivables should meet the Mortgage Loan Criteria and the Additional Purchase Criteria as set forth in the Mortgage Receivables Purchase Agreement and that the purchase price of such Replacement Receivables shall not exceed the then Replacement Available Amount. See section 7.1 (*Purchase, repurchase and sale*)).

When the Issuer purchases and accepts assignment of the relevant Replacement Receivable and Beneficiary Rights relating thereto, the Issuer will at the same time create a first right of pledge on such Replacement Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.

**New Mortgage Receivables**

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to (but excluding) the Revolving Period End Date, the Issuer will on each Notes Payment Date apply the Available Principal Funds up to the New Mortgage Receivable Available Amount to purchase and accept assignment from the Seller of any New Mortgage Receivables and the Beneficiary Rights relating thereto, subject to the fulfilment of certain conditions and to the extent offered by the Seller, or to make a reservation for such purpose, which will form part of the Reserved Amount. Such conditions include, *inter alia*, the requirement that any New Mortgage Receivables meet the Mortgage Loan Criteria and the Additional Purchase Criteria as set forth in the Mortgage Receivables Purchase Agreement and that the purchase price of such New Mortgage Receivables shall not exceed the then New Mortgage Receivables Available Amount. During the Pre-Funding Period the amount standing to the credit of the Pre-Funding Account shall form part of the New Mortgage Receivables Available Amount. See section 7.1 (*Purchase, repurchase and sale*)).

When the Issuer purchases and accepts assignment of the relevant New Mortgage Receivable and Beneficiary Rights relating thereto, the Issuer will at the same time create a first right of pledge on such New Mortgage Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.

**Reserved Amount**

On any Notes Payment Date which falls prior to the Revolving Period End Date, the Issuer shall credit the Reserved Amount into the Issuer Collection Account. The Reserved Amount will be applied towards the purchase of New Mortgage Receivables on the next succeeding Notes Payment Dates up to (but excluding) the Revolving Period End Date, provided that on each such date the conditions for purchase of such New Mortgage Receivables are met and to the extent any New Mortgage Receivables are offered by the Seller. Any part of the Reserved Amount which has not been applied towards the purchase of New Mortgage Receivables on the Revolving Period End Date will form part of the Available Redemption Funds on such date and be available for application under the

Redemption Priority of Payments.

**Mandatory  
repurchase  
of  
Mortgage  
Receivables**

In the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable sold by it to the Issuer:

- (a) on the Notes 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 the relevant Mortgage Loan and/or the relevant Mortgage Receivable, including the representation and warranty that the Mortgage Loan or, as the case may be, the Mortgage Receivable meets the Mortgage Loan Criteria, are untrue or incorrect;
- (b) on the Notes Payment Date immediately following the date on which the Seller agrees with a Borrower under and in respect of such Mortgage Receivable to grant a Further Advance under the relevant Mortgage Loan, *inter alia*, if and to the extent that following the purchase of the Further Advance Receivables, the Additional Purchase Criteria would not be met;
- (c) on the Notes Payment Date immediately following the date on which a modification of the terms of a Savings Mortgage Loan or a Bank Savings Mortgage Loan into any other form of mortgage loan becomes effective;
- (d) on the Notes Payment Date immediately following the date on which an amendment of the terms of the relevant Mortgage Loan becomes effective as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan;
- (e) on the Notes Payment Date immediately following the date on which subject to the terms of a Switch Mortgage Loan, a switch by a Borrower of whole or part of the premiums deposited into the Switch Savings Account into an investment in one or more Switch Investment Funds becomes effective;
- (f) on the Notes Payment Date immediately following the date on which the Seller becomes aware that a Mortgage Loan no longer has the benefit of an NHG Guarantee for the full amount of such Mortgage Loan as adjusted in accordance with the NHG Conditions as a result of an action taken or omitted to be taken by the Seller or the Servicer; and
- (g) on the Notes Payment Date immediately following the date on which the

Seller has notified the Issuer that, while it is entitled to make a claim under the NHG Guarantee, it will not make such claim.

The purchase price will be calculated as described in section 7.1 (*Purchase, repurchase and sale*).

**Optional Repurchase of Mortgage Receivables** In addition, the Seller may (without the obligation to do so) repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Notes Payment Date on which the aggregate Net Outstanding Principal Balance of all the Mortgage Receivables is not more than 10 per cent. of the aggregate Net Outstanding Principal Balance of all the Mortgage Receivables on the Closing Date. The purchase price will be calculated as described in section 7.1 (*Purchase, repurchase and sale*).

**Participation Agreements** The Issuer will enter into an Insurance Savings Participation Agreement with each of the Insurance Savings Participants under which each of the Insurance Savings Participants will acquire participations in the relevant Savings Mortgage Receivables and Obvion as Insurance Savings Participant will acquire participations in the Switch Mortgage Receivables if and to the extent the Borrowers invest part of the premiums paid on the relating Savings Investment Insurance Policy by making a deposit into the Switch Savings Account (see further *Savings Mortgage Loans and Switch Mortgage Loans* in section 2 (*Risk factors*)). In each of the Insurance Savings Participation Agreements the relevant Insurance Savings Participant will undertake to pay to the Issuer on each Mortgage Collection Payment Date an amount equal to the sum of all amounts scheduled to be received as Savings Premiums on the relevant Savings Insurance Policies or the relevant Savings Investment Insurance Policies, as well as the Switched Savings Participations.

In return, the Insurance Savings Participants are entitled to receive the Insurance Savings Participation Redemption Available Amount from the Issuer. The amount of the Participation with respect to a Savings Mortgage Receivable and a Switch Mortgage Receivable consists of (a) the initial participation at the Closing Date, or, in case of the purchase of a Further Advance Receivable, a Replacement Receivable or a New Mortgage Receivable to which a Savings Insurance Policy or Savings Investment Insurance Policy is connected, on the relevant Notes Payment Date, which is equal to the sum of all amounts scheduled to be received up to such date by the relevant Insurance Company as Savings Premiums in respect of such Mortgage Receivables and accrued interest and (b) increased on a monthly basis with an amount equal to the sum of (i) the Savings Premiums scheduled to be received from the relevant Borrowers and paid by the relevant Insurance Savings Participant to the Issuer plus, in case of a Savings Investment Insurance Policy, the Switched Savings Participation, if any, and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the relevant Savings Mortgage Receivable or Switch

Mortgage Receivable, of the interest due by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable. The aggregate Initial Insurance Savings Participations with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables purchased by the Issuer on the Closing Date amounts to EUR 14,774,417.79. See further section 7.6 (*Sub-participation*).

Furthermore, the Issuer will enter into a Bank Savings Participation Agreement with the Bank Savings Participant under which the Bank Savings Participant will acquire participations in the Bank Savings Mortgage Receivables (see further *Bank Savings Mortgage Loans* in section 2 (*Risk factors*)). In the Bank Savings Participation Agreement, the Bank Savings Participant will undertake to pay to the Issuer on each Mortgage Collection Payment Date an amount equal to the sum of all amounts scheduled to be received by the Bank Savings Account Bank as Bank Savings Deposits.

In return, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the Issuer. The amount of the Bank Savings Participation with respect to a Bank Savings Mortgage Receivable consists of (a) the initial participation at the Closing Date, or, in case of the purchase of a Further Advance Receivable, a Replacement Receivable or a New Mortgage Receivable to which a Bank Savings Accounts is connected, on the relevant Notes Payment Date, which is equal to the sum of all amounts scheduled to be received up to such date by the Bank Savings Account Bank as Bank Savings Deposits in respect of such Mortgage Receivables and accrued interest, (b) increased on a monthly basis with an amount equal to the sum of (i) the Bank Savings Deposits scheduled to be received from the relevant Borrowers and paid by the Bank Savings Participant to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the relevant Bank Savings Mortgage Receivable, of the interest due by the Borrower in respect of such Bank Savings Mortgage Receivable. The aggregate Initial Bank Savings Participations with respect to the Bank Savings Mortgage Receivables purchased by the Issuer on the Closing Date amounts to EUR 12,592,069.16. See further section 7.6 (*Sub-participation*).

#### **Construction Deposits**

Pursuant to the Mortgage Conditions, in respect of certain Mortgage Loans, the Borrower has the right to request that part of the Mortgage Loan will be applied towards construction of, or improvements to, the relevant Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the relevant Borrowers in order to enable them to pay for construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such mortgages are called construction mortgages (*bouwhypotheek*)). The aggregate amount of the

Construction Deposits as at the Initial Cut-Off Date is EUR 2,514,667.59.

After the building activities or renovation activities have been finalised, the remaining amount of a Construction Deposit will be set-off against the Mortgage Receivable. The Seller will pay such amount of the relevant Construction Deposit to the Issuer to form part of the Available Principal Funds on the next succeeding Notes Payment Date.

If following the occurrence of an Assignment Notification Event a Borrower invokes a right of set-off of the amount due under the Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit, the Issuer shall be entitled to invoke the Construction Deposits Guarantee in which case Rabobank in its capacity as Construction Deposits Guarantor shall promptly pay to the Issuer an amount equal to the outstanding payment obligations of the Seller to the Borrower with respect to the relevant Construction Deposits (if any) in relation to which the Borrower has claimed such right of set-off. The Construction Deposits Guarantee is subject to a maximum of EUR 6,000,000.

**Sale of Mortgage  
Receivables**

On any Optional Redemption Date and on any Notes Payment Date following the exercise by it of the Tax Call Option, the Issuer has, subject to certain conditions, the right to sell and assign all (but not only part of) the Mortgage Receivables to any party, provided that the Issuer shall first offer the Seller the option to buy and repurchase the Mortgage Receivables and provided further that the Issuer will be entitled to sell and assign the Mortgage Receivables to any third party if the Seller does not inform the Issuer within a period of 15 Business Days from the date the offer was notified to the Seller of its intention to buy and repurchase the Mortgage Receivables. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Notes, other than the Class C Notes.

The purchase price will be calculated as described in section 7.1 (Purchase, repurchase and sale).

**Servicing  
Agreement**

Under the Servicing Agreement, the Servicer will agree to provide administration and management services in relation to the Mortgage Loans and the Mortgage Receivables on a day-to-day basis, including without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the Mortgage Receivables and the implementation of arrears procedures including, if applicable, the enforcement of Mortgages (see further sections 6.3 (*Origination and servicing*) and 7.5 (*Servicing Agreement*)). The Servicer has appointed Stater Nederland B.V. as its sub-mpt provider under the terms of the Servicing Agreement.

## **1.8 General**

|                                    |  |
|------------------------------------|--|
| <b>Administration Agreement</b>    | Under the Administration Agreement the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions (see further section 5.7 ( <i>Administration Agreement</i> )).   |
| <b>Management Agreements</b>       | The Issuer, the Shareholder and the Security Trustee will each enter into Management Agreements with the relevant Director in which the relevant Director will undertake to act as a director of the Issuer, the Shareholder and the Security Trustee, respectively, and to perform certain services in connection therewith.  |
| <b>Secured Creditors Agreement</b> | Under the Secured Creditors Agreement each Secured Creditor agrees and confirms that the security provided pursuant to the provisions of the Pledge Agreements shall, indirectly, through the Security Trustee, be for the exclusive benefit of the Secured Creditors (including for the avoidance of doubt, the Noteholders). Under the Secured Creditors Agreement each Secured Creditor, <i>inter alia</i> , agrees to be bound by the relevant terms and provisions of the Trust Deed including, but not limited to, the limited recourse and non-petition provisions contained therein. |
| <b>Governing Law</b>               | The Transaction Documents (which also include the Notes), other than the Swap Agreement, and any non-contractual obligations arising out of or in relation to the Transaction Documents other than the Swap Agreement, will be governed by and construed in accordance with Dutch law. The Swap Agreement and any non-contractual obligations arising out of or in relation to the Swap Agreement, will be governed by and construed in accordance with the laws of England and Wales.   |

## 2 RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which are material for the purpose of assessing the market risks associated with the Notes are 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 and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers not material in respect of its ability to comply with its obligations in respect of the Notes may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with the Notes or otherwise comply with any and all of its obligations in respect of the Notes. Prospective investors should read the information contained in this section in conjunction with the detailed information set out elsewhere in this Prospectus and should reach their own views prior to making any investment decision. Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

### **RISKS RELATED TO THE NOTES**

#### **Liabilities under the Notes and limited recourse under the Notes**

The Notes will represent obligations of the Issuer only. 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 Servicer, the Issuer Administrator, the Arranger, the Manager, the Participants, the Issuer Account Bank, the Cash Advance Facility Provider, the Swap Counterparty, the Back-Up Swap Counterparty, the Paying Agent, the Reference Agent, the Construction Deposits Guarantor, the Commingling Guarantor, the Directors or the Security Trustee, provided that following delivery of an Enforcement Notice any amounts received or recovered by the Security Trustee under the Pledge Agreements will be distributed by the Security Trustee to, *inter alios*, the Noteholders subject to and in accordance with the Post-Enforcement Priority of Payments. Furthermore, none of the Seller, the Servicer, the Issuer Administrator, the Arranger, the Manager, the Participants, the Issuer Account Bank, the Cash Advance Facility Provider, the Swap Counterparty, the Back-Up Swap Counterparty, the Paying Agent, the Reference Agent, the Construction Deposits Guarantor, the Commingling Guarantor or the Directors or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The ability of the Issuer to meet its obligations to repay in full all principal of and to pay all interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, payments under the Swap Agreement and the Participation Agreements, interest in respect of the balances standing to the credit of the Issuer Accounts, the availability of the Reserve Account and the amounts to be drawn under the Cash Advance Facility. See section 5 (*Credit structure*). The Issuer does not have other resources available. There can be no assurance that the Issuer will have sufficient funds to fulfil its payment obligations under the Notes.

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

The obligations of the Issuer under the Notes are limited recourse obligations. Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Issuer to the Security Trustee pursuant to the Pledge Agreements. If the security granted pursuant to the Pledge Agreements is enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to amounts due under the Notes, are insufficient to repay in full all principal and to pay all interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. As enforcement of the security by the Security Trustee pursuant to the terms of the Trust Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes, the Noteholders shall, following the application of the foreclosure proceeds subject to and in accordance with the Post-Enforcement Priority of Payments, have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

### **Risks inherent to the Notes**

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. Neither the Issuer nor the Paying Agent will have any responsibility for the proper performance by Euroclear and Clearstream, Luxembourg or their participants of their obligations under their respective rules, operating procedures and calculation methods.

#### **(a) Credit risk**

There is a risk of non-payment of principal and interest on the Notes due to non-payment of principal and interest on the Mortgage Receivables, despite the following:

- (i) the fact that each Mortgage Loan has the benefit of an NHG Guarantee;
- (ii) in case of the Class A Notes, the subordinated ranking of the Class B Notes;
- (iii) the Reserve Account; and
- (iv) the Excess Spread.

The proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date. The Issuer will transfer to the Reserve Account on each Notes Payment Date an amount, to the extent available in accordance with the Revenue Priority of Payments, up to the Reserve Account Target Level. As a consequence there is no guarantee that the Reserve Account will be funded up to the Reserve Account Target Level from time to time. Principal on the Class C Notes will be paid out of the



(i) Excess Spread and (ii) the balance standing to the credit of the Reserve Account upon redemption of the Class A Notes and Class B Notes in accordance with the Revenue Priority of Payments.

(b) *Liquidity risk*

There is a risk that payments to be made by the Borrowers on the Mortgage Loans are not received by the Issuer on time, thus causing temporary liquidity problems to the Issuer, despite (i) the Excess Spread, (ii) the Reserve Account (to the extent available for such purpose) and (iii) in certain circumstances, the Cash Advance Facility provided by the Cash Advance Facility Provider. There can be no assurance that this mitigation will protect the Noteholders in full against this risk.

(c) *Prepayment risk*

The level of prepayments by the Borrowers can vary and therefore result, if no additional sales and assignments take place, in an average life of the Notes which is shorter or longer than may be anticipated. As long as the Seller on each Notes Payment Date offers New Mortgage Receivables to the Issuer up to an amount equal to the New Mortgage Receivables Available Amount, the Notes will most likely not be redeemed until the First Optional Redemption Date. However, there is a risk that the conditions for any additional sale and assignment of New Mortgage Receivables (including, without limitation, the Mortgage Loan Criteria and the Additional Purchase Criteria) are not met or that the Seller does not offer to the Issuer sufficient New Mortgage Receivables. If the Reserved Amount on three consecutive Notes Payment Dates is higher than EUR 1,000,000, a Revolving Period End Date occurs and the Available Principal Funds (including the part thereof that was reserved by the Issuer pursuant to Condition 6(a))(ii) will be used to redeem the Notes. In addition, the average life of the Notes is subject to some factors outside the control of the Issuer and consequently no assurance can be given that any estimates and assumptions will prove in any way to be realistic.

(d) *Maturity risk and risk that the Issuer will not exercise its option to redeem the Notes (other than the Class C Notes) on any Optional Redemption Date*

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at maturity. The Final Maturity Date for the Notes is the Notes Payment Date falling in September 2067. The Issuer has on any Optional Redemption Date pursuant to Condition 6(e) (*Optional redemption*) the option to sell and assign all (but not only part of) the Mortgage Receivables to any party, provided however that the Issuer shall, before selling the Mortgage Receivables to a third party, make an offer to the Seller to purchase such Mortgage Receivables. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (other than the Class C Notes) in accordance with the Conditions. If the Issuer does not exercise this option on the First Optional Redemption Date, the interest margin of the Notes (other than the Class C Notes) will increase and as from the First Optional Redemption Date will be equal to a floating rate based on 3-months Euribor plus the margin set out in Condition 4(d) (*Interest following the First Optional Redemption Date*). Accordingly, the Issuer may or may not have an incentive to exercise its right to redeem the Notes (other than the Class C Notes) on the First Optional Redemption Date or any Notes Payment Date thereafter. However, no guarantee can be given that the Issuer will exercise its option (which will depend, *inter alia*, on whether the Issuer will have sufficient funds, including, following any sale of the

Mortgage Loans to the Seller or a third party (which may or may not be available)) and therefore that the Notes will be redeemed on the First Optional Redemption Date or any Notes Payment Date thereafter.

In addition to an optional redemption pursuant Condition 6(e) (*Optional redemption*) of the Notes, the Notes may be redeemed prematurely by the Issuer pursuant to Condition 6(f) (*Redemption following clean-up call*) following the exercise by the Seller of its Clean-Up Call Option, or pursuant to Condition 6(h) (*Redemption for tax reasons*), following the exercise by the Issuer of its Tax Call Option. In such circumstances, Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions, including, the rate of investment return, similar to those of the relevant Notes.

See further section 4.1 (*Terms and conditions*).

(e) *Interest rate risk*

There is a risk that, due to interest rate movements, the interest received on the Mortgage Receivables and the Issuer Accounts is not sufficient to pay the floating rate of interest on the Notes.

(f) *Structural/legal risks*

As to the structural/legal risks relating to the Notes reference is made to, *inter alia*, paragraphs Transfer of legal title to Mortgage Receivables, Set-off by Borrowers may affect the proceeds under the Mortgage Receivables, Risks related to Mortgages and Borrower Pledges, Risks related to Insurance Policies and Reduced value of investments and incomplete or misleading material in this section below.

**Credit rating may not reflect all risks**

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies as a result of changes in or unavailability of information or if, in any of the Credit Rating Agencies' judgement, circumstances so warrant. The ratings to be assigned to the Notes by the Credit Rating Agencies are based on the value and cash flow-generating ability of the Mortgage Receivables and other relevant structural features of the transaction, including, *inter alia*, the short-term and/or long-term unsecured and unsubordinated debt rating (in relation to S&P and Moody's) or the short-term and/or long-term issuer default rating (in relation to Fitch) of the other parties involved in the transaction, such as the providers and guarantors of ancillary facilities (i.e. the Issuer Account Bank, Back-Up Swap Counterparty and Cash Advance Facility Provider) and reflect only the view of each of the Credit Rating Agencies.

Future events, including, but not limited to, events affecting the Back-Up Swap Counterparty and/or circumstances relating to the Mortgage Receivables and/or the Dutch residential mortgage market, in general could have an adverse effect on the ratings of the Notes as well. Any revision, suspension or withdrawal of the ratings of the Notes may have an adverse effect on the market value of the Notes and the ability of the Noteholders to sell or acquire credit protection on their Notes readily.

### **The ratings assigned to the Notes may be revised, suspended or withdrawn at any time despite Credit Rating Agency Confirmation**

In addition, the Transaction Documents may provide that upon the occurrence of a certain event or matter, the Security Trustee needs to obtain a Credit Rating Agency Confirmation before it is allowed to take any action or consent to an amendment of the relevant Transaction Documents as a result of the occurrence of such event or matter. An exception applies only in the case of an amendment or alteration of a Transaction Document which is of a formal, minor or technical nature, is made to correct a manifest error or is made in order for the Issuer to comply with its EMIR obligations or any obligation which applies to it under the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the CRR-Securitisation Amendment and/or for the transaction as described in this Prospectus to qualify as STS-securitisation, which is not considered to be a Basic Terms Change, and is notified to the Credit Rating Agencies.

The Noteholders should be aware that a Credit Rating Agency is not obliged to provide a written statement and that whether or not a Credit Rating Agency Confirmation has been obtained by the Security Trustee, this does not include a confirmation by a Credit Rating Agency of the then current ratings assigned to the Notes (even if such Credit Rating Agency Confirmation includes a statement in writing from a Credit Rating Agency that the then current rating assigned to the Notes will not be adversely affected by or withdrawn as a result of the relevant event or matter), nor does it mean that the Notes may not be downgraded or such ratings may not be withdrawn by a Credit Rating Agency, either as a result of the occurrence of the event or matter in respect of which the Credit Rating Agencies have been notified or such Credit Rating Agency Confirmation has been obtained or for any other reason.

### **Disclosure requirements CRA Regulation**

The CRA Regulation provides for certain additional disclosure requirements for SFIs. Such disclosure will need to be made via a website to be set up by ESMA. The Commission Delegated Regulation 2015/3 of 30 September 2014, which contains regulatory technical standards adopted by the European Commission to implement provisions of the CRA Regulation, came into force on 26 January 2015. The regulatory technical standards apply from 1 January 2017. In relation to an SFI issued or outstanding on or after the date of application of Delegated Regulation 2015/3, the issuer, originator and sponsor are required to comply with the reporting requirements. In its press release, dated 27 April 2016, ESMA communicated to the public that it is unlikely that ESMA will make available the SFI-website on which the reports on outstanding SFIs must be made available by 1 January 2017 or that it will be able to publish the technical instructions which ESMA must prepare pursuant to article 8b of the CRA Regulation by that date. In the press release ESMA concluded that the reporting obligations under the CRA Regulation for SFIs may possibly be replaced by obligations based on new rules to be adopted and to be included in the Securitisation Regulation. Accordingly, pursuant to the obligations set forth in article 7(2) of the Securitisation Regulation, the originator, sponsor and securitisation special purpose entity (**SSPE**) of a securitisation shall designate amongst themselves one entity to submit the information set out in points (a), (b), (e), (f) and (g) of the first subparagraph of article 7(1), which includes the prospectus issued in the context of the offer of notes in a securitisation transaction, to a regulated securitisation repository. The securitisation repository, which authorisation requirements are set out in chapter 4 of the Securitisation Regulation will in turn disclose information on securitisation transactions to the public. With the application of

these provisions, the disclosure requirements of the CRA Regulation concerning SFI's are also addressed. None of the transitory provisions set out in the Securitisation Regulation provide for retroactive effect of the disclosure requirements as set out in Article 7 Securitisation Regulation. Consequently, in principle, the provisions of the Securitisation Regulation on disclosures should not affect the Notes. Following delivery of an STS Notification within the meaning of the Securitisation Regulation to ESMA in accordance with Article 27 in conjunction with Article 43 of the Securitisation Regulation, the disclosure requirements as set out in Article 7 of the Securitisation Regulation will become applicable in respect of the Notes even if they are issued prior to 1 January 2019, subject to and in accordance with Article 43 of the Securitisation Regulation and the disclosure requirements of Article 7 Securitisation Regulation will replace the disclosure requirements stemming from the provisions of law applicable prior to 1 January 2019. In a joint statement of the European Supervisory Authorities published on 30 November 2018, the European Supervisory Authorities confirmed that with the repealing of Article 8b of the CRA Regulation by Article 40 of the Securitisation Regulation and until the ESMA reporting templates to be used to meet the reporting requirements under Article 7 Securitisation Regulation will be available, the competent authority will be required to make a case-by-case assessment when examining the compliance with the disclosure requirements of the Securitisation Regulation, taking into account the type and extent of information being disclosed by the reporting entity. On the date of this Prospectus, there remains uncertainty as to the nature and detail of the information to be published, the manner in which it will need to be published and what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with the reporting obligations.

### **Risks relating to benchmarks**

Euribor and other interest rates or other types of rates and indices which are deemed to be "benchmarks" pursuant to the Benchmark Regulation are the subject of ongoing regulatory reform. Upon the expiration, with effect from 1 January 2020, of the exemption from registration as benchmark administrator of the parties currently administering the benchmarks, the authorisation for the administration of benchmarks will change. This could result in the benchmarks performing differently or being eliminated entirely. In addition, there could be other consequences, including those which cannot be predicted.

Furthermore, the Euro short-term rate (ESTER) is to replace the current EONIA benchmark rate produced by the private sector commencing October 2019. It will reflect the wholesale eur unsecured overnight borrowing costs of euro area banks.

Investors should be aware that, if Euribor or any other benchmark were discontinued or otherwise unavailable, the rate of interest on the Notes which reference any such benchmark will be determined for the relevant period by the fall back provisions applicable to such Notes. Any such fall back arrangements and the services of the provider of an alternative benchmark must meet the Benchmark Regulation Requirements. Furthermore, the determination of Euribor will be dependent on the provision of quotations by major banks for the rate at which euro deposits are offered and such fall back provisions may not operate as intended or as permitted under the Benchmark Regulation. If the Reference Agent and the Issuer are unable to determine Euribor in accordance with the fall back provisions in relation to the relevant Interest Period, the Euribor applicable to such Interest Period will be Euribor last determined in relation thereto. This mechanism is not suitable for determining the interest rate payable on the Notes on a long-term basis. Moreover, any of the above changes or any other consequential changes to Euribor or any other "benchmark" as a result of international and national reforms or further proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing

and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a "benchmark". At this time, it is not possible to predict what the actual effect of these developments will be or what the impact on the value of the Notes will be.

### **Listing of the Class A Notes**

It is, amongst others, a requirement for Eurosystem Eligible Collateral to be listed. If the Class A Notes will not be admitted to listing, they will not be recognised as Eurosystem Eligible Collateral. Application will be made for the Class A Notes to be listed on Euronext Amsterdam on the Closing Date. However, there is no assurance that the Class A Notes will be admitted to listing on Euronext Amsterdam.

### **Risk related to unsolicited ratings on the Notes**

Other credit rating agencies that have not been engaged to rate the Notes by the Issuer may issue unsolicited credit ratings on the Notes at any time. Any unsolicited ratings in respect of the Notes may differ from the ratings expected to be assigned by Moody's, S&P and Fitch and may not be reflected in any final terms. Issuance of an unsolicited rating which is lower than the ratings assigned by Moody's, S&P and Fitch in respect of the Notes may adversely affect the market valuation and/or the liquidity of the Notes.

### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. Before mentioned EU Member States save for Estonia, as Estonia withdrew from the enhanced cooperation in March 2016, are hereinafter referred to as the **FTT Participating Member States**.

The proposed FTT has a very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in an FTT Participating Member State or (ii) the financial instruments are issued in an FTT Participating Member State.

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the EU Member States. It has been reiterated in this meeting that the FTT Participating Member States envisage introducing an FTT by the so-called enhanced cooperation.

The proposed directive defines how the FTT would be implemented in the FTT Participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

The directive requires the unanimous agreement of the FTT Participating Member States, after consultation of the European Parliament. All EU Member States can participate in discussions on the proposal, though only FTT Participating Member States can take part in the vote.

The proposed FTT remains subject to negotiation between the FTT Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and FTT Participating Member States.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **The market valuation of the Notes may be adversely affected by a lack of liquidity in the secondary market**

There is not, at present, an active and/or liquid secondary market for the Notes. There can be no assurance that such market will develop or, if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption or earlier upon application in full of the proceeds of enforcement of the Security by the Security Trustee or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes.

Despite recent improved market conditions in Dutch residential mortgage-backed securities, the secondary market is still experiencing disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities. This has had a material adverse impact on the market valuation of mortgage-backed securities similar to the Notes. As a result, the secondary market for mortgage-backed securities is experiencing limited liquidity. These conditions may improve, continue or worsen in the future. Limited liquidity in the secondary market for mortgage-backed securities has had and may continue to have an adverse effect on the market valuation of mortgage-backed securities, especially those securities that are more sensitive to credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, investors may not be able to sell or acquire credit protection on their Notes readily. The market valuation of the Notes is likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to investors.

In addition, potential investors in the Notes should be aware of the prevailing global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. In particular, it should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the **Eurozone**). Such lack of liquidity may result in investors suffering losses on the Notes in secondary trades even if there is no decline in the performance of the portfolio. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and investments similar to the Notes at that time.

Whilst central bank schemes, such as the ECB liquidity scheme, provide an important source of liquidity in respect of eligible securities, restrictions in respect of the relevant eligibility criteria for eligible collateral which apply and will apply in the future under such central bank schemes are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities pursuant to such central bank schemes or not.

### **Recent conditions in the global financial markets**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and comparable developments globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the Eurozone comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European

Community (signed in Rome on 25 March 1957) as amended. The market's anticipation of these (potential) impacts could adversely affect the business, financial condition and available liquidity of counterparties to the Issuer and their ability to perform the respective obligations under the relevant Transaction Documents. These factors and further general market conditions could adversely affect the liquidity and performance of the Notes.

#### **The liquidity and performance of the Notes may be adversely affected by the UK's withdrawal from the EU (Brexit)**

Under the European Referendum Act 2015, a referendum on the UK's membership of the EU was held on 23 June 2016. Under the referendum the participating voters in the UK voted by a majority to cancel the rights and obligations following from the treaties and further agreements entered into by the Member States establishing the EU (**Brexit**). Such a cancellation must be formally implemented by a notification to the EU under Article 50 of the Treaty on European Union (previously known as the Treaty of Maastricht). On 29 March 2017 the European Council received a letter from the British Prime Minister notifying the European Council of the United Kingdom's intention to leave the European Union. This notification letter commences the withdrawal process under Article 50 of the Treaty on European Union and a period of negotiation (prescribed under EU law to be a maximum of two years, although this period may be extended in certain circumstances) between the UK and the EU on the terms and conditions of the withdrawal started in June 2017. On 14 November 2018, the EU and the UK announced that they have agreed on a Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community which outlines the terms of the UK's withdrawal from the EU (the **Draft Withdrawal Agreement**). Pursuant to the Draft Withdrawal Agreement there will be a transition period until 31 December 2020 during which the UK will stay within the EU single market and customs union. The Draft Withdrawal Agreement is as at the date of the Prospectus subject to the approval of the European Parliament and the UK Parliament before 29 March 2019. The uncertainty surrounding the implementation and effect of Brexit, including, the length of the Brexit negotiation and/or transition period, the terms and conditions of Brexit, the uncertainty in relation to the legal and regulatory framework that would apply to the UK and its relationship with the remaining members of the EU (including, in relation to trade) during and after Brexit is being effected, has caused and is likely to cause increased economic volatility and adverse market uncertainty.

#### **Eligibility of the Class A Notes for Eurosystem monetary policy**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend, *inter alia*, upon satisfaction of the Eurosystem eligibility criteria, as amended from time to time, as specified by the European Central Bank, which criteria includes loan-level data reporting requirements for residential mortgage-backed securities. Accordingly, if loan-level data reporting requirements are not complied with, Eurosystem eligibility of the Class A Notes may not, or may not continue to be, recognised.

The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes, that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investors in the Class A Notes should make their own determinations and seek their own advice with respect to

whether or not the Class A Notes constitute Eurosystem Eligible Collateral. The Class B Notes and the Class C Notes are not intended to be recognised as Eurosystem Eligible Collateral.

### **ECB Purchase Programme**

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the Eurozone and, also, to help enterprises across Europe to gain better access to credit, boost investments, create jobs and thus support the overall economic growth. The comprehensive asset purchase programme commenced in March 2015 and includes and replaces the earlier executed asset-backed securities purchase programme and the covered bond purchase programme. As of 1 April 2016 the combined monthly purchases under the asset purchase programme has been increased to EUR 80 billion and includes investment-grade euro-denominated bonds issued by non-bank corporations established in the Eurozone in the list of assets eligible for regular purchases under a new corporate sector purchase programme. In December 2016 the ECB announced that from April 2017 the net asset purchases are intended to continue at a monthly amount of EUR 60 billion instead of EUR 80 billion. In October 2017 the ECB decided that these programmes are intended to be carried out until at least September 2018, but that from January 2018 the net asset purchases are intended to continue at a monthly amount of EUR 30 billion instead of EUR 60 billion. On 14 June 2018, the Governing Council of the ECB stated that it "anticipates that, after September 2018, subject to incoming data confirming the Governing Council's medium-term inflation outlook, the monthly pace of the net asset purchases will be reduced to €15 billion until the end of December 2018 and that net purchases will then end". It remains uncertain which effect these asset purchase programmes will have on the volatility in the financial markets and the overall economy in the Eurozone and the wider European Union. In addition, the continuation, the amendments to or the termination of these purchase programmes could have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.

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

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.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes (including when purchased at a premium to the par value) and the information contained or incorporated by reference in this Prospectus;



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

### **Subordination**

To the extent set forth in Conditions 4 (*Interest*), 6 (*Redemption*) and 9 (*Revenue Shortfall, Principal Deficiency and Principal Shortfall*) (a) the Class B Notes are subordinated in right of payment to the Class A Notes and (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the applicable Mortgage Loans, 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 such Notes, to the extent set forth in Condition 9 (*Revenue Shortfall, Principal Deficiency and Principal Shortfall*). On any Notes Payment Date, any such losses on the Mortgage Loans will be allocated as described in section 5.3 (*Loss allocation*).

### **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.

### **Conflict of interest**

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) each as a Class, 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 this Class of Noteholders on one hand and the lower ranking Class or, as the case may be, Classes of Noteholders on the other hand. In addition, the Security Trustee shall have regard to

the interests of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors the Post-Enforcement Priority of Payments determines which interest of which Secured Creditor prevails, it being noted that, only for the purpose of determining which party's interest prevails in the case where the Security Trustee shall only have regard to the interest of the Secured Creditors mentioned under item d of the Post-Enforcement Priority of Payments, the interest of the Secured Creditor mentioned under item d (ii) of the Post-Enforcement Priority of Payments shall prevail over the interest of the Secured Creditor mentioned under item d (i) of the Post-Enforcement Priority of Payments.

The Manager will on the Closing Date subscribe for the Class A Notes and Rabobank will on the Closing Date subscribe for and purchase the Class B and Class C Notes. Neither the Seller nor any affiliated entity is excluded from purchasing any further Notes. In its capacity as Noteholder, the Seller and any affiliated entity are entitled to exercise the voting rights in respect of the Class B Notes and Class C Notes (and upon a potential purchase of Class A Notes, the Class A Notes), which may be prejudicial to other Noteholders.

Certain Transaction Parties, including but not limited to the Seller, the Manager, the Arranger, the Swap Counterparty, the Back-Up Swap Counterparty, the Cash Advance Facility Provider, the Issuer Administrator, the Commingling Guarantor and the Paying Agent, may act in different capacities in relation to the Transaction Documents and may also be engaged in other commercial relationships, in particular, be part of the same group, be lenders, provide banking, investment banking and other financial services to the Transaction Parties and other relevant parties. In such relationships, *inter alios*, the Seller, the Manager, the Arranger, the Swap Counterparty, the Back-Up Swap Counterparty, the Cash Advance Facility Provider, the Issuer Administrator, the Commingling Guarantor and the Paying Agent are not obliged to take into consideration the interests of the Noteholders. Accordingly, because of these relationships, potential conflicts of interest may arise out of the transaction.

Specifically, the sole managing director of each of the Issuer and the Shareholder is Intertrust Management B.V. which together with the Amsterdamsch Trustee's Kantoor B.V. being the sole Director of the Security Trustee, are part of the same group of companies that also includes Intertrust Administrative Services B.V., the Issuer Administrator. See further section 3.1 (*Issuer*). Furthermore, Rabobank acts in different capacities under the Transaction Documents. Rabobank currently owns 100 per cent. of the shares in the capital of Obvion. See further section 3.4 (*Seller*). Therefore, conflicts of interest may arise.

#### **Modification, authorisation and waiver without consent of Noteholders**

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature, is made to correct a manifest error or is made in order for the Issuer to comply with its EMIR obligations or any obligation which applies to it under the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the CRR-Securitisation Amendment and/or for the transaction as described in this Prospectus to qualify as STS-securitisation, which is not considered to be a Basic Terms Change and is notified to the Credit Rating Agencies, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents, which is in the opinion of the Security Trustee not materially

prejudicial to the interests of the Noteholders, in respect of (ii) only, provided that each Credit Rating Agency has provided a Credit Rating Agency Confirmation in respect of the relevant event or matter.

By obtaining a Credit Rating Agency Confirmation each of the Security Trustee, the Noteholders and the other Secured Creditors will be deemed to have agreed and/or acknowledged that (i) a credit rating is an assessment of credit only and does not address other matters that may be of relevance to the Noteholders or the other Secured Creditors (ii) neither the Security Trustee, nor the Noteholders, nor the other Secured Creditors have any right of recourse to or against the relevant Credit Rating Agency in respect of the relevant Credit Rating Agency Confirmation which is relied upon by the Security Trustee and that (iii) reliance by the Security Trustee on a Credit Rating Agency Confirmation does not create, impose on or extend to the relevant Credit Rating Agency any actual or contingent liability to any person (including, without limitation, the Security Trustee and/or the Noteholders and/or the other Secured Creditors) or create any legal relations between the relevant Credit Rating Agency and the Security Trustee, the Noteholders, the other Secured Creditors or any other person whether by way of contract or otherwise.

#### **The Issuer will not be obliged to gross-up for taxes**

As provided for in Condition 7 (*Taxation*), if any withholding of, or deductions for, or on account of, any present or future taxes, duties or charges of whatever kind is imposed by, or on behalf of, the Netherlands or any other jurisdiction or any political subdivision or any authority of the Netherlands or in the Netherlands having power to tax, the Issuer or the Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties or charges, as the case may be, and shall not be obliged to pay any additional amount to the Noteholders.

#### **Risk relating to possible changes to Dutch tax legislation**

On 18 September 2018, the Dutch government released its Tax Plan 2019 (*Belastingplan 2019*) as part of Budget Day 2018 (*Prinsjesdag 2018*), which includes, among others, certain legislative proposals based on the government's policy intentions against tax avoidance and tax evasion. One of the plans is to introduce a withholding tax on intra-group payments of interest to 'low tax jurisdictions' or countries that are included on the EU list of non-cooperative jurisdictions as of January 1, 2021. Based on a similar legislative proposal introducing a conditional withholding tax on dividends and the supporting parliamentary documents thereto, a jurisdiction will most likely be considered as a 'low tax jurisdiction' if the general statutory rate on business profits of such jurisdiction is less than 9%.

At the date of this Prospectus it is not clear what the exact scope and impact of the proposed measure will be, as no draft bill is available yet. Based on the information publicly available at the date of this Prospectus, it seems unlikely that the proposed interest withholding tax will apply to interest on debt instruments that are issued to holders unrelated to the Issuer, such as the Notes.

If, however, the scope of the proposal would change and the proposed withholding tax would also apply to interest paid to unrelated recipients, it could potentially be applicable to interest payments made under the Notes. A draft bill is expected to be published in 2019.

#### **Implementation of Basel III and Solvency II affects the regulatory capital requirements and/or the liquidity requirements associated with the purchase and holding of the Notes by certain investors subject to such requirements**

In Basel III, the Basel Committee has made significant amendments to Basel II which aim at a substantial strengthening of the framework for qualitative capital requirements and the introduction of additional capital buffers to strengthen the overall capital base of banks and to address risks related to macroprudential developments and systemic risk. Basel III also introduced a harmonised international framework for liquidity management introducing standards to manage short-term and longer-term funding and liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Finally, a leverage ratio is proposed requiring capital adequacy based on a non-risk weighted assessment of balance sheet and off balance sheet items serving as back stop capital requirement for banks. This back stop addresses the potential arbitrary outcome of capital adequacy calculations based on internal models and risk weighting processes generally. The changes to the Basel II standards adopted by the Basel Committee have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised Basel III framework and, as a result they may affect the liquidity and/or value of the Notes. Separately from the Basel III standards as adopted in 2010 the Basel Committee also commenced to revise the securitisation framework as adopted in 2004.

The European legislator supported the work of the Basel Committee as regards the Basel III capital and liquidity standards in general and, on 26 June 2013, a legislative package implemented the changes through the transfer of the most significant chapters on capital requirements to the CRR as a replacement of the existing 2006 Capital Requirements Directive and Capital Adequacy Directive. Along the adoption of CRR a new Directive, CRD IV, regulated a limited number of bank supervision matters at directive level. The CRR entered into force as of 1 January 2014, and CRD IV was required to be implemented in the national laws of the EU Member States by that date as well. Certain provisions of CRR and CRD IV are subject to phasing in provisions with full implementation by December 2019; however, CRR allows individual Member States to apply options and discretions to the effect that stricter phasing in levels of capital are implemented than is generally envisaged under CRR. Except for certain liquidity requirements relating to investment firms which have been implemented as per 1 January 2015, CRD IV was implemented into Dutch legislation with effect from 1 August 2014.

On 10 October 2014 the European Commission adopted the LCR Delegated Regulation. The provisions of the LCR Delegated Regulation apply from 1 October 2015. The transitional provision phasing in the fulfilment of the Liquidity Coverage Ratio in four annual steps with the full applicability of the Liquidity Coverage Ratio requirements from 1 January 2018 has been waived by the Dutch Central Bank (**DCB**) for banks registered in the Netherlands. Dutch banks are required to maintain 100% of the Liquidity Coverage Ratio from 1 January 2016. The mandatory requirements for the Net Stable Funding Ratio (**NSFR**) would have applied from 1 January 2018, in principle, but based on November 2016 proposals for revision of CRR and CRD IV it is now expected that the mandatory requirements for the NSFR will become applicable from mid 2020 at the earliest (see the following paragraph for a discussion of these November 2016 proposals).

Furthermore, pursuant to Solvency II, from 1 January 2016 more stringent rules apply for European insurance and reinsurance companies in respect of solvency requirements, risk management, governance and group supervision for these institutions. Among other rules, insurance and reinsurance companies are subject to stricter requirements acting in various roles in securitisation transactions, whether this be as investor in securitisation positions, as originator, initiator or as a sponsor. For insurance and reinsurance companies investments in instruments such as the Notes may be subject, among other rules, to similar due diligence, risk retention and transparency requirements as have been introduced for banks concerning due diligence, risk

retention and transparency. DR Solvency II sets out more detailed requirements for individual insurance undertakings as well as for insurance groups, based on the provisions set out in Solvency II. DR Solvency II contains the technical implementation rules particularly as regards securitisation positions, differentiating the risk weighting rules particularly as regards securitisation positions, differentiating the risk weighting rules of so-called Type 1 securitisations and Type 2 securitisations. Based on Commission Delegated Regulation (EU) 2018/1221 of 1 June 2018 the existing provisions of DR Solvency II on calibration for 'type 1 securitisation' will, effective 1 January 2019, be replaced by a more risk-sensitive calibration for STS-securitisations covering all possible tranches that also meet additional requirements in order to minimise risks.

## **Proposals for revision of CRR and CRD IV**

### *November 2016 proposals*

On 23 November 2016 the European Commission published comprehensive proposals to amend CRR and CRD IV. The proposals concern (i) the determination of the final requirements for the leverage ratio, (ii) the establishment of the mandatory requirements for the NSFR, (iii) requirements for own funds and eligible liabilities, (iv) counterparty credit risk, (v) market risk, (vi) exposures to central counterparties, (vii) exposures in collective investment undertakings, (viii) large exposures, (ix) reporting and disclosure requirements, (x) regulations for exempted entities, (xi) financial holding companies and mixed financial holding companies, (xii) remuneration, (xiii) supervisory measures and powers and (xiv) capital conservation measures, (**CRR2** and **CRDV** respectively).

Some of the proposals made by the European Commission have been expected and result from the phased implementation of certain parts of the Basel III framework. This is particularly the case for the final rules on a leverage ratio and NSFR. As regards the leverage ratio the proposals now set the ratio at 3% calculated as a credit institution's or investment firm's capital measure divided by that institution's total exposure measure. The capital measure shall exclusively exist of Tier 1 capital and the exposure measure shall be the aggregate of assets and off-balance sheet items which, in principle, are appraised on a non-risk weighted basis. With this proposal the European Commission has finalised the debate in Europe as to the requirements of the leverage ratio and the European rules follow substantially the proposals of the Basel Committee made in 2010. However, the proposals for the leverage ratio contain some deviations from the Basel III framework which are proposed to be specifically relevant for the European market and the institutions established in this market. These specific adjustments concern the leverage ratio exposure measure for public lending by public development banks, pass-through loans and officially guaranteed export credits. In order not to dis-incentivise client clearing by institutions, institutions are allowed to reduce the exposure measure by the initial margin received from clients for derivatives cleared through qualifying central counterparties.

The rules concerning the NSFR have been introduced as changes to the CRR in a new Chapter IV to Part Six of CRR and form an important element of the CRR2 text. Unlike the rules introduced for the other liquidity management measure (**LCR**) in October 2014 by means of the LCR Delegated Regulation, the NSFR measure requires an amendment of CRR. The NSFR calculates the required stable funding as a measure with a horizon of a one-year period. The required stable funding held must be offset with an equal or a larger amount of available stable funding. These rules are of great importance for the securitisation markets, both from the part of assessing the required stable funding as the available stable funding. Unencumbered Level 2B securitisations as currently referred to in the LCR Delegated Regulation are proposed to have a 25% or 35% required stable

funding factor and will therefore have a more significant impact on the calculation of the denominator of the NSFR than other assets with lesser scaling factors. These new rules will particularly affect credit institutions and investment firms subject to Part Six of CRR investing in the Notes.

The new rules proposed for market risk address the work of the Basel Committee on the Fundamental Review of the Trading Book rules and form part of the comprehensive reforms of capital requirements for credit institutions. The rules on market risk may be of relevance for institutions trading in securitisation positions as part of the trading portfolio activities. In view of the complexity of the new framework, purchasers of the Notes that are subject to the provisions of CRR are strongly recommended to obtain professional advice as to the impact of these new rules for their own capital requirements calculations.

The requirements for own funds and eligible liabilities, supervisory measures and powers and capital conservation measures are closely related to the further changes to the recovery and resolution framework for credit institutions and investment firms and will be discussed below in the paragraph on the November 2016 proposals for revision of BRRD and SRM-Regulation.

The European Commission's proposals of 23 November 2016 for revision of CRR and CRD IV have been submitted for adoption in the ordinary European legislative process. In the ECOFIN meeting of 24 and 25 May 2018, an agreement has been reached by the European Council on the negotiation text of the CRR2 and CRDV proposals and the Presidency Compromise will reflect the agreement reached at this level. On 28 June 2018 the ECON committee of the European Parliament has published its position in respect of the CRR2 and CRDV proposals. In the ECOFIN meeting of 3 and 4 December 2018 a final agreement was reached on the position of the European Council as regards the amendments to CRR and CRD IV. The trilogue negotiations are expected to be finalised in December 2018. It is expected that CRR2 and CRDV will enter into force in January 2019 and will become effective no earlier than mid-2020.

#### *Basel III – Finalising post-crisis reforms December 2017*

On 7 December 2017, the Group of Central Bank Governors and Heads of Supervision exercising oversight over the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. These reforms by the Basel Committee include a requirement for banks using internal models for the calculation of risk positions, to apply a so-called “output floor”. This floor requirement aims to reduce excessive variability of risk-weighted assets and to enhance the comparability of risk-weighted capital ratios. The output floor requires that bank's risk-weighted assets generated by internal models do not fall below 72.5% of the risk weighted assets as calculated pursuant to the standardised approaches under the Basel III framework.

For securitisation positions the required risk weighting is the higher of (i) risk weights calculated using internally-modelled approaches for which the bank has supervisory approval and (ii) 72.5% of the output of risk weights calculated in accordance with (a) the external ratings-based approach (SEC-ERBA), (b) the standardised approach (SEC-SA) or (c) a risk weight of 1250%.

The output floor will be implemented as of 1 January 2022, based on a phased-in arrangement running from 1 January 2022 up to and including 1 January 2027.

The Basel Committee has confirmed that, except for the output floor described above, the remaining standards of the Basel Committee on Banking Supervision, Revisions to the securitisation framework, 11 December 2014 (revised July 2016) (**Securitisation Framework**) are to stay intact.

The post-crisis reforms of December 2017 have not yet been adopted in final form by the European legislator. It is therefore uncertain whether or not the European legislator will adopt these standards in the form and with the consequences as published by the Basel Committee. Consequently, prospective investors should consult their own advisers as to the consequences of the application of the post-crisis reforms that were endorsed on 7 December 2017, on prospective investors' holding of any Notes.

### *Securitisation Regulation*

On 12 December 2017, the European Parliament adopted the Securitisation Regulation which lays down common rules on securitisation and which will apply from 1 January 2019. This Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the Securitisation Regulation) as regards (i) risk retention, (ii) due diligence, (iii) transparency and (iv) underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace the existing provisions in CRR, Solvency II, DR Solvency II and the AIFMD-Directive and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of Directive (EU) 2016/2341. Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations (**STS-securitisations**). None of the transitional provisions of the Securitisation Regulation will result in the retroactive application of compliance requirements to previously structured transactions and issued securities (including the Notes). No assurance can be provided that the transaction described in this Prospectus will be designated as an STS-securitisation under the Securitisation Regulation at any point in the future. Even in the event the Notes would be made eligible for qualification as STS-securitisation and would be notified as such, investors may not benefit from a preferential capital requirement treatment, as the relevant parts of the CRR-Securitisation Amendment are not purported to have retroactive effect.

Following the adoption of the CRR-Securitisation Amendment certain securitisation positions of qualifying STS-securitisations will, following a further calibration of the capital requirements as set forth in the CRR-Securitisation Amendment, obtain a preferential treatment as regards their capital requirements weighting for credit institutions and investment firms (as these are defined in CRR) investing in such positions.

Furthermore, following the adoption of Commission Delegated Regulation (EU) 2018/1221 of 1 June 2018 the existing provisions of DR Solvency II on calibration for 'type 1 securitisation' will, effective 1 January 2019, be replaced by a more risk-sensitive calibration for STS-securitisations covering all possible tranches that also meet additional requirements in order to minimise risks. In order to avoid those amendments leading to adverse effects, transitional measures will be provided for securitisations issued before 1 January 2019 that qualify as type 1 securitisations in accordance with paragraph 10 in the version of DR Solvency II in force on 31 December 2018 and shall be assigned a risk factor stressi of 0% even where those securitisations are not STS securitisations which fulfil the requirements set out in Article 243 of CRR.

CRR and Solvency II affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, prospective investors should consult their own advisers as to the consequences of and the effect on them of the application of CRR and Solvency II, as implemented by their own regulator, to their holding of any Notes. It cannot be excluded that further amendments will be proposed and will have to be implemented in the legislation of the relevant EU Member States which may have a further impact on, among other things, the risk weighting, liquidity and value of the Notes. Neither the Issuer, the Seller, the Security Trustee, the Arranger nor the Manager are responsible for informing Noteholders of the effects on the changes to risk-weighting of the Notes which, amongst others, may result from the adoption or application by their own regulator of CRR or Solvency II (whether or not in its current form or otherwise).

### **Securitisation positions qualifying as High Quality Liquid Asset**

Based on Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018, the LCR Delegated Regulation is amended with effect from 20 November 2018 and shall apply from 30 April 2020. This amendment aims at the integration in the LCR Delegated Regulation of the STS criteria for securitisation. Securitisations can be counted as Level 2B high quality liquid assets (**HQLA**) only if they fulfil the conditions laid down in Article 13 of the LCR Delegated Regulation. In the revised provision of Article 13 LCR Delegated Regulation, a reference is made to the requirement that securitisation positions will only qualify as HQLA if the designation 'STS' or 'simple, transparent and standardised' or a designation that refers directly or indirectly to those terms is permitted to be used for the securitisation in accordance with the Securitisation Regulation and is also being so used. The Securitisation Regulation sets out a list of criteria which define STS-securitisations. The criteria laid down in the LCR Delegated Regulation for securitisation positions qualifying as Level 2B assets have been supplemented by a reference to the Securitisation Regulation in Commission Delegated Regulation (EU) 2018/1620 amending the LCR Delegated Regulation. Those specific to liquidity (such as the criteria regarding the issue size, the types of underlying exposures or the rating) have been retained. This legislative amendment does not impact the qualification of outstanding securitisation positions issued before the entry into force of the Securitisation Regulation which becomes effective on 1 January 2019. The amended LCR Delegated Regulation applies from 30 April 2020. Therefore, it may be established that to the extent the Notes meet the current requirements of the LCR Delegated Regulation, they will qualify as HQLA even after 1 January 2019.

### **March 2018 Non-Performing-Loan Proposals**

On 14 March 2018 the European Commission published, as part of the further proposals to enhance the Capital Markets Union, a draft Directive of the European Parliament and Council on credit servicers, credit purchasers and the recovery of collateral (**NPL-Directive Proposal**). Firstly, the NPL-Directive Proposal makes available a distinct common accelerated extrajudicial collateral enforcement procedure (**AECE**). This procedure aims at improving the ability of banks to effectively collect non-performing loans. This procedure will, however, not be available for debt owed by consumers and is not likely to impact the Mortgage Receivables. Secondly, the proposal clarifies that consumer protection and in particular the rights granted to consumers under the Mortgage Credit Directive and the Consumer Credit Directive and Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts in relation to a credit granted by a credit institution will continue to apply irrespective of who subsequently purchases or services the credit. In addition, similarly to Article 17 of the Consumer Credit Directive, in the event of assignment of the creditor's rights to a third party, the Mortgage Credit Directive will be amended to state that the consumer shall be entitled to plead against the assignee any defence which was



available to him against the original creditor. The NPL-Directive Proposals are to be implemented by the Member States by 31 December 2020 at the latest and the implementing provisions must apply from 1 January 2021. The NPL-Directive Proposal does not provide for retroactive effect of the directive proposals. It is therefore unlikely that the provisions of the NPL-Directive Proposal will affect the Mortgage Receivables as concerns the proposed amendment of the Mortgage Credit Directive.

Simultaneously with the NPL-Directive Proposal the European Commission published the CRR-NPL-Amendment. This proposal provides for a statutory prudential backstop against any excessive future build-up of non-performing exposures (**NPE**) without sufficient loss coverage on banks' balance sheets. An NPE is defined in the context of the definition of "exposure". An exposure is defined as "(a) a debt instrument, including a debt security, a loan, an advance, a cash balance at a central bank and any other demand deposit; (b) a loan commitment given, a financial guarantee given or any other commitment given, irrespective whether revocable or irrevocable." Therefore it cannot be excluded that the Notes could qualify as an exposure within the meaning of the CRR-NPL-Amendment and that the revised rules, expected to enter into force on the same date as the entry into force of the NPL-Directive Proposal, will have an impact on investors being credit institutions subject to the CRR. On 31 October 2018, EU ambassadors approved the Council's position on capital requirements applying to banks with non-performing loans on their balance sheets. On the basis of this text, the presidency will be able to start negotiations with the European Parliament.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

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

In Europe, the United States of America and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a number of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Seller, the Security Trustee, the Arranger or the Manager 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 time in the future.

In particular, investors should be aware of the EU risk retention, transparency and due diligence requirements which currently apply in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and effective as of 1 January 2019 also UCITS-managers and certain pension schemes. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the

requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of an increased capital charge on the notes acquired by the relevant investor or an obligation to deduct the value of the positions from the regulatory capital components of the investor.

Aspects of these requirements and what is required to demonstrate compliance to national regulators are highly complex and this uncertainty is increased by certain legislative developments. Based on the 2014 EBA Guidelines on Significant Credit Risk Transfer relating to Articles 243 and 244 of CRR applicable to EU regulated credit institutions and investment firms, similar regimes have been developed for authorised alternative investment fund managers, insurance and reinsurance companies. No assurance can be provided that such final guidance and technical standards will not affect the compliance position of previously issued transactions and securities and/or the requirements applying to relevant investors in general and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any guidance by the European Supervisory Authorities, technical standards and corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

As of 1 January 2019 the originator, sponsor or original lender of a securitisation is obliged pursuant to Article 6 of the Securitisation Regulation to retain on an ongoing basis a material net economic interest in the securitisation of not less than 5%. With respect to the commitment of the Seller (as originator) to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by Obvion in its capacity as the Servicer or on the Issuer's behalf), please see the statements set out in section 4.4 (*Regulatory and industry compliance*). Relevant investors are required to independently assess and determine the completeness' and adequacy of the information described above or in section 4.4 (*Regulatory and industry compliance*) for the purposes of complying with the risk retention and due diligence requirements described above and none of the Issuer, Obvion (in its capacity as the Seller or the Servicer) nor any Manager makes any representation that the information described above in relation to the risk retention and due diligence requirements described above or in section 4.4 (*Regulatory and industry compliance*) is sufficient in all circumstances for such purposes.

### **U.S. risk retention requirements**

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitiser" of a "securitisation transaction" to retain at least 5 per cent. of the "credit risk" of "securitised assets", as such terms are defined for purposes of that act, and generally prohibit a securitiser from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitiser is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2015 for RMBS and 24 December 2016 with respect to all other classes of asset-backed securities. The U.S. Risk Retention Rules provide that the securitiser of an asset backed securitisation is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk

Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as Risk Retention U.S. Persons); (3) neither the sponsor nor the issuer is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Seller has advised the Issuer that it has not acquired, and it does not intend to acquire more than 25 per cent. of the assets from an affiliate or branch of the Seller or the Issuer that is organised or located in the United States.

Prospective investors should note that the definition of “U.S. person” in the U.S. Risk Retention Rules is different from the definition of “U.S. person” under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, “U.S. person” (and “Risk Retention U.S. Person” as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;<sup>1</sup>
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and

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<sup>1</sup> The comparable provision from Regulation S is “(ii) any partnership or corporation organised or incorporated under the laws of the United States.”

- (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.<sup>2</sup>

Consequently, the Notes may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Each holder of a Note or a beneficial interest acquired in the initial distribution of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Seller and the Manager that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Seller, the Issuer and the Manager are relying on the deemed representations made by purchasers of the Notes and may not be able to determine the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and neither the Manager nor any person who controls it or any director, officer, employee, agent or affiliate of the Manager accepts any liability or responsibility whatsoever for any such determination or characterisation.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure on the part of the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Seller which may adversely affect the Notes and the ability of the Seller to perform its obligations under the Transaction Documents. Furthermore, a failure by the Seller to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

### **Change of law**

The structure of the transaction, the issue of the Notes and the ratings which are to be assigned to the Notes are based on Dutch law and, to the extent it relates to the Swap Agreement, the laws of England and Wales in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change in Dutch law or the laws of England and Wales or administrative practice in the Netherlands and England and Wales after the date of this Prospectus nor whether such change would adversely affect the ability of the Issuer to make payments under the Notes.

### **Reliance on third parties**

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that, *inter alios*, either (a) Obvion in its capacity as Seller, Servicer, Swap Counterparty, Insurance Savings Participant and Bank Savings Participant, (b) Rabobank, in its capacity as Back-Up Swap Counterparty, (c) Rabobank in its capacity as Arranger, Issuer Account Bank and Cash Advance Facility Provider, (d) Rabobank in its capacity as

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<sup>2</sup> The comparable provision from Regulation S “(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.

Commingling Guarantor and Construction Deposits Guarantor, or (e) Deutsche Bank AG, London Branch in its capacity as Paying Agent will not perform its obligations vis-à-vis the Issuer.

If a termination event occurs pursuant to the terms of the Servicing Agreement, then the Issuer and the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans and the Mortgage Receivables on the terms of the Servicing Agreement. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Mortgage Receivables or any part thereof, and/or the ability of the Issuer to make payments under the Notes. The Servicer does not have any obligation itself to advance payments to the Issuer that Borrowers fail to make in a timely fashion. Noteholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

### **Swap Agreement**

On the Signing Date, the Issuer will enter into the Swap Agreement with the Swap Counterparty and the Security Trustee to hedge 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. The Issuer's income from the Mortgage Loans will be a mixture of floating and fixed rates of interest, which will not directly match (and may in certain circumstances be less than) its obligations to make payments of the Floating Rate of Interest due to be paid by it under the Notes.

Accordingly, the Issuer will depend upon payments made by the Swap Counterparty to assist it in making interest payments on the Notes on each Notes Payment Date on which a net payment is due from the Swap Counterparty to the Issuer under the Swap Agreement. If the Swap Counterparty fails to pay any amounts when due under the Swap Agreement, the Available Revenue Funds may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments due to be received by them.

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

The Swap Agreement will be terminable by one party if, *inter alia*, (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii)

an Enforcement Notice is served. Events of default in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) insolvency events.

The Conditional Deed of Novation provides that if, *inter alios*, the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or if the Swap Counterparty is declared bankrupt (*failliet*), the Swap Agreement will be novated to the Back-Up Swap Counterparty.

In the event that the Swap Agreement is terminated by either party, then, depending on the total losses and costs incurred in connection with the termination of the Swap Agreement (including but not limited to loss of bargain, cost of funding and losses and costs incurred as a result of termination, liquidating, obtaining or re-establishing any hedge or related trading position), a termination payment may be due to the Issuer or to the Swap Counterparty. Any such termination payment could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Default Payment) it will rank in priority to payments due from the Issuer under the Notes under the Revenue Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full.

In the event that the Swap Agreement is terminated, the Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement swap counterparty cannot be found, the funds available to the Issuer to pay interest on the Notes will be reduced if the interest revenues received by the Issuer as part of the Mortgage Receivables are substantially lower than the rate of interest payable by it on the Notes. In these circumstances, the Noteholders may experience delays and/or reductions in the interest and principal payments to be received by them, and the Notes may also be downgraded.

In the event that the Back-Up Swap Counterparty is assigned a rating less than the Requisite Credit Rating and/or such rating is withdrawn, the Issuer may terminate the related Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade or withdrawal. Such actions may include the Swap Counterparty collateralising its obligations under the Swap Agreement, transferring its obligations to a replacement swap counterparty having the Requisite Credit Rating or procuring that an entity with the Requisite Credit Rating becomes a co-obligor with or guarantor of the Swap Counterparty. However in the event the Back-Up Swap Counterparty is downgraded there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the Swap Counterparty's obligations. See section 5.4 (*Hedging*) below for further details of the provisions of the Swap Agreement related to a downgrade in the ratings of the Swap Counterparty.

If not previously terminated, the Swap Agreement will terminate on the earlier of the Final Maturity Date and the date on which the Notes have been redeemed or written off in full in accordance with the Conditions.

The Swap Agreement provides that, in the event that any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall. See further in section 5.4 (*Hedging*).

**New legislation dealing with ailing financial institutions give regulators recovery and resolution powers which may result in losses to, or otherwise affect rights of, Noteholders and/or may affect the**

## credit ratings assigned to the Notes

With effect from 1 January 2016 most of the provisions of SRM Regulation entered into force. On 26 November 2015 the provisions of the BRRD Implementing Act entered into force and certain transitory provisions in respect of this BRRD Implementing Act entered into force on 1 April 2016. With this new legal framework new powers and authorities have been granted to the relevant competent authorities to (i) cause credit institutions and investment firms (together in this paragraph: “institutions”) to cooperate with resolution planning, (ii) enact in respect of institutions early intervention and recovery measures and (iii) apply resolution measures for institutions that are failing or likely to fail (**Resolution Measures**).

Particularly in the event of application of one or more of the Resolution Measures referred to in item (iii) of the preceding paragraph by the competent RA the following should be noted. New measures may be applied as regards the available remedies for creditors of the institutions subject to one or more Resolution Measures if the RA resolves that the Resolution Measures may only be executed if measures are implemented in respect of the creditors’ position as well. One of those measures affecting the creditors’ position concerns the “bail-in-process”. The decision as to application of this bail-in-process is subject to the discretionary decision of the RA.

In the phase of application of the Resolution Measures the RA has far reaching powers. In most instances write down or conversion of (subordinated) debt of the institution subject to a resolution process will occur as a result of the decision to enact the bail-in-process. Where this is deemed insufficient, the RA can resort to the sale of business, the establishment of a bridge institution and the asset separation tool. Bail-in can apply to the institution’s capital instruments, but also to (eligible) liabilities, insofar as they are not excluded by the provisions of the SRM-Regulation or the BRRD Implementing Act.

Customary remedies as they may be applied at the occurrence of an ordinary insolvency proceeding, may not be effective in circumstances where Resolution Measures are applied to counterparties of the Issuer qualifying as an “institution”, such as Rabobank, or such remedies may only be invoked with significant delay. Furthermore, creditors’ rights (including those exercisable by the Issuer) may be transferred to other entities or cancelled wholly or partly or converted deteriorating the creditors’ position generally. Resolution Measures applied towards an institution may bring changes in the ranking of obligations and distributions in accordance with the original contractual agreement between the institution and its creditors. Also, Resolution Measures may cause rights of set-off, netting rights or other means of mitigating risks to be suspended or cancelled entirely.

None of the provisions of the SRM-Regulation or BRRD Implementing Act contain a generic carve out in respect of the application of the Resolution Measures for certain groups of creditors, except for certain limited listed creditors that are permitted to continue to exercise preferential rights. Certain other creditors may, at the discretion of the RA, be excluded from the application of the effect of Resolution Measures or bail-in-processes. Particularly in respect of the bail-in instrument certain protection has been regulated in respect of creditor’s rights stemming from ordinary business transactions conducted by the institution involved in the bail-in process, such as suppliers of critical goods or services to the institution subject to the Resolution Measures.

Furthermore, specific provisions apply in respect of derivatives in the event an RA applies the write-down and conversion powers to liabilities arising from derivatives. In principle, the RA may apply the write-down and conversion power in respect of a liability arising from a derivative only upon or after closing-out the positions stemming from derivatives contracts entered into by the institution and its counterparties. Derivatives may, by

application of discretion by the RA, also be excluded from the bail-in-process of liabilities. The BRRD Implementing Act has implemented the relevant provisions of the European directive to the fullest extent in the law of the Netherlands without deviations.

On 13 June 2012 the Dutch Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force, amending the Wft with retroactive application as from 20 January 2012 and giving DNB and the Minister of Finance extraordinary powers to deal with ailing financial institutions and insurance companies. As concerns institutions (therefore banks and certain investment firms) most of the powers regulated in the Dutch Special Measures Financial Institutions Act have been replaced by either the SRM-Regulation or the Dutch law provisions enacted pursuant to the BRRD Implementing Act. The Dutch Special Measures Financial Institutions Act therefore remains most importantly applicable to insurance and reinsurance companies. The extraordinary powers of the Minister of Finance as regards institutions have remained intact, however, and may be applied notwithstanding the applicability of the provisions of the SRM-Regulation and the provisions of Dutch law introduced with the BRRD Implementing Act.

If at any time any powers concerning Resolution Measures are used by DNB acting as RA or, as applicable, the Single Resolution Board acting as RA and, in rare circumstances, the Minister of Finance or any other relevant authority, in relation to a counterparty of the Issuer (if such counterparty qualifies as an “institution” as defined here above) pursuant to the SRM-Regulation or the Dutch law provisions enacted pursuant to the BRRD Implementing Act or otherwise, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

#### **November 2016 proposals for revision BRRD and SRM-Regulation**

On 26 November 2016 the European Commission also published (along with the CRR2 and CRDV proposals as discussed hereabove) fundamental revisions to the BRRD and SRM-Regulation (**BRRD2** and **SRMR2** respectively). The changes to the BRRD are introduced by means of two separate proposals to amend the BRRD. The first proposal addresses the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. The second proposal regards the ranking of unsecured debt instruments in insolvency hierarchy. The changes that SRMR2 implement are closely related to both revisions to the BRRD and will not be discussed in detail in this paragraph.

In order to achieve a simple and transparent framework providing legal certainty and consistency, the European Commission is proposing to integrate the Total Loss Absorbing Capacity (**TLAC**) standard for Globally Systemically Important Banks (**GSIBs**) into the existing Minimum Required for Own Funds and Eligible Liabilities (**MREL**) rules and ensure that both requirements are met with largely similar instruments. This approach requires some amendments to the BRRD provisions for MREL as well and these proposals will have an impact on a larger group of credit institutions and investment firms than GSIBs too. In accordance with the proposal text of the European Commission it is not expected that the requirements for credit institutions and investment firms not being a GSIB will become stricter as regards the MREL obligations.

A further amendment of the BRRD concerns the potential relief of credit institutions or investment firms by means of a decision of the competent RA to introduce provisions about the enforceability of RA decisions in the contractual arrangements with counterparties established or residing in third countries.



Additionally, the RA will be given a better tool to introduce a moratorium as regards the performance of obligations of institutions towards counterparties in the event a resolution is enacted towards this institution. This particular amendment of the BRRD will bring powers to suspend the executions of bank commitments towards third parties. This may under certain circumstances be of relevance for the performance of the obligations of the Issuer, indirectly by means of a suspension of the performance of obligations owed to the Issuer by participating credit institutions or investment firms if they were to be made subject to resolution proceedings and could adversely affect the availability of funds of the Issuer to make payments of amounts due from it under the Notes in full.

It is expected that the BRRD2 and SRMR2 proposals will enter into force in the first half year of 2019 and will become effective no earlier than mid-2020.

### **European Market Infrastructure Regulation (EMIR)**

The Issuer will be entering into the Swap Agreement which is an interest rate swap transaction. EMIR which entered into force on 16 August 2012 establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are made subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. As of 21 December 2015, the Clearing Obligation RTS entered into force and introduced the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY, with constant or variable notional amounts (the **G4 IRS Contracts**). In line with the final ESMA report on draft technical standards on the clearing obligation of October 2014, it follows from the Clearing Obligation RTS that OTC derivative contracts that have a conditional notional amount (i.e. a notional amount which varies over the life of the contract in an unpredictable way) will not be subject to the clearing obligation. The Swap Agreement will likely qualify as an OTC derivative having a conditional notional amount and would therefore not be a G4 IRS Contract and the clearing obligation pursuant to the Clearing Obligation RTS would not be applicable to the Swap Agreement.

However, OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including, inter alia, arrangements for timely confirmation of OTC derivatives contracts, mark-to-market or mark-to-model valuation, portfolio reconciliation, dispute resolution, initial and variation margin, asset segregation for collateral posted for the purposes of meeting initial margin requirements, documentation, legal enforceability requirements and arrangements for monitoring the value of outstanding OTC derivatives contracts.

On 4 October 2016, the DR Risk Management OTC Derivatives was adopted by the European Commission and, depending on the marked-to-market valuation of OTC derivatives entered into by the Issuer that are not centrally cleared, the Issuer will, amongst other risk management requirements, in principle be subject to the obligation to post variation margin from 1 March 2017. However, it has been agreed between the Issuer and the Swap Counterparty in the Swap Agreement, in accordance with section 24 of the DR Risk Management OTC

Derivatives, that the Issuer shall not be required to post variation margin until a rating trigger is breached. The DR Risk Management OTC Derivatives also requires certain counterparties to OTC derivatives to post initial margin. However, it is not likely that the Issuer will pass the thresholds for mandatory requirements to post initial margin.

Moreover, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to the European Securities and Markets Authority. Under the Swap Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the transaction will be reported to the trade repository both on behalf of itself and on behalf of the Issuer. EMIR may, inter alia, lead to more administrative burdens and higher costs for the Issuer and the payment of such costs will be made in priority to payments of interest and principal on the Notes.

In addition, there is a risk that the Issuer's position in derivatives according to EMIR might in the future exceed the clearing threshold and/or, due to changes in the Clearing Obligation RTS, the DR Risk Management OTC Derivatives or otherwise, is included in the classes of OTC derivatives that are subject to the clearing obligation and, consequently, the Swap Agreement may become subject to clearing requirements and/or additional (initial) margining requirements. This could lead to higher costs or complications if the Issuer enters into a replacement swap agreement or if the Swap Agreement is amended. In view hereof, it should be noted that the Security Trustee may agree, without the consent of the Noteholders, to any modification of any of the provisions of the Transaction Documents which is made in order for the Issuer to comply with its EMIR obligations (see section 4.1 (*Terms and Conditions*)).

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the swap transaction invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

On 4 May 2017, the European Commission published a proposal to revise EMIR as part of the European Commission's Regulatory Fitness and Performance Programme (**REFIT**). As part of REFIT, the Commission assessed the extent to which specific policy requirements in EMIR have met their objectives in an efficient and effective way, while at the same time being coherent, relevant and providing added value in the EU. The evaluation indicates that, according to the European Commission, in some targeted areas EMIR imposes disproportionate costs and burdens and excessively complex requirements, and that it is possible to achieve the objective of EMIR to increase financial stability more efficiently. One of the fundamental changes to EMIR that were proposed concerned the inclusion of a securitisation special purpose vehicle as defined in Article 4(1)(66) of the CRR in the definition of "financial counterparty" of Article 2(8) EMIR. However, the proposal introduces a distinction as regards financial counterparties dividing financial counterparties into those that surpass the clearing thresholds and are therefore subject to the clearing obligations and those that do not surpass such clearing thresholds and are therefore exempt from the clearing obligations.

Further developments resulted into another direction as regards the impact of the revisions to EMIR for securitisation transactions. On 4 May 2018 the European Supervisory Authorities launched a consultation on proposed amendments to Delegated Regulation (EU) 2016/2251, introducing, among others, an extension of the type of exemption currently associated with covered bonds, i.e. no exchange of initial margins or variation margins, to non STS-securitisations, under a set of conditions which are similar to the conditions required for

covered bonds. Should the proposed amendments be adopted, then securitisations the securities of which are issued after 1 January 2019 and that do not meet the STS-criteria, will be subject to the full requirements of EMIR upon the becoming applicable of the Securitisation Regulation. However in such instance the securitisation special purpose vehicle would benefit from the same exceptions to post variation margin and to refrain from exchanging initial margin, provided certain conditions are met. The proposed amendments should not be relevant for notes issued prior to 1 January 2019.

The proposed amendments are currently going through the EU legislative process with the trilogue negotiations having commenced in September 2018. Its final form is therefore not yet clear. In addition, the timing for the implementation of the proposed amendments as at the date of this Prospectus is unclear. No assurance can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or any of the potentially adverse consequences outlined above.

Prospective investors should familiarise themselves with the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

## **RISKS RELATED TO THE MORTGAGE RECEIVABLES**

### **Underwriting criteria and procedures may not identify or appropriately assess repayment risks**

The Seller has represented that, when originating Mortgage Loans it did so in accordance with underwriting criteria and procedures it has established. The underwriting criteria and procedures may not have identified or appropriately assessed the risk whether the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Seller's underwriting criteria and procedures in originating a Mortgage Loan, although the Mortgage Loan must meet the eligibility criteria, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting criteria and procedures may not in fact compensate for any additional risk.

### **Risk relating to the purchase of New Mortgage Receivables**

The Issuer is entitled up to (but excluding) the Revolving Period End Date to purchase, subject to certain conditions (including, but not limited to, compliance with the Mortgage Loan Criteria and the Additional Purchase Criteria), New Mortgage Receivables up to the New Mortgage Receivables Available Amount to the extent offered by the Seller. Up to (but excluding) the Revolving Period End Date, the amounts that would otherwise be used to redeem the Notes in accordance with the Priorities of Payments, may be used to purchase, *inter alia*, New Mortgage Receivables from the Seller. The purchase of New Mortgage Receivables may lead to a deterioration in the quality of the portfolio of Mortgage Loans as at the Revolving Period End Date compared to the quality of the portfolio of Mortgage Loans on the Closing Date albeit that this risk may be mitigated by the fact that the purchase of New Mortgage Receivables offered by the Seller to the Issuer is subject to compliance with the Mortgage Loan Criteria and the Additional Purchase Criteria. As a result of any payments and prepayments under the Mortgage Loans and the purchase of New Mortgage Receivables up to (but excluding) the Revolving Period End Date, the concentration of Borrowers in the portfolio of Mortgage Loans on the

Revolving Period End Date may be substantially different from the concentration that existed on the Closing Date. Materialisation of these risks may lead to losses under the Notes.

#### **Loan to foreclosure value ratio and loan to market value ratio**

The Mortgage Loans have an Original Loan to Original Foreclosure Value Ratio and an Original Loan to Original Market Value Ratio up to and including 106.76 per cent. and 95.19 per cent. respectively. The appraisal foreclosure value (*executiewaarde*) of the property on which a Mortgage is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant mortgaged property. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure on the relevant Mortgaged Asset or that the proceeds upon foreclosure will be at least equal to the Original Foreclosure Value, the Market Value or the Indexed Foreclosure Value of such Mortgaged Asset (see section 6.2 (*Description of Mortgage Loans*)). The higher the Original Loan to Original Foreclosure Value Ratio, the Original Loan to Original Market Value Ratio or the Current Loan to Indexed Foreclosure Value Ratio is, the higher the possibility that this risk will materialise. Materialisation of this risk may lead to losses under the Notes.

#### **Risks related to the NHG Guarantee**

The Mortgage Loans will have the benefit of an NHG Guarantee. Should upon foreclosure of the Mortgaged Asset, the proceeds not be sufficient to repay the Mortgage Loan, the Servicer on behalf of the Issuer will be entitled to recover the remaining amount under the relevant Mortgage Loan under the NHG Guarantee. Pursuant to the NHG Conditions, Stichting WEW has no obligation to pay any loss (in whole or in part), incurred by a lender after a private or a forced sale of the mortgaged property, if such lender has not complied with the NHG Conditions. The Seller will on the Signing Date and on the Closing Date, with respect to each Mortgage Loan represent and warrant, *inter alia*, that (a) to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) each NHG Guarantee connected to a Mortgage Loan constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with its terms, (b) all NHG Conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (c) it is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee should not be met in full and in a timely manner.

In respect of mortgage loans offered as of 1 January 2014, the NHG Conditions stipulate that in determining the loss incurred by a lender after a private or a forced sale of the mortgaged property, an amount of 10 per cent. will be deducted from such loss and thus from the payment to be made by Stichting WEW to the lender. As pursuant to the NHG Conditions such lender in principle is not entitled to recover the remaining amount under the relevant mortgage loan in such case (see section 6.5 (*NHG Guarantee Programme*)), this may consequently lead to the Issuer not having sufficient funds to fully repay the Notes.

Furthermore, the NHG Conditions stipulate that an NHG Guarantee of Stichting WEW will terminate upon expiry of a period of 30 years after the establishment of such NHG Guarantee.

Finally, the NHG Conditions stipulate that the amount guaranteed by Stichting WEW under an NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the principal portion of the monthly instalment calculated as if the mortgage loan were to be repaid on a 30 year annuity basis. The actual redemption structure of a Mortgage Loan can be different

(see section 6.2 (*Description of Mortgage Loans*)), although it is noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of 30 years. This may result in the Issuer not being able to fully recover any loss incurred with Stichting WEW under an NHG Guarantee and may consequently lead to the Issuer not having sufficient funds to fully repay the Notes.

### **Rating of the State of the Netherlands**

The rating given to the Notes by the Credit Rating Agencies is based in part on modelling which takes into account any NHG Guarantee granted in connection with the Mortgage Loans. NHG Guarantees are backed by the State of the Netherlands. The State of the Netherlands is currently rated 'Aaa' by Moody's, 'AAA' by S&P and 'AAA' by Fitch. The current outlook for the State of the Netherlands is stable in respect of Moody's, Fitch and S&P. Moreover, Stichting WEW is currently rated 'Aaa' by Moody's and 'AAA' by Fitch. In the event that (a) the rating assigned to the State of the Netherlands is lowered or withdrawn by a Credit Rating Agency or (b) the rating assigned to Stichting WEW is lowered or withdrawn by a Credit Rating Agency, this may result in a review by the Credit Rating Agencies of the ratings ascribed to the Notes and could potentially result in a downgrade to the ratings of the Notes.

### **Considerations relating to the Parallel Debt**

The Noteholders and the other Secured Creditors will benefit from the security granted in favour of the Security Trustee pursuant to the Pledge Agreements. Under the terms of the Trust Deed, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Secured Creditors (including, but not limited to, the Noteholders) in accordance with the terms and conditions of the relevant Transaction Documents (such payment undertaking and the obligations and liabilities resulting from it being referred to as the Parallel Debt). The Parallel Debt represents an independent claim of the Security Trustee to receive payment thereof from the Issuer, provided that (a) the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Issuer's obligations to the Secured Creditors, including the Noteholders, pursuant to the Transaction Documents and (b) every payment in respect of such Transaction Documents for the account of or made to the Secured Creditors directly in respect of such undertaking shall operate in satisfaction *pro tanto* of the corresponding covenant in favour of the Security Trustee. The Parallel Debt is secured by the Pledge Agreements. Upon the occurrence of an Event of Default under the Notes, the Security Trustee may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and that it will enforce the Pledge Agreements. The Security Trustee will apply the amounts recovered upon enforcement of the Pledge Agreements in accordance with the provisions of the Trust Deed. The amounts payable to the Noteholders and other Secured Creditors under the Trust Deed will be limited to the amounts available for such purpose to the Security Trustee. Payments under the Trust Deed to the Secured Creditors (other than to the Participants) and to the Security Trustee will be made in accordance with the Post-Enforcement Priority of Payments as set forth in the Trust Deed.

Under Dutch law it is uncertain whether a right of pledge cannot be validly created in favour of a person who is not the creditor of the claim that the right of pledge purports to secure. The Parallel Debt is included in the Trust Deed to address this issue. It is noted that there is no statutory law or case law available on the validity or

enforceability of a parallel covenant such as the Parallel Debt or the security provided for such debts. However, the Issuer has been advised that there are no reasons why a parallel covenant such as the Parallel Debt will not create a claim of the pledgee (the Security Trustee) thereunder which can be validly secured by a right of pledge such as the rights of pledge created pursuant to the Pledge Agreements.

### **Transfer of legal title to Mortgage Receivables**

Under Dutch law a transfer of title by way of assignment of a receivable can be effected either by means of (a) a deed of assignment executed between the assignee and the assignor and a notification of the assignment to the relevant debtor (the so-called *openbare cessie*) or (b) a notarial deed or a registered deed of assignment, without notification, until an assignment notification event occurs, of the assignment to the relevant debtor being required (the so-called *stille cessie*). In the latter case notification to the debtor, however, will still be required to prevent such debtor from validly discharging its obligations (*bevrijdend betalen*) under the receivable by making a payment to the relevant assignor. The legal ownership of the Mortgage Receivables will be transferred by the Seller to the Issuer on the relevant date of purchase and assignment through a registered deed of assignment and pledge. The Mortgage Receivables Purchase Agreement provides that such transfer of legal title to the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers unless certain events (referred to as Assignment Notification Events) occur. For a description of these Assignment Notification Events reference is made to section 7.1 (*Purchase, repurchase and sale*).

Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers can only validly discharge their obligations (*bevrijdend betalen*) under the relevant Mortgage Loan by making a payment to the Seller. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay (or procure that the Servicer shall pay on its behalf) on the tenth Business Day of each calendar month all amounts received by it in respect of the Mortgage Loans with respect to the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes. If the Seller is declared bankrupt or granted suspension of payments prior to making such payments, the Issuer has no right of preference in respect of such amounts.

Payments made by the Borrowers to the Seller prior to notification but after bankruptcy or suspension of payments in respect of the Seller having been declared, will be part of the Seller's bankruptcy estate. However, in respect of these payments the Issuer will be a creditor of the estate (*boedelschuldeiser*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of general bankruptcy costs (*algemene faillissementskosten*), which may be material. There is thus a risk that in such case the Issuer will not receive the proceeds under the Mortgage Receivables on time and in full, which could affect its ability to meet its obligations under the Notes.

### **Construction Deposits**

Pursuant to the Mortgage Conditions, in respect of certain Mortgage Loans, the Borrower has the right to request that part of the Mortgage Loan will be applied towards construction of, or improvements to, the Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant

Mortgaged Asset, provided certain conditions are met (such mortgages are called construction mortgages (*bouwhypotheken*)). As soon as the construction of, or improvements to, the relevant Mortgaged Asset have been finalised, the remaining amount of a Construction Deposit will be set-off against the Mortgage Receivable. The Seller will pay such amount of the relevant Construction Deposit to the Issuer to form part of the Available Principal Funds on the next succeeding Notes Payment Date.

Under the Mortgage Receivables Purchase Agreement, the Seller will sell to the Issuer the full amount of the Mortgage Receivables, which therefore includes the amounts represented by the Construction Deposits. A Borrower will be entitled to set off the amounts represented by the relevant Construction Deposits against the amounts due by it to the Seller under the relevant Mortgage Loan (see further *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* in this section below).

Upon the occurrence of an Assignment Notification Event, the Servicer will notify the Issuer of the outstanding Construction Deposits (if any) and provide to the Issuer details of the Borrowers to which such Construction Deposits relate. Furthermore, if following the occurrence of an Assignment Notification Event, a Borrower invokes a right of set-off of the amount due under the Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit, the Issuer shall be entitled to invoke the Construction Deposits Guarantee in which case the Construction Deposits Guarantor shall promptly pay to the Issuer an amount equal to the outstanding payment obligations of the Seller to a Borrower with respect to the relevant Construction Deposit (if any) in relation to which such Borrower has claimed a right of set-off. Besides the fact that the Construction Deposits Guarantee is limited to a maximum amount of EUR 4,500,000, receipt of such amount by the Issuer under the Construction Deposits Guarantee is subject to the ability of the Construction Deposits Guarantor to actually make such payments. This may result in the Issuer not having sufficient funds to meet its payment obligations under the Notes.

Furthermore, under Dutch law the distinction between 'existing' receivables and 'future' receivables is relevant in connection with Construction Deposits. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or has had a suspension of payments granted to it. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments of the assignor/pledgor.

Whether such part of a Mortgage Receivable relating to a Construction Deposit should be considered as an existing or future receivable is difficult to establish on the basis of the applicable terms and conditions of the relevant Mortgage Loans and has not been addressed conclusively in case law or legal literature. If the full Mortgage Receivable is considered to be drawn down under the Mortgage Loan when the Construction Deposit is created, the part of the Mortgage Receivable relating to the Construction Deposit will be deemed to be existing as from the creation of the Construction Deposit. However, it is also conceivable that such part of the Mortgage Loan concerned is considered drawn down only when and to the extent the Construction Deposit is paid out to or on behalf of the Borrower in which case such part of the Mortgage Receivable is deemed to be a future receivable until the Construction Deposit is paid out.

If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the Seller is declared bankrupt or granted a suspension of payments. In that case,

the part of the Mortgage Receivable that is not subject to the assignment or pledge will no longer be available to the Issuer.

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

The Issuer is exposed to the risk of receiving reduced amounts due to set-off rights of the Borrowers. Under Dutch law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will, prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made, be entitled to set off amounts due and payable by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable. 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*) without the Issuer actually having received a cash payment in respect thereof which it could use towards satisfaction of its obligations under, *inter alia*, the Notes. Set-off by Borrowers could thus lead to losses under the Notes. The legal requirements for set-off are met in respect of the Construction Deposits.

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 (a) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable or (b) the counterclaim of the Borrower has been originated (*opgekomen*) and become due (*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 Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has been originated (*opgekomen*) and become due (*opeisbaar*) prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). The Construction Deposits result from the same legal relationship as the relevant Mortgage Receivables and, therefore, the legal requirements for the relevant Borrower being able to invoke set-off rights against the Issuer in respect of such Construction Deposits will be met.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or suspension of payments 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 Act (*Faillissementswet*). Under the Dutch Bankruptcy Act (*Faillissementswet*) a person which is both debtor and creditor of the bankrupt entity can set-off its debt with its claim, if each of the claim and the debt (a) came into existence prior to the moment at which the bankruptcy became effective or (b) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments.

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 would otherwise have been entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between (a) the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and (b) the amount



actually received by the Issuer in respect of such Mortgage Receivable. Receipt of such amount by the Issuer from the Seller is subject to the ability of the Seller to actually make such payments. There is a risk that the Seller is not able to make such payments which would affect the ability of the Issuer to perform its payment obligations under the Notes.

Provided certain conditions are met under the relevant Mortgage Loans, the Borrower has the right to require the Seller to pay out the Construction Deposit to or on behalf of such Borrower. Under Dutch law a creditor is entitled to dissolve (*ontbinden*) an agreement and/or demand payment of damages if its debtor defaults in the performance of its obligations under such agreement. A possible bankruptcy involving the Seller in itself would not be grounds for the Borrower to dissolve the agreements under which the Mortgage Loans arise unless the parties have agreed otherwise. Should the Seller in that case make the Construction Deposits available to the Borrower in the manner agreed between the Seller and such Borrower, such Borrower will in turn have to perform its obligations to the Seller under the Mortgage Receivables (including in respect of the amounts placed on the Construction Deposit). Upon a bankruptcy or suspension of payments involving the Seller, the Borrower is entitled to require the Seller's bankruptcy trustee or the Seller and the administrator, respectively, to confirm within a reasonable term whether it will perform the Seller's obligations under the relevant Mortgage Loan, i.e. making available to the Borrower the Construction Deposit. The Borrower can request that the Seller's bankruptcy trustee provides or the Seller and the administrator, respectively, provide in these circumstances security for the performance of its obligations. If the Seller's bankruptcy trustee or the Seller and the administrator fail to provide such confirmation the Seller's bankruptcy trustee or the Seller and the administrator (and possibly also the Issuer and/or the Security Trustee) will lose its/their right to demand performance by the Borrower of his obligations to the extent relating to the relevant Construction Deposit. The Borrower, however, will not be released from his payment obligations in respect of the amounts that it has received under the relevant Mortgage Loan from the Seller by a payment out of the relevant Construction Deposit.

In addition, if the Seller would for any reason fail to fulfil its obligations relating to the Construction Deposits, the Borrower could invoke rights of set-off or other defences vis-à-vis the Issuer, which would reduce the proceeds of the Mortgage Receivables. In such event, provided an Assignment Notification Event has occurred, the Issuer is entitled under the terms of the Construction Deposits Guarantee to invoke the Construction Deposits Guarantee for payment by the Construction Deposits Guarantor to it at first written request of an amount equal to the outstanding payment obligations of the Seller to the Borrower with respect to the relevant Construction Deposits (if any). Receipt of such amount by the Issuer under the Construction Deposits Guarantee is subject to the ability of the Construction Deposits Guarantor to actually make such payments. This may result in the Issuer not having sufficient funds to meet its payment obligations under the Notes.

For specific set-off issues relating to Life Mortgage Loans, Switch Mortgage Loans and Savings Mortgage Loans reference is made to *Risks related to Insurance Policies* below in this section.

## **PRIIPs Regulation**

Regulation (EU) No 1286/2014 of the European Parliament and the Council of 26 November 2014 on Key Information Documents for packaged retail and insurance-based investment products (the **PRIIPs Regulation**) regulates the (i) pre-contractual transparency requirements for packaged retail and insurance-based investment products (**PRIIPs**) in the form of a Key Information Document (**KID**) and (ii) specific competences for the European Insurance and Occupational Pensions Authority (**EIOPA**) as regards insurance-based investment

products and for the competent authorities generally in respect of all types of PRIIPs to supervise markets and to intervene as regards the offering and distribution of PRIIPs if there are concerns as regards the protection of retail customers to whom such PRIIPs are to be sold. Such rights of intervention may require the offerors or distributors of the PRIIPs to observe certain conditions or requirements when offering and distributing PRIIPs. The Life Insurance Policies, the Savings Insurance Policies and the Savings Investment Insurance Policies are likely to qualify as PRIIPs within the meaning of the PRIIPs Regulation. Currently, there is uncertainty whether or not the Notes qualify as PRIIPs. The Joint Committee of European Supervisory Authorities' Q&A on the PRIIPs KID dated 18 August 2017 (JC 2017-49) does not contain any further guidance as regards the potential qualification of the Notes as PRIIPs.

On 8 March 2017 the European Commission adopted the PRIIPs Delegated Regulation, which also regulates the entry into force date and the date of application. The PRIIPs Regulation will apply to the addressees of the provisions of the PRIIPs Regulation and the PRIIPs Delegated Regulation with effect from 1 January 2018. The PRIIPs Regulation is applicable as of 1 January 2018 to PRIIPs offered and distributed as of 1 January 2018. Therefore, if the Notes were to qualify as PRIIPs, it cannot be excluded that the Issuer will be required to prepare a KID in relation to the Notes and incur costs and liabilities in relation thereto, with this obligation being effective from 1 January 2018. An investor that would purchase the Notes with the objective of their professional onward distribution on the secondary market, might be subject to compliance obligations under the PRIIPs Regulation. In such scenario the liquidity of the Notes in the secondary market might be negatively affected.

On 30 May 2017, the Second Chamber of Dutch Parliament adopted the Dutch act implementing the PRIIPs Regulation in the Dutch legislation (**Dutch PRIIPs Implementation Act**). On 6 June 2017 the First Chamber of Dutch Parliament adopted the Dutch PRIIPs Implementation Act. The Dutch PRIIPs Implementation Act entered into force with effect from 1 January 2018. The Dutch PRIIPs Implementation Act provides the AFM with powers as referred to in Article 17 of the PRIIPs Regulation to prohibit the offer or distribution of insurance-based investment products to retail investors. From the text of the Dutch PRIIPs Implementation Act it is unclear whether the Notes qualify as PRIIPs. Since 1 January 2018 neither EIOPA nor the AFM have provided further guidance as to whether or not securitisation transactions may qualify as PRIIPs.

## **Risks related to Mortgages and Borrower Pledges**

### *Mortgages*

The Mortgage Receivables sold to the Issuer will be secured by Mortgages which not only secure the initial loan granted to the Borrower, but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so-called All Moneys Mortgages).

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. However, Dutch legal commentators have different views on whether, in the event of assignment or pledge of a receivable secured by an All Moneys Mortgage, the mortgage right will follow such receivable. Based upon case law, the prevailing view has been for a long time that an All Moneys Mortgage will only follow the receivable which it secures if the relationship between the bank and a borrower has been terminated in such a manner that

following the transfer, the bank cannot create or obtain new receivables against the borrower. However, in recent legal literature this view is generally disputed and it is argued, in particular where the mortgage deed indicates that the parties intended this to happen, that the All Moneys Mortgage will (partially) follow the receivable to the extent that it has been assigned, irrespective of whether the banking relationship between the bank and the borrower has terminated.

In the Mortgage Receivables Purchase Agreement the Seller represents and warrants that, upon creation of the Mortgages securing the Mortgage Receivables, the Mortgage Conditions contained a provision to the effect that, upon assignment or pledge of the relevant receivable, in whole or in part, the Mortgage will *pro rata* follow such receivable as an ancillary right. This provision is a clear indication of the intention of the parties in respect of assignment and pledge of the receivable. In the determination of whether an All Moneys Mortgage follows the receivable to which it is connected, the wording of the Mortgage Conditions in the relevant mortgage deed is an all important factor. The inclusion of this provision in the Mortgage Conditions therefore provides strong support for the view that, in this case, the Mortgage will follow the Mortgage Receivable on a *pro rata* basis upon assignment or pledge as an ancillary right, albeit that there is no conclusive case law which supports this view.

If the All Moneys Mortgages would (*pro rata*) have followed the Mortgage Receivables upon assignment, this would imply that the Mortgages may be co-held by the Seller and the Issuer in respect of which the rules applicable to co-ownership (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such co-owned rights. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee, as the case may be, will manage and administer such co-held rights. It is uncertain whether the foreclosure of the Mortgages will be considered as day-to-day management, and, consequently whether, upon the Seller being declared bankrupt or being granted a suspension of payments, the consent of the Seller's bankruptcy trustee or administrator may be required for such foreclosure. The Seller, the Issuer and the Security Trustee will agree in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-held Mortgage of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Balance of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Balance of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable. In this respect it will be agreed that in case of a breach by the Seller of its obligations under these arrangements or if any of such agreements are dissolved, void, nullified, or ineffective for any reason in respect of the Seller, it shall compensate the Issuer and/or the Security Trustee, as the case may be, forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee, as the case may be, incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes.

If the All Moneys Mortgages would not (*pro rata*) have followed the relevant Mortgage Receivables upon assignment by the Seller, this means that it is uncertain, depending on the specific facts and circumstances involved, (i) whether the Issuer and, consequently, the Security Trustee (as pledgee), would have the benefit of a Mortgage securing such Mortgage Receivables and (ii) if subsequently a Borrower fails to comply with its obligations under the relevant Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the All Moneys Mortgage (respectively, as legal owner and as pledgee of the

relevant Mortgage Receivables). If not, the assistance of the Seller's administrator (in the case of suspension of payments) or bankruptcy trustee (in the case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the Issuer or the Security Trustee, as the case may be. It is uncertain whether such assistance would be forthcoming.

It is noted that if the Issuer does not have the benefit of the Mortgage, it will not be entitled to claim under the associated NHG Guarantee (if any).

#### *Borrower Pledges*

Part of the Mortgage Receivables sold to the Issuer will be secured by Borrower Pledges which not only secure the initial loan granted to the Borrower, but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so-called All Moneys Pledges).

What is stated in the various paragraphs under Mortgages above in this section in respect of Mortgages applies mutatis mutandis in respect of a Borrower Pledge granted by the Borrower as security for its payment obligations towards the Seller where such right of pledge qualifies as an All Moneys Pledge, unless otherwise stipulated below.

#### **Risks related to Insurance Policies**

The Mortgage Loans which in whole or in part consist of a Life Mortgage Loan, a Savings Mortgage Loan or a Switch Mortgage Loan have the benefit of a Life Insurance Policy, Savings Insurance Policy, or Savings Investment Insurance Policy, respectively. The Mortgage Loans which do not include a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 100 per cent. of the Foreclosure Value of the relevant Mortgaged Asset, except in the event of Mortgage Loans to which NHG Conditions dating prior to 17 June 2018 apply, which do not include a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 80 per cent. of the Foreclosure Value of the relevant Mortgaged Asset.

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

#### *Pledge*

Many of the Mortgage Loans have the benefit of an Insurance Policy. All rights of the Borrowers under the Insurance Policies have been pledged to the Seller. However, 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 Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective

if the pledgor is declared bankrupt or granted a suspension of payments prior to or on the date such right comes into existence. This means that it is uncertain whether such right of pledge will be effective. Even if the pledge over the rights under the Insurance Policies was effective, it would be uncertain whether such right of pledge would pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, where such pledge qualifies as an All Moneys Pledge (see *Risks related to Mortgages and Borrower Pledges* above in this section).

#### *Appointment of beneficiary*

The Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrowers to the Seller at the moment when the insurance proceeds under the Insurance Policies become due and payable by the relevant Insurance Company, except for cases where another beneficiary has been appointed who will rank ahead of the Seller. In such cases such beneficiary has provided a Borrower Insurance Proceeds Instruction. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will, to the extent legally possible, be assigned by the Seller to the Issuer and will be pledged by the Issuer to the Security Trustee (see section 4.7 (*Security*)), but it is noted that such assignment and pledge will only be completed upon notification to the Insurance Company and it is uncertain whether this assignment and pledge will be effective.

Because of the uncertainty as to whether the Issuer becomes beneficiary of the Insurance Policies and whether the pledge of the Beneficiary Rights is effective, the Issuer will enter into the Beneficiary Waiver Agreement with the Seller and the Security Trustee. In the Beneficiary Waiver Agreement the Seller, subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Insurance Policies and appoints as first beneficiary (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event. It is, however, uncertain whether such waiver and appointment will be effective. In view of this, the Seller will undertake to use its best efforts following an Assignment Notification Event to obtain the co-operation of all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. It is uncertain whether such co-operation will be forthcoming. In the event that a Borrower Insurance Proceeds Instruction exists, the Seller will undertake in the Beneficiary Waiver Agreement, following an Assignment Notification Event, to use its best efforts to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event. A change of the payment instruction however requires the cooperation of the relevant beneficiary. It is uncertain whether such cooperation will be forthcoming. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the assignment, pledge and waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. There is a risk that the Seller is not able to make such payment which would affect the ability of the Issuer to perform its payment obligations under the Notes. If the proceeds are paid to the Seller and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of the Seller or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not

being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Seller as further discussed under *Set-off or defences in relation to Life Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans* below in this section.

#### *Insolvency of the Insurance Companies*

If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, e.g. in case it is declared bankrupt or subjected to emergency regulations, this could result in the amounts payable under the Insurance Policies not or only partly being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers invoking set-off rights and defences as further discussed under *Set-off or defences in relation to Life Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans* below in this section.

#### *Set-off or defences in relation to Life Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans*

If the amounts payable under the Insurance Policies do not serve as a reduction of the Mortgage Receivable (see Appointment of beneficiary and Insolvency of the Insurance Companies above in this section), 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.

In order to successfully invoke a right of set-off, the Borrowers will need to comply with the applicable legal requirements. One of these requirements is that the relevant Borrower should have a claim which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the Insurance Companies and the Borrowers on the one hand and the Mortgage Loans are contracts between the Seller and the relevant Borrowers on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Insurance Companies are to be regarded as one legal entity or that, based upon interpretation of case law, set-off is allowed, even if the Seller and the Insurance Companies are not considered as one legal entity, since the Mortgage Loans and the Insurance Policies are to be regarded as one interrelated relationship.

Furthermore, the Borrowers should have a counterclaim. If one of the Insurance Companies is declared bankrupt or is subjected 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 Pledge (see *Pledge* above). However, despite this pledge it may be argued that the relevant 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 rescind the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Pledge. If not, the Borrower Pledge would not obstruct a right of set-off with such claim by the Borrowers.

Even if the Borrowers cannot successfully invoke a right of set-off, they may invoke other defences vis-à-vis the Seller, the Issuer and/or the Security Trustee. The Borrowers will have all defences afforded by Dutch law to debtors in general. The Borrowers could, *inter alia*, argue that it was the intention of the parties involved - at least that they could rightfully interpret the mortgage documentation and the promotional materials in such manner - that the Mortgage Loan and the relevant Insurance Policy are to be regarded as one interrelated legal relationship, and could on this basis claim a right of annulment or rescission of the Mortgage Loan or that the

Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. On the basis of similar reasoning, Borrowers could also argue that the Mortgage Loans and the Insurance Policies were entered into as a result of 'error' (*dwaling*) or that it would be contrary to principles of reasonableness and fairness (*redelijkheid en billijkheid*) for a Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the relevant Insurance Policy.

#### *Life Mortgage Loans*

Although the possibility cannot be disregarded that the courts will honour any set-off or other defences, as described above, made by the Borrowers, if in the case of bankruptcy or emergency regulations of the relevant Insurance Company the Borrowers are not able to recover their claims under their Life Insurance Policies, the Issuer has been advised in respect of Life Mortgage Loans that, in view of the factual circumstances involved, the risk that the courts will honour such set-off or other defences is remote. This view is based on the fact that (i) the relevant Insurance Companies and the Seller are not the same entity; therefore, the legal requirement for set-off that both the debt and the claim are owed and due to the same entity is not met, (ii) such Insurance Companies do not form part of the same group of companies to which the Seller belongs, (iii) there are no marketing ties between the Seller and the relevant Insurance Companies, (iv) the Life Mortgage Loan and the relevant Life Insurance Policy are not sold as one single package, i.e. the Borrowers do have a free choice as to the Insurance Company with which they will take out a Life Insurance Policy in relation to their mortgage loan to be entered into with the Seller, provided that any such Insurance Company selected is established in the Netherlands and (v) there is no connection, whether from a legal or commercial view, between the Life Mortgage Loans and the relevant Life Insurance Policies other than the relevant Borrower Pledge and Beneficiary Rights. All Life Insurance Policies are taken out with Insurance Companies which do not form part of the same group of companies as the Seller.

#### *Savings Mortgage Loans and Switch Mortgage Loans*

In respect of Savings Mortgage Loans and Switch Mortgage Loans the Issuer has been advised that the risk that the invoking of a right of set-off or other defences, as described above, would be successful is substantially greater than in case of Life Mortgage Loans in view, *inter alia*, of the close connection between such Mortgage Loans and the relevant Insurance Policies and the fact that these Mortgage Loans and Insurance Policies are sold as one single package. However, the Insurance Savings Participation Agreements entered into between the Issuer and each of the Insurance Savings Participants (i.e. ASR Levensverzekering N.V. and Obvion) in respect of the Savings Mortgage Loans and Switch Mortgage Loans will provide that in case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the relevant Savings Insurance Company (i.e. ASR Levensverzekering N.V. or Interpolis) of its obligations under the relevant Savings Insurance Policy or Savings Investment Insurance Policy, as a consequence of which the Issuer has not received any amount due and outstanding, the relevant Insurance Savings Participation of the Insurance Savings Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Insurance Savings Participation in respect of a Savings Mortgage Loan or Switch Mortgage Loan is equal to the amount of Savings Premiums scheduled to be received by the Issuer plus the accrued yield on such amount (see section 7.7 (*Sub-participation*)), provided that the Insurance Savings Participant will have paid all amounts due under the relevant Insurance Savings Participation Agreement to the Issuer. Therefore, normally the Issuer would not suffer any loss if the Borrower was to successfully invoke any

such right of set-off or defence, if and to the extent that the amount for which the Borrower was to successfully invoke set-off or defences did not exceed the amount of the Insurance Savings Participation. It is of note, however, that in respect of the Switch Mortgage Loans and the Savings Mortgage Loans to which a Savings Insurance Policy of Interpolis is connected, Obvion and not the relevant Insurance Company (i.e. Interpolis) is the Insurance Savings Participant which means that there is a risk that an amount equal to the Savings Premiums can no longer be paid to the Issuer if Obvion becomes insolvent. Obvion has undertaken to use its best efforts upon the occurrence of an Assignment Notification Event to (i) find a substitute insurance savings participant, provided that each Credit Rating Agency has provided a Credit Rating Agency Confirmation in respect of such substitution or, alternatively, to (ii) repurchase and accept re-assignment of the Mortgage Receivables resulting from the Switch Mortgage Loans and Savings Mortgage Loans to which a Savings Investment Insurance Policy or Savings Insurance Policy of Interpolis is connected. However, if Obvion fails to find a substitute insurance savings participant or to repurchase and accept re-assignment the above arrangement will not apply to any Savings Premiums paid by the Borrower in respect of the relevant Savings Mortgage Loan or Switch Mortgage Loan after Obvion becoming insolvent (and therefore unable to comply with its obligations under the relevant Insurance Savings Participation Agreement) and the accrued yield thereon.

### **Investment Mortgage Loans**

Under the Investment Mortgage Loans, the Borrowers do not repay principal prior to maturity of the Mortgage Loans. Instead the Borrowers undertake to invest agreed amounts in certain investment funds. See section 6.2 (*Description of Mortgage Loans*).

Under the Investment Mortgage Loans the investments in certain investment funds are effected by the Borrowers paying certain agreed amounts to an entity (usually a foundation (*stichting*) which qualifies as a so-called '*bewaarinstelling*' (see below) (each a **Custodian**)), which amounts are subsequently applied to acquire participations (*deelnemingsrechten*) in certain selected investment funds in accordance with the instructions of the relevant Borrowers. Each of the investment funds are managed by separate legal entities. The participations that are purchased are credited to the Borrower Investment Accounts of the relevant Borrowers. It is the intention that the Mortgage Receivables will be fully or partially repaid with the proceeds of the investments. In this structure the Borrowers have a claim on the relevant Custodian for the value of the investments. The purpose of each of the Custodians is to hold participations in investment funds for custody purposes and normally its obligations to holders of the Borrower Investment Accounts should be equal to the value of the corresponding participations of the relevant Custodian in the investment funds. Provided that each of the Custodians is in full compliance with all applicable laws, in particular the Wft, and provided the limitations on the scope of its business as set out in its corporate objects (pursuant to which it will be prohibited from conducting any commercial activity other than its activities as custodian in respect of the securities held for the Borrowers and the keeping of the books in respect of the securities accounts) are observed, the investments made by the Borrowers through any of the Custodians will form part of the estate of the relevant Custodian and each of the Custodians can be considered a bankruptcy remote entity. Should any of the Custodians not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers similar to those described under *Risks related to Insurance Policies*, except for the set-off or defences described in *Appointment of beneficiary* in respect of the situation where the Seller is insolvent.

### **Pledge**



All rights of a Borrower in connection with the relevant Borrower Investment Account have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. The observations made above in relation to *Risks related to Mortgages and Borrower Pledges* apply equally here. Furthermore, any rights of pledge on the rights of the relevant Borrower in connection with the Borrower Investment Accounts to the extent the rights of the Borrower qualify as future claims, such as options (*opties*) will not be effective.

### **Bank Savings Mortgage Loans**

Each Bank Savings Mortgage Loan has the benefit of the balance standing to the credit of the associated Bank Savings Account which is held at the Bank Savings Account Bank. The relevant Mortgage Loan and Bank Savings Account are sold as one single package. In respect of the balance standing to the credit of a Bank Savings Account, it is the intention that at the maturity of the relevant Bank Savings Mortgage Loan, such balance will be used to repay the relevant Bank Savings Mortgage Loan, whether in full or in part. With respect to each Bank Savings Mortgage Loan, if (i) the Seller or (ii) the Bank Savings Account Bank, has been declared bankrupt or has become subject to a suspension of payments or, as the case may be, emergency regulations, the amounts the Borrower owes in respect of the Mortgage Receivables will be subject to, respectively, (a) a contractual set-off, as agreed between the Seller, the Bank Savings Account Bank and the relevant Borrower, or (b) set-off by operation of law, whereby, in respect of both (a) and (b), the amounts owed by the Borrower under the Bank Savings Mortgage Loan will be reduced with the balance standing to the credit of the relevant Bank Savings Account. If the contractual set-off as described under (a) would not be enforceable or effective for whatever reason upon the Seller being declared bankrupt or becoming subject to a suspension of payments or emergency regulations, as the case may be, the Borrower may invoke other defences vis-à-vis the Seller as set forth in paragraphs *Risks related to Insurance Policies; Set-off or defences in relation to Life Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans* above. The Issuer has been advised that after notification of the assignment to the Borrower, the Borrower will be entitled to invoke such contractual set-off right or other defences against the Issuer or the Security Trustee, as the case may be, as the Seller, the Bank Savings Account Bank and the relevant Borrower have agreed and acknowledged that the Bank Savings Mortgage Loan and the associated Bank Savings Account are to be regarded as one interrelated legal relationship. Based on the foregoing, if the Seller or the Bank Savings Account Bank has been declared bankrupt or has become subject to a suspension of payments or, as the case may be, emergency regulations, the Mortgage Receivables owed by Borrowers that have entered into a Bank Savings Mortgage Loan will be extinguished (*tenietgaan*) up to the amount of the balances standing to the credit of the relevant Bank Savings Accounts. This could lead to losses under the Notes. In view hereof, the Bank Savings Participation Agreement will be between the Seller in its capacity as Bank Savings Participant, the Issuer and the Security Trustee, which agreement will be materially in the same form as the Insurance Savings Participation Agreements as described in paragraphs *Risks related to Insurance Policies, Savings Mortgage Loans and Switch Mortgage Loans* above. Therefore, normally the Issuer would not suffer any loss in respect of a Bank Savings Mortgage Loan in case the set-off as described above under (a) or (b) takes place or the relevant Borrower successfully invokes other defences, if and to the extent that the amount for which the set-off takes place or the Borrower successfully invokes other defences did not exceed the amount of the relevant Bank Savings Participation. Obvion has undertaken to use its best efforts upon the occurrence of an Assignment Notification Event to (i) find a substitute bank savings participant, provided that each Credit Rating Agency has provided a Credit Rating Agency Confirmation in respect of such substitution or (ii) repurchase and accept re-assignment of the Mortgage Receivables resulting from the relevant Bank Savings Mortgage Loans. However, if the Seller fails to find a substitute bank savings participant or to

repurchase and accept re-assignment of the Mortgage Receivables resulting from the relevant Bank Savings Mortgage Loans, the above arrangement will not apply to any Bank Savings Deposits paid by the Borrower in respect of the relevant Bank Savings Mortgage Loan after Obvion becoming insolvent (and therefore unable to comply with its obligations under the Bank Savings Participation Agreement) and the accrued yield thereon.

#### *Pledge and re-pledge*

All rights of a Borrower in connection with the relevant Bank Savings Account have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. The observations made above in relation to Mortgages apply equally here. Furthermore, any rights of pledge on the rights of the relevant Borrowers in connection with the Bank Savings Accounts to the extent the rights of the Borrowers qualify as future claims will not be effective.

The Seller has re-pledged the rights in connection with Bank Savings Accounts to the Bank Savings Account Bank which have been pledged to it by the relevant Borrowers as security for its payment obligations under the co-operation and ancillary agreements entered into between the Seller and the Bank Savings Account Bank in relation to the Bank Savings Mortgage Loans. As a result the balances standing to the credit of the Bank Savings Accounts may be used by the Bank Savings Account Bank to fulfil the outstanding payment obligations of the Seller towards the Bank Savings Account Bank upon its bankruptcy and it being granted a suspension of payments which will result in each of the relevant Borrowers acquiring a claim against the Seller up to an amount equal to the balance standing to the credit of the relevant Bank Savings Account. These claims will be automatically off-set with the amounts owed by such Borrowers under the Bank Savings Mortgage Loans as set forth above.

#### **Reduced value of investments and incomplete or misleading marketing material**

The value of investments made by the Insurance Companies in connection with the Life Insurance Policies and Savings Investment Insurance Policies or made on behalf of the Borrowers under the Investment Mortgage Loans, may not provide the Borrower with sufficient proceeds to fully repay the related Mortgage Receivables at their maturity. Further, if the development of the value of these investments is not in line with the expectations of a Borrower, such Borrower may invoke set-off or other defences against the Seller or the Issuer, as the case may be, by arguing that he has not been properly informed of the risks involved in the investments. Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans, Life Mortgage Loans and Switch Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors and intermediaries are obliged, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved, including particularities of the product involved such as adverse consequences of an intermediate termination of the product, and, where appropriate, to investigate the risk profile of the customer and the appropriateness of the product offered in relation to such risk profile. These requirements have become more strict over time. A breach of these requirements may result, *inter alia*, in a claim for damages from the Borrower or for dissolution (*ontbinding*) of the contract on the basis of tort or breach of contract, or in a claim for nullification of the contract, and damages, on the basis of misrepresentation (*dwalen*) or the Borrowers trying to invoke set-off rights or defences against the Seller or the Issuer (or the Security Trustee). The merits of any such claim will, to a large extent, depend on the manner in which the relevant Mortgage Loans have been marketed by the Seller and/or its intermediaries

and the promotional materials provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of a product, it may be that the offeror is liable for any behaviour of an intermediary which has led to a claim. The risks of Borrowers making such claims and invoking set-off rights against the intermediaries and/or the Seller and/or the Issuer will increase, if the value of investments made under Investment Mortgage Loans or Life Insurance Policies or Savings Investment Insurance Policies is not sufficient to redeem the relevant Mortgage Loans.

In this respect it is further of note that in respect of so-called investment insurance policies, particularly those which were entered into prior to 1 January 2008, the promotional material and contract conditions provided by the relevant Insurance Company to its customers may have been incomplete or misleading as to costs charged to the customer and the level thereof. In December 2006, the AFM issued a report on these products in which it concludes that the investment insurance policies are relatively expensive and that the information about costs in many cases is incomplete, inadequate and sometimes incorrect. This report was followed by a report of an independent committee, the Commission on Transparency of Investment Insurances (*Commissie transparante beleggingsverzekeringen*) containing recommendations to the relevant Insurance Companies to improve the situation of the customers, amongst others through the supply of information.

The issue relating to the high level of costs and lack of transparency is solved to a certain extent by measures taken by the Insurance Companies to decrease the costs in accordance with a recommendation thereto by the Financial Services Ombudsman issued in 2008. On this basis several Insurance Companies have reached an outline agreement with 2 main consumer protection organisations to offer compensation to their investment insurance policyholders where individual investment insurance policyholders had a cost in excess of an agreed maximum. A special arrangement for so-called 'poignant cases' (*schrijnende gevallen*), wherein the investment insurance policyholder (the customer), after application of the general compensation scheme, is still confronted with considerable losses as a consequence of specific product characteristics, forms part thereof. The Commission Individual Poignant Cases (*Commissie Individuele Schrijnende Gevallen*) was set up to handle complaints of customers about the way in which their Insurance Company has carried out the special arrangement for poignant cases. This commission has authority to render binding judgments on Insurance Companies and investment insurance policyholders. Neither the implementation of the compensation schemes nor the additional measures as mentioned above prevent customers from initiating legal proceedings against Insurance Companies or other parties that are involved, such as intermediaries, and making claims for damages. In this respect, it is noted that various consumer organisations take the position that the recommendation by the Financial Services Ombudsman and additional measures that have been offered are insufficient. Insurance Companies and other parties that are involved, currently still run a risk to be subject of claims brought by customers with investment insurance policies in legal proceedings or complaints procedures.

On 24 November 2011, the Dutch Minister of Finance formulated 'best of class' supporting practices (*flankerend beleid*) aimed at improving the situation of the customers. The Dutch Minister of Finance has been monitoring the implementation of these practices by the Insurance Companies, while the AFM has been actively instigating the Insurance Companies to 'activate' their customers. On 18 July 2015 a statutory activating duty was introduced for Insurance Companies that are life insurers that have entered into investment insurance policies prior to 1 January 2013. The activating duty was introduced following concerns of the Minister of Finance and the AFM with respect to such investment insurance policies and entails that the customers are urged and supported by their insurer – or advisor – to gain insight in the financial situation of their investment insurance

policies, to learn about the possibilities to improve their situation, and, if necessary, to take action. In case of breach of the activating duty, the AFM may impose sanctions. The AFM published a report on compliance with the activating duty on 28 October 2015.

On 29 April 2015, a decision of the European Court of Justice was rendered which is relevant to the question of the information/transparency required for investment insurance policies. The European Court of Justice ruled, among others, that Member States may impose transparency requirements on insurance companies in addition to the requirements that follow from financial regulatory laws, provided certain conditions are met. These conditions include that (a) the information as required is clear and accurate, (b) necessary for the policyholder to understand the essential characteristics of the product and (c) a sufficient level of legal certainty is ensured, which means that insurance companies are able to identify with sufficient foreseeability what additional information they must provide and which the policyholder may expect. The European Court of Justice further ruled that the national court may take into consideration the fact that it is for the insurance company to determine the type and characteristics of the insurance products which it offers, so that, in principle, it should be able to identify the characteristics which its products offer and which are likely to justify a need to provide additional information to policyholders. The exact meaning and consequences of this decision are subject to further decisions to be given by the courts in the Netherlands.

In follow up of the decision of the European Court of Justice, there is a limited number of case law of lower courts and appellate courts and of the Financial Services Complaints Institute (KiFID) and its appellate board. In some cases, the courts have rejected that there would be additional transparency obligations, *i.e.* in respect of the so called "leverage/eat into one's capital" effect and/or the charging of additional costs. However, in other cases such additional transparency obligations have been accepted as part of the duty of care the insurance company has to fulfill. In addition to these items, there is also litigation about related topics, including (i) whether an agreement was ever reached on the charging of certain costs, (ii) whether an agreement was reached on the level of such costs, and (iii) also on the validity of certain contract clauses in view of Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts. It is to be noted that the underlying facts as well as the legal positions taken in these cases may differ substantially. As a result, there is not yet a predictable outcome of disputes relating to investment insurance policies.

The above mentioned investment insurance policies may also be linked to Life Mortgage Loans and Switch Mortgage Loans granted by the Seller. If Life Insurance Policies or Savings Investment Insurance Policies related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or terminated, this will affect the collateral granted to secure these Mortgage Loans (e.g. the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the 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 case of insolvency of the Insurance Company, except if the Seller is itself liable, whether jointly with the Insurance Company or separately, *vis-à-vis* the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the Insurance Company and/or the Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

## **Changes to tax deductibility of interest may result in adverse effects on house prices and an increase of defaults, prepayments and repayments**

In the Netherlands, subject to a number of conditions, mortgage loan interest payments are partly or wholly deductible from the income of the Borrowers for income tax purposes. The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans in relation to owner occupied properties. Interest in relation to any equity extractions, after a refinancing or otherwise, is not deductible. If a new property is bought with an increased mortgage loan, interest may only be deducted if and to the extent the increase in the amount borrowed under a mortgage loan is used to finance the difference between the purchase price of the new property (including expenses relating to the acquisition of that property) and the proceeds of the previous property (after deduction of expenses relating to the sale of that property).

For mortgage loans originated since 1 January 2013 – subject to certain grandfathering rules in case on that date a purchase or construction agreement has been entered into but no legal transfer has taken place yet – interest is deductible only in respect of mortgage loans which amortise over 30 years or less and are being amortised on at least an annuity basis. Finally, an increasing rate of deemed income a property generates (*huurwaardeforfait*) implies a reducing net tax benefit as a result of interest deductions.

As from 2014, the maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5 per cent-point from the main income tax rate of 52 per cent. down to 38 per cent. in 2042. The current government coalition has the intention to speed up this decrease. According to their policy agenda, they will reduce the maximum deduction percentage by 3.0% per annum, starting in 2020. In 2023, the maximum deduction percentage will be 37%, which will then be equal to the second highest marginal income tax rate.

Any change or any other or further change to such deductibility and the right to deduct mortgage loan interest payments, may among other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of defaults, and/or an increase or decrease of prepayments and repayments.

Prepayment penalties that are incorporated in mortgage loan contracts tend to lower prepayment rates in the Netherlands. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. Lower rates of prepayment may lead to slower repayments of the principal amount outstanding of mortgage loans in the Netherlands. As a result, the exposure of the Seller to the Borrowers of the Mortgage Loans tends to remain high over time and the Issuer will have a similar position following the acquisition of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement.

The deductibility of mortgage interest remains the subject of political debate in the Netherlands, and hence it remains uncertain if, to what extent and how long such deductibility remains in force.

## **Long leases**

The Mortgages securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described under section 6.2 (*Description of Mortgage Loans*).

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a 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 2 consecutive years or commits a material breach of other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the Mortgage will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against 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.

### **Enforcement of Dutch security rights**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first priority undisclosed right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables (including any parts thereof corresponding with amounts placed on Construction Deposits), including all rights ancillary thereto in respect of the Mortgage Loans and the Beneficiary Rights relating thereto, (ii) a first priority disclosed right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Conditional Deed of Novation, the Servicing Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Participation Agreements, the Beneficiary Waiver Agreement, the Commingling Guarantee, the Construction Deposits Guarantee and (iii) a first priority disclosed right of pledge granted by the Issuer to the Security Trustee in respect of the Issuer Accounts. Notification of the undisclosed right of pledge in favour of the Security Trustee can be validly made after bankruptcy or the granting of a suspension of payments in respect of the Issuer. Under Dutch law the Security Trustee can, in the event of bankruptcy or suspension of payments of the Issuer, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments. However, 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, after notification of the assignment, to the Issuer, prior to notification of the right of pledge over the Mortgage Receivables but on or after the date of the bankruptcy or (preliminary) suspension of payments of the Issuer, will form part of the bankruptcy estate of the Issuer, although the pledgee has the right to receive such amounts as a preferential creditor after deduction of certain bankruptcy-related costs, (ii) a mandatory freezing-period of up to 4 months may apply in the case of bankruptcy or suspension of payments, which, if applicable, would delay the exercise of the right of pledge on the Mortgage Receivables and (iii) the pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in the case of bankruptcy of the Seller or the Issuer, as the case may be.

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

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

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans after the termination of the fixed interest period, should be considered as an ancillary right and

follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, the co-operation of the bankruptcy trustee (in bankruptcy) or administrator (in suspension of payments) would be required to reset the interest rates. It is uncertain whether or when such co-operation will be forthcoming.

### **Risk related to interest rate averaging**

Recently certain offerors of mortgage loans in the Netherlands allow borrowers to apply for interest rate averaging (*rentemiddeling*). In case of interest rate averaging (*rentemiddeling*) a borrower of a mortgage loan is offered a new fixed interest rate whereby the (agreed-upon) fixed interest will be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile and the break costs for the fixed interest. Interest rate averaging is generally favourable for a borrower in case the agreed-upon fixed interest rate in force at that time is higher than the current market interest rate and the (agreed-upon) fixed interest rate period will not expire in the near future. At this time, Obvion offers interest rate averaging (*rentemiddeling*) to a limited number of the Borrowers. Partly due to social and political pressure, Obvion may in the future offer interest rate averaging (*rentemiddeling*) to a greater group of Borrowers. It should be noted that interest rate averaging (*rentemiddeling*) may have a downward effect on the interest received by the Issuer on the relevant Mortgage Loans and therefore on the ability of the Issuer to comply with its payment obligations under the items as set forth in the Revenue Priority of Payments, including, without limitation, interest under the Notes.

### **Valuations, risks of losses associated with declining property values and the effect on the housing market owing to weakening economic conditions**

Valuations commissioned as part of the origination of Mortgage Loans, represent the analysis and opinion of the appraiser performing the valuation at the time the valuation is prepared and are not guarantees of, and may not be indicative of, present or future value. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to and same method of valuing the property.

The security for the Notes created under the Pledge Agreements may be affected by, among other things, a decline in the value of those properties subject to the Mortgages securing the Mortgage Receivables and investments under the Insurance Policies. No assurance can be given that values of those properties have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. In addition, a forced sale of those properties may, compared to a private sale, result in a lower value of such properties. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

To the extent that specific geographic regions within the Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region could exacerbate certain risks relating to the Mortgage Loans. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes.

See further sections 6.2 (*Description of Mortgage Loans*) and 6.4 (*Dutch residential mortgage market*).

## License requirements under the Wft

Under the Wft, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans and Mortgage Receivables to the Servicer. The Servicer holds a license under the Wft and the Issuer will thus benefit from the exemption. However, if the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans and Mortgage Receivables to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans and Mortgage Receivables to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle (*afwickelen*) its existing agreements. There are a number of licensed entities in the Netherlands to which the Issuer could outsource the servicing and administration activities. It remains, however, uncertain whether any of these entities will be willing to perform these activities on behalf of the Issuer.



### 3 PRINCIPAL PARTIES

#### 3.1 Issuer

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 8 November 2018. The official seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The telephone number of the Issuer is +31 20 521 47 77. The Issuer is registered with the Trade Register under number 73061514.

The corporate objects of the Issuer are (a) to acquire, purchase, manage, alienate and encumber receivables and to exercise any rights connected to such receivables, (b) to take up loans by way of the issue of securities, granting participations or by entering into loan agreements, to acquire the receivables mentioned under (a) and to enter into agreements ancillary thereto, (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate and other financial risks amongst others by entering into derivative agreements, including swap agreements and option agreements, (e) if incidental to the foregoing, (i) to take up loans, amongst others to repay the obligations under any securities, participations and loan agreements mentioned under (b) and (ii) to grant and release security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer was established for the limited purposes of the issue of the Notes, the acquisition of the Mortgage Receivables and certain related transactions described elsewhere in this Prospectus. The Issuer operates under Dutch law, provided that it may enter into contracts which are governed by the laws of another jurisdiction than the Netherlands.

The Issuer has an authorised share capital of EUR 1.00 of which EUR 1.00 has been issued and is fully paid. The entire issued share capital of the Issuer is held by the Shareholder.

The sole managing director of the Issuer is Intertrust Management B.V. Intertrust Management B.V. has elected domicile at the registered office of the Issuer at Prins Bernhardplein 200, 1097 JB Amsterdam, telephone number +31 20 521 47 77. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, D.H. Schornagel and S.A. Jonker-Douwes.

The corporate objects of Intertrust Management B.V. are, *inter alia*, (a) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and (b) to provide advice and other services.

Intertrust Management B.V. belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole managing director of the Security Trustee, and the same group of companies as Intertrust Administrative Services B.V., being the Issuer Administrator. Therefore, a conflict of interest may arise. In this respect it is of note that in the Management Agreements between each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director (*statutair directeur*) should do or should refrain from doing and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant Management Agreement that it will procure that the relevant entity will not enter into any agreement in relation to the Issuer, and/or the Shareholder other than the

Transaction Documents to which it is a party, unless permitted under the Transaction Documents, without the prior written consent of the Security Trustee and that the Security Trustee will not enter into any agreement other than the Transaction Documents to which it is a party, unless permitted under the Transaction Documents, without the prior written consent of the Issuer.

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

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction described in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings involving the Issuer in the last 12 months which may have, or have had, significant effects on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2019.

#### *Capitalisation*

The following table shows the capitalisation of the Issuer as of the date of its incorporation as adjusted to give effect to the issue of the Notes. A copy of the deed of incorporation including the articles of association of the Issuer may be obtained at the specified offices of the Issuer and at the specified office of the Paying Agent during normal business hours.

##### *Share Capital*

|                          |        |
|--------------------------|--------|
| Authorised Share Capital | € 1.00 |
| Issued Share Capital     | € 1.00 |

##### *Borrowings*

|                                |                 |
|--------------------------------|-----------------|
| Class A Notes                  | € 800,000,000   |
| Class B Notes                  | € 33,400,000    |
| Class C Notes                  | € 8,400,000     |
| Initial Savings Participations | € 27,366,486.95 |

##### *Wft*

The Issuer is not subject to any licence requirement under Section 2:11 of the Wft as amended, due to the fact that the Notes will be offered solely to Non-Public Lenders.

The Issuer is not subject to any licence requirement under Section 2:60 of the Wft, as the Issuer has outsourced the servicing and administration of the Mortgage Loans to the Servicer. The Servicer holds a license under the Wft and the Issuer will thus benefit from the exemption.

### 3.2 Shareholder

The Shareholder is a foundation (*stichting*) established under Dutch law on 8 November 2018. It has its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Shareholder is registered with the Trade Register under number 73061344.

The corporate objects of the Shareholder are, *inter alia*, to acquire, to hold, to alienate and encumber shares in the capital of the Issuer and to exercise all rights attached to such shares, including the exercise of voting rights, to take up and to make loans, as well as everything pertaining to the foregoing, relating thereto or conducive thereto, all in the widest sense of the word. Pursuant to the articles of association of the Shareholder an amendment of the articles of association of the Shareholder requires the prior written consent of the Security Trustee. Moreover, the Director of the Shareholder shall only be authorised to dissolve the Shareholder, after (i) receiving the prior written consent of the Security Trustee and (ii) the Issuer has been fully discharged for all its obligations by virtue of the Transaction Documents.

The sole managing director of the Shareholder is Intertrust Management B.V. Intertrust Management B.V. has elected domicile at the registered office of the Issuer at Prins Bernhardplein 200, 1097 JB Amsterdam, telephone number +31 20 521 47 77. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, D.H. Schornagel and S.A. Jonker-Douwes.

### 3.3 Security Trustee

The Security Trustee is a foundation (*stichting*) incorporated under Dutch law on 8 November 2018. It has its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Security Trustee is registered with the Trade Register under number 73061506.

The corporate objects of the Security Trustee are, *inter alia*, (a) to act as agent and/or trustee of the Noteholders and certain other creditors of the Issuer, (b) to acquire security rights as agent and/or trustee and/or for itself, (c) to hold, administer, release and enforce the security rights mentioned under (b) for the benefit of the Noteholders and certain other creditors of the Issuer, and to perform acts and legal acts (including the acceptance of a parallel debt obligation from, *inter alios*, the Issuer) which are or may be related, incidental or conducive to the holding of the above security rights and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are O.J.A. van der Nap, E.F. Coomans-Piscaer and J.A. Broekhuis.

The sole shareholder of Amsterdamsch Trustee's Kantoor B.V. is Intertrust (Netherlands) B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, which entity is also the sole shareholder of each of the Issuer Administrator and Intertrust Management B.V., being the managing director of each of the Issuer and the Shareholder.

### 3.4 Seller<sup>3</sup>

#### *Characteristics*

Obvion N.V. is an established originator and servicer of Dutch residential mortgages and active in the mortgage business since 2002. Obvion holds a license under the Wft to act as offeror (*aanbieder*) and servicer (*bemiddelaar*).

As per 9 May 2012 Rabobank has acquired the remaining shares in Obvion from Stichting Pensioenfonds ABP and therefore as per that date Obvion is fully owned by Rabobank. As a result of Rabobank having full control, Rabobank consolidates Obvion in its financial statements.

Rabobank has a strong commitment to being involved in Obvion. For Rabobank, Obvion is an excellent way to maintain its market share in the Dutch residential mortgage market by selling mortgages through the intermediary channel.

The Seller has represented to the Issuer in the Mortgage Receivables Purchase Agreement that (i) its centre of main interest (**COMI**) (within the meaning of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on Insolvency Proceedings (the **Regulation**)) is situated in the Netherlands and (ii) it is not subject to any one or more of the insolvency and winding-up proceedings listed in Annex A to the Regulation in any EU Member State and has not been dissolved (*ontbonden*), granted a suspension of payments (*surséance verleend*) or declared bankrupt (*failliet verklaard*).

The Seller has also covenanted in the Mortgage Receivables Purchase Agreement that for so long as the Notes remain outstanding it will maintain its COMI in the Netherlands.

#### *Strategy*

Obvion provides responsible funding (solutions) for the housing needs of the customer based on a strong relationship with the customer and in close cooperation with its intermediaries.

Obvion strives to be an agile and externally oriented organisation. Customer focus is the key element in our strategy.

Obvion's philosophy is to be empathic, open and passionate. We aim for continuity for our customers and other stakeholders by providing responsible financing solutions to our customers.

Obvion's pricing strategy is to be in the top 3 of the relevant competitors, meaning mortgage originators using a similar distribution channel, offering a similar product range and have a customer focus which is generally comparable with Obvion.

Obvion provides the management, servicing and administration of mortgage loans that it has originated and that are either on its own balance sheet or on the balance sheet of third parties.

#### *Organisational structure*

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<sup>3</sup> Source: Obvion N.V.

The organisational structure of Obvion is as follows:

The Chief Executive Officer (CEO) is the chairman of the board and responsible for the internal audit, compliance and human resource management.

The Chief Financial Officer (CFO) is responsible for accounting, control, treasury, data management and procurement.

The Chief Risk Officer (CRO) is responsible for risk and legal.

The Chief Commercial Officer (CCO) is responsible for sales, communication and marketing.

The Chief Information Officer (CIO) is responsible for change, IT, process- and functional management.

The Chief Operating Officer (COO) is responsible for first line monitoring, servicing, underwriting and arrears and default management.

The underwriting department is divided into four regional teams who are responsible for assessing the loan applications, granting the loans and handling all queries from the intermediaries regarding loan applications. By dividing the total department into four smaller teams, Obvion wants to strengthen the relationship with the intermediaries in the specific region. Loan modifications are dealt with by the servicing department. Arrears and defaults are handled by the arrears and default management department. To adjust to changes in the number of applications and the resulting changes in workflow, part of the workforce consists of flexible employees. Both flexible staff and permanent staff consist of highly educated employees to ensure professionalism and knowledge. Furthermore, Obvion certainly emphasizes integrity of her staff.

### *Key figures*

Number of loan applications and mortgage deeds Obvion

|                         | loan applications | mortgage deeds |
|-------------------------|-------------------|----------------|
| 2002 (April – December) | 13,700            | 3,600          |
| 2003                    | 33,000            | 19,000         |
| 2004                    | 31,300            | 21,200         |
| 2005                    | 37,000            | 24,100         |
| 2006                    | 46,800            | 32,200         |
| 2007                    | 40,300            | 29,800         |
| 2008                    | 32,400            | 29,100         |
| 2009                    | 16,800            | 13,100         |
| 2010                    | 15,500            | 11,800         |
| 2011                    | 22,300            | 15,900         |
| 2012                    | 23,500            | 15,700         |
| 2013                    | 14,400            | 12,000         |
| 2014                    | 16,700            | 10,100         |
| 2015                    | 13,800            | 10,100         |
| 2016                    | 13,300            | 9,600          |

|                      |        |        |
|----------------------|--------|--------|
| 2017                 | 17,600 | 13,200 |
| 2018 (third quarter) | 11,500 | 8,500  |

As of 30 September 2018 Obvion services a mortgage portfolio of around 176,800 mortgage loans, including circa 142,900 loans serviced for third parties. These third parties are SPV's regarding RMBS transactions (STORM and STRONG), ABP and Non-RMBS Private Placements (portfolio's privately sold to investors).

|   |               |
|---|---------------|
| Total mortgage portfolio serviced by Obvion at 30 September 2018            | € 31.5<br>bn. |
| Mortgage portfolio originated under the name of Obvion (since April 2002)   | € 29.4<br>bn. |
| Mortgage portfolio originated under the name of ABP (until April 2002)      | € 2.1 bn.     |
| Mortgage production Obvion in the third quarter of 2018                     | € 1.8 bn.     |
| Market share of Obvion in terms of new production the third quarter of 2018 | 3.2%          |

### *Management*

On the date hereof the Management Team of Obvion consists of the following persons:

C.G.M. van Kemenade (CEO)

A.H.M. de Beijer (CRO)

P. Dijks (CCO)

R.A.J. Nieuwkamp (CIO) as of 1 December 2018 (subject to AFM approval)

G. van Haaren-Isbouts (COO)

On the date hereof the Supervisory Board of Obvion consists of the following persons:

B.J. Marttin (chairman) (Rabobank)

A.M.H.A. Straathof (Rabobank)

M.P.J. Lichtenberg (Rabobank)

### **3.5 Servicer**

Under the Servicing Agreement, Obvion, in its capacity as servicer, will agree to provide administration and management services in relation to the Mortgage Loans and the Mortgage Receivables on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the Mortgage Receivables and the implementation of arrears procedures including, if

applicable, the enforcement of Mortgages. Obvion has appointed Stater Nederland B.V. as its sub-mpt provider under the terms of the Servicing Agreement.

For a description of Obvion see section 3.4 (*Seller*).

Stater Nederland B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law. It has its official seat (*statutaire zetel*) in Amersfoort, the Netherlands and is registered with the Trade Register under number 08716725.

### **3.6 Issuer Administrator**

Intertrust Administrative Services B.V. will be appointed as Issuer Administrator in accordance with and under the terms of the Administration Agreement (see further under section 5.7 (*Administration Agreement*)). Intertrust Administrative Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law on 20 June 1963. It has its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Issuer Administrator is registered with the Trade Register under number 33210270.

The corporate objects of the Issuer Administrator are (a) to represent financial, economic and administrative interests in the Netherlands and other countries, (b) to act as trust company, as well as to participate in, manage and administer other enterprises, companies and legal entities and (c) to perform any and all acts which are related, incidental or which may be conducive to the above.

The managing directors of the Issuer Administrator are E.M. van Ankeren and S.A. Jonker-Douwes. The sole shareholder of the Issuer Administrator is Intertrust (Netherlands) B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, which entity is also the sole shareholder of each of the Directors.

### **3.7 Other parties**

#### **Rabobank**

Rabobank is an international financial services provider operating on the basis of cooperative principles. Rabobank comprises Coöperatieve Rabobank U.A. and its subsidiaries. Rabobank operates in 39 countries. Its operations include Domestic Retail Banking, Wholesale, Rural & Retail, Leasing and Real Estate. It serves approximately 8.4 million clients around the world. In the Netherlands, its focus is on maintaining Rabobank's position in the Dutch market and, internationally, on food and agriculture. Rabobank entities have strong inter-relationships due to Rabobank's cooperative structure.

Rabobank's cooperative core business comprises the local Rabobanks. Clients can become members of Coöperatieve Rabobank U.A. With 420 offices at 30 June 2018, the local Rabobanks form a dense banking network in the Netherlands.

In the Netherlands, the local Rabobanks serve approximately 6.5 million private customers, and approximately 800,000 business clients, offering a comprehensive package of financial services.

Coöperatieve Rabobank U.A. is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. At 30 June 2018, Rabobank had total assets of € 607.8 billion, a private sector loan portfolio of € 415.7 billion, deposits from customers of € 346.6 billion and equity of € 40.5 billion.

At 30 June 2018, its common equity tier 1 ratio, which is the ratio between common equity tier 1 capital and total risk-weighted assets, was 15.8 per cent. and its total capital ratio, which is the ratio between qualifying capital and total risk-weighted assets, was 26.1 per cent.



## 4 NOTES

### 4.1 Terms and Conditions

*If Notes are issued in definitive form (each such Note a **Definitive Note**), the terms and conditions will be as set out below. The Conditions will be endorsed on each Definitive Note if they are issued. While the Notes remain in global form, the same terms and conditions will govern the Notes, except to the extent that they are not appropriate for Notes in global form. See section 4.2 (Form).*

The issue of the EUR 800,000,000 senior class A mortgage-backed notes 2018 due 2067 (the **Class A Notes**), the EUR 33,400,000 mezzanine class B mortgage-backed notes 2018 due 2067 (the **Class B Notes**) and the EUR 8,400,000 subordinated class C notes 2018 due 2067 (the **Class C Notes** and together with the Class A Notes and the Class B Notes, the **Notes**) was authorised by a resolution of the managing director of STRONG 2018 B.V. (the **Issuer**) passed on 12 December 2018. The Notes have been or will be issued under a trust deed (the **Trust Deed**) dated 14 December 2018 (the **Signing Date**) between the Issuer, Stichting Holding STRONG 2018 (the **Shareholder**) and Stichting Security Trustee STRONG 2018 (the **Security Trustee**).

Under a paying agency agreement (the **Paying Agency Agreement**) dated the Signing Date by and between the Issuer, the Security Trustee and Deutsche Bank AG, London Branch as paying agent (the **Paying Agent**), and Deutsche Bank AG, London Branch as reference agent (the **Reference Agent** and, together with the Paying Agent, the **Agents**) provision is made for, among other things, the payment of principal and interest in respect of the Notes.

The statements in these terms and conditions of the Notes (the **Conditions**) include summaries of, and are subject to, the detailed provisions of (i) the Paying Agency Agreement, (ii) the Trust Deed, which will include the form of the Definitive Notes and the Coupons appertaining to the Definitive Notes (the **Coupons**), the forms of the Temporary Global Notes and the Permanent Global Notes, (iii) a mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) dated the Signing Date between Obvion N.V., as seller (the **Seller**), the Issuer and the Security Trustee, (iv) a servicing agreement (the **Servicing Agreement**) dated the Signing Date between the Issuer, Obvion N.V., as servicer (the **Servicer**) and the Security Trustee, (v) an administration agreement (the **Administration Agreement**) dated the Signing Date between the Issuer, Intertrust Administrative Services B.V., as administrator (the **Issuer Administrator**) and the Security Trustee, (vi) an issuer mortgage receivables pledge agreement (the **Issuer Mortgage Receivables Pledge Agreement**) dated the Signing Date between the Issuer and the Security Trustee, (vii) an issuer rights pledge agreement (the **Issuer Rights Pledge Agreement**) dated the Signing Date between, *inter alios*, the Issuer and the Security Trustee and (viii) an issuer accounts pledge agreement (the **Issuer Accounts Pledge Agreement**) dated the Signing Date between, *inter alios*, the Issuer and the Security Trustee (jointly with the pledge agreements referred to under (vi) and (vii) above, the **Pledge Agreements**) and together with the master definitions and common terms agreement (the **Master Definitions Agreement**) dated the Signing Date between, *inter alios*, the Issuer, the Security Trustee and the Seller and certain other agreements, including all aforementioned agreements and the Notes, the **Transaction Documents**). A reference to a Transaction Document shall be construed as a reference to such Transaction Document as the same may have been, or may from time to time be, replaced, amended or supplemented and a reference to any party to a Transaction Document shall include references to its successors, assigns and any person deriving title under or through it.

Certain words and expressions used below are defined in the Master Definitions Agreement. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, **Class** means the Class A Notes, the Class B Notes or the Class C Notes, as the case may be.

Copies of the Mortgage Receivables Purchase Agreement, the Trust Deed, the Secured Creditors Agreement, the Paying Agency Agreement, the Servicing Agreement, the Pledge Agreements, the Master Definitions Agreement and certain other agreements are available for inspection free of charge by Noteholders at the specified office of the Paying Agent and the current office of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Pledge Agreements and the Master Definitions Agreement.

## **1 Form, Denomination and Title**

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

## **2 Status, Relationship between the Notes and Security**

### **(a) Status**

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.

In accordance with the provisions of Conditions 4 (*Interest*), 6 (*Redemption*) and 9 (*Revenue Shortfall, Principal Deficiency and Principal Shortfall*) and the Trust Deed prior to the delivery of an Enforcement Notice, (i) payments of principal and interest, respectively, on the Class B Notes will be subordinated to, *inter alia*, payments of principal and interest, respectively, on the Class A Notes and (ii) payments of principal and interest, respectively, on the Class C Notes will be subordinated to, *inter alia*, payments of principal and interest, respectively, on the Class A Notes and the Class B Notes.

### **(b) Security**

The Secured Creditors, including, *inter alios*, the Noteholders, benefit from the security for the obligations of the Issuer towards the Security Trustee (the **Security**), which will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:

- (i) a first priority right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the rights as beneficiary under the Insurance Policies (the **Beneficiary Rights**) and all accessory rights (*afhankelijke rechten*) and ancillary rights (*neven rechten*);
- (ii) a first priority right of 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 Issuer Account Bank under or in connection with the Issuer Account Agreement, (c) against the Servicer under or in connection with the Servicing Agreement, (d) against the Swap Counterparty and the Back-Up Swap Counterparty under or in connection with the Swap Agreement and the Conditional Deed of Novation, (e) against the Cash Advance Facility Provider under or in connection with the Cash Advance Facility Agreement, (f) against the Participants under the Participation Agreements, (g) against the Seller under or in connection with the Beneficiary Waiver Agreement and (h) against the Commingling Guarantor under or in connection with the Commingling Guarantee and (i) against the Construction Deposits Guarantor under the Construction Deposits Guarantee; and
- (iii) a first priority right of pledge by the Issuer to the Security Trustee over the Issuer's claims in respect of the Issuer Accounts.

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of each of the holders of the Class A Notes (the **Class A Noteholders**), the holders of the Class B Notes (the **Class B Noteholders**) and the holders of the Class C Notes (the **Class C Noteholders**), each as a Class as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) and the Security Trustee need not to have regard to the consequences of such exercise for individual Noteholders but is required in any such case to have regard only to the interests of the Class A Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Class A Noteholders on the one hand and the Class B Noteholders and the Class C Noteholders on the other hand and, if no Class A Notes are outstanding, to have regard only to the interests of the Class B Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Class B Noteholders on the one hand and the Class C Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that, in the case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails, it being noted that, only for the purpose of determining which party's interest prevails in the case where the Security Trustee shall only have regard to the interest of the Secured Creditors mentioned under item d of the Post-Enforcement Priority of Payments, the interest of the Secured Creditor mentioned under item d(ii) of the Post-Enforcement Priority of Payments shall prevail over the interest of the Secured Creditor mentioned under item d(i) of the Post-Enforcement Priority of Payments.

### 3 **Covenants of the Issuer**

As long as any of the Notes remains 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 or provided for in the Transaction Documents, or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus issued in relation to the Notes and as contemplated in the Transaction Documents;
- (b) incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (c) create, promise to create or permit to subsist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed or the Pledge Agreements, and the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts and the Cash Advance Facility Account and an account into which collateral under the Swap Agreement is transferred, unless all rights in relation to such account (other than the account into which collateral under the Swap Agreement is transferred) will have been pledged to the Security Trustee as provided in Condition 2(b)(iii) (*Security*);
- (h) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (i) pay any dividend or make any other distribution to its shareholder(s) other than out of Profit as carved out of the Available Revenue Funds or issue any further shares;
- (j) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in; or
- (k) enter into derivative contracts.

#### **4 Interest**

##### **(a) *Period of accrual***

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 (*Redemption*)) from and including the date the Notes are issued (the **Closing Date**). Each Note (or, in

the case of the redemption of only part of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note 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 7<sup>th</sup> calendar day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13 (*Notices*)) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual number of calendar days elapsed in the Interest Period divided by 360 calendar days.

(b) *Interest Periods and Payment Dates*

Interest on the Notes shall be payable by reference to successive interest periods (each an **Interest Period**) and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6 (*Redemption*)) of the Notes, respectively, on the 22<sup>nd</sup> day of March, June, September and December in each year, 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 22<sup>nd</sup> day is the relevant Business Day (each such day being a **Notes Payment Date**), subject to Condition 9(a) (*Interest*). A **Business Day** means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System (the **TARGET 2 System**) or any successor thereto is open for the settlement of payments in euro, provided that such day is also a day on which banks are open for business in Amsterdam, the Netherlands and London, the United Kingdom. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in March 2019.

(c) *Interest on the Notes*

Except for the first Interest Period whereby interest will accrue from (and including) the Closing Date until but excluding the first Notes Payment Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate (**Euribor**) for 3-months deposits in euro and the Euribor for 6-months deposits in euro (determined in accordance with Condition 4 (*Interest*)) plus the margin as set out below, interest on the Notes for each Interest Period up to (but excluding) the First Optional Redemption Date will accrue at an annual rate equal to Euribor for 3-months deposits in euro, plus:

- (i) for the Class A Notes, a margin of 0.60 per cent. per annum;
- (ii) for the Class B Notes, a margin of 2.00 per cent. per annum; and
- (iii) for the Class C Notes, a margin of 6.00 per cent. per annum.

The rate of interest on the Notes shall at any time be at least 0.00 per cent.

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

If on the First Optional Redemption Date (as defined in Condition 6 (*Redemption*)) the Notes of any Class have not been redeemed in full, the margin on each Class of Notes (other than the Class C Notes) will increase. The rate of interest applicable to the Notes will then be equal to the sum of Euribor for 3-months deposits in euro, payable by reference to Interest Periods on each Notes Payment Date, plus:

- (i) for the Class A Notes, a margin of 1.20 per cent. per annum;
- (ii) for the Class B Notes, a margin of 3.00 per cent. per annum; and
- (iii) for the Class C Notes, a margin of 6.00 per cent. per annum.

The rate of interest on the Notes shall at any time be at least 0.00 per cent.

(e) *Euribor*

For the purposes of Conditions 4(b), (c) and (d) (*Interest*) Euribor will be determined as follows:

- (i) the Reference Agent will obtain for each Interest Period the rate equal to Euribor for 3-months deposits in euro. The Reference Agent shall use the Euribor rate as determined and published by the European Money Markets Institute and which appears for information purposes on the Reuters Screen Euribor 01 (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) at or about 11:00 a.m. (Central European Time) on the day that is 2 Business Days preceding the first day of each Interest Period (each an **Interest Determination Date**).
- (ii) if, on the relevant Interest Determination Date, such Euribor rate is not determined and published by the European Money Markets Institute, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will use its best efforts to, and provided that such arrangements are in compliance with the Benchmark Regulation Requirements:
  - A. request the principal euro-zone office of each of 4 major banks in the euro-zone interbank market to provide a quotation for the rate at which 3-months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European Time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - B. determine the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of such quotations as are provided; and
- (iii) if fewer than 2 such quotations are provided as requested, the Reference Agent will use its best efforts to determine the arithmetic mean (rounded, if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the rates quoted by major banks, of which there

shall be at least 2 in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European Time) on the relevant Interest Determination Date for 3-months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time, provided that such arrangements are in compliance with the Benchmark Regulation Requirements;

- (iv) if the Reference Agent is unable to determine Euribor in accordance with the provisions under (ii) and (iii) above, the Issuer shall use its best efforts, to, at its discretion and provided that such arrangements are in compliance with the Benchmark Regulation Requirements, determine Euribor in accordance with (ii) and (iii) above itself or appoint a third party to perform such determination,

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

(f) *Determination of Floating Rate of Interest and calculation of the Floating Interest Amount*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each relevant Class of Notes (the **Floating Rate of Interest**) and calculate the amount of interest payable, subject to Condition 9(a) (*Interest*) and in accordance with paragraph (e) above, on each such Class of Notes for the following Interest Period (the **Floating Interest Amount**) by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the 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 relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Notes Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of such Class of Notes. As long as the Notes of any Class are admitted to listing, trading and/or quotation on Euronext in Amsterdam, the Netherlands (**Euronext Amsterdam**) or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system, as soon as possible after the determination. The Floating Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(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 paragraph (f) above, the Security Trustee, or a party so appointed by the Security Trustee on behalf of the Security Trustee acting in accordance with the Benchmark Regulation Requirements, shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (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 paragraph (f) above, and each such determination or calculation shall be final and binding on all parties.

(i) *Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be a Reference Agent. The Issuer has, subject to obtaining the prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 60 calendar 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 (*Notices*). If any person shall be unable or unwilling to continue to act as the Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor reference agent to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

(j) *Definitions*

For the purposes of this Condition 4 (*Interest*) the following terms shall have the following meanings:

**Benchmark Regulation** shall mean Regulation 2016/2011 on indices used as benchmarks, applicable as of 1 January 2018.

**Benchmark Regulation Requirements** shall mean the requirements imposed on the administrator of a benchmark pursuant to the Benchmark Regulation, which includes a requirement for the administrators of a benchmark to be licensed by or to be registered with the competent authority as a condition to be permitted to administer the benchmark.

**5 Payment**

- (a) Payment of principal and interest in respect of Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) On the Final Maturity Date (as defined in Condition 6(b) (*Final redemption*)), or such earlier date on which the Notes become due and payable, the Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such



missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of 5 years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8 (*Prescription*)).

- (c) If the relevant Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon (**Local Business Day**), the holder thereof shall not be entitled to payment until the next following Local Business Day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an 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 United Kingdom. The name of the Paying Agent and details of its office are set out at the back of the Prospectus and in schedule 1 of the Master Definitions Agreement.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in an EU Member State. Notice of any termination or appointment of the Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13 (*Notices*).

## **6 Redemption**

### **(a) Definitions**

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

**Available Principal Funds** shall mean, on any Notes Calculation Date, the sum of the following amounts, calculated as at such Notes Calculation Date, as being received or held by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date (items (i) up to and including (ix):

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties and penalty interest (*boeterente*), if any, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;
- (ii) Net Foreclosure Proceeds (as defined in Condition 6(a)) in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;

- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (v) any Bank Savings Participation Increase, Insurance Savings Participation Increase, Switched Savings Participation and Initial Savings Participation received pursuant to the Participation Agreements (other than the Initial Savings Participations received on the Closing Date);
- (vi) partial prepayment in respect of Mortgage Receivables, excluding Prepayment Penalties and penalty interest (*boeterente*), if any, *less* with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable in case the partial prepayment made in respect thereof exceeds the difference between (a) the Outstanding Principal Balance under such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable and (b) the Participation therein, an amount equal to such excess up to the Participation therein;
- (vii) an amount equal to the sum of the Pre-Funding Initial Purchase Price Amount and the Remaining Pre-Funding Amount;
- (viii) amounts received under or in connection with the Construction Deposits Guarantee after a request for payment made by the Issuer (other than the Construction Deposits Cash Collateral);
- (ix) amounts received from the Commingling Guarantor under the Commingling Guarantee to the extent such amounts do relate to principal;
- (x) the part of the net proceeds of the issue of the Notes (other than the Class C Notes), if any, which will remain after application thereof towards payment on the Closing Date of part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date and any part of the Available Redemption Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Redemption Priority of Payments on the immediately preceding Notes Payment Date; and
- (xi) the Reserved Amount as calculated on the immediately preceding Notes Calculation Date.

**Available Redemption Funds** shall mean, on any Notes Calculation Date immediately preceding:

- (a) a Notes Payment Date falling prior to the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date minus the sum of (x) the

Initial Purchase Price Amount calculated on such Notes Calculation Date and (y) the Reserved Amount calculated on such Notes Calculation Date; and

- (b) a Notes Payment Date falling on or after the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date.

**Available Revenue Funds** shall mean, on any Notes Calculation Date, the sum of the following amounts, calculated as at such Notes Calculation Date as being received or held by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date (items (i) up to and including (xii)) *less* an amount equal to 25 per cent. of the higher of (A) EUR 3,500 and (B) 10 per cent. of the amount due and payable per annum by the Issuer to the Issuer Director, pursuant to item (a) of the Revenue Priority of Payments, representing taxable income for corporate income tax purposes in the Netherlands (the **Profit**):

- (i) interest on the Mortgage Receivables *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the interest received multiplied by the Participation Fraction;
- (ii) interest credited to the Issuer Accounts *less* the interest due by the Issuer to the Construction Deposits Guarantor under the terms of the Construction Deposits Guarantee in connection with any Construction Deposits Cash Collateral credited to the Issuer Collection Account;
- (iii) Prepayment Penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;
- (iv) Net Foreclosure Proceeds in respect of any Mortgage Receivables, to the extent such proceeds do not relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the proceeds received multiplied by the Participation Fraction;
- (v) amounts to be drawn under the Cash Advance Facility (other than a Cash Advance Facility Stand-by Drawing) on the immediately succeeding Notes Payment Date;
- (vi) amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (vii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Notes Payment Date, excluding, for the avoidance of doubt, any collateral transferred to the Issuer pursuant to the Swap Agreement;
- (viii) amounts received from the Commingling Guarantor under the Commingling Guarantee to the extent such amounts do not relate to principal;
- (ix) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, *less*, with respect to each Savings Mortgage

Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;

- (x) amounts received as post-foreclosure proceeds on the Mortgage Receivables, to the extent such amounts are not due and payable to Stichting WEW to satisfy its claim resulting from a payment made by it under the NHG Guarantees;
- (xi) amounts received from a replacement swap provider upon entry into an agreement with such replacement swap provider replacing the Swap Agreement; and
- (xii) after all amounts of interest and principal due under the Notes, other than principal in respect of the Class C Notes, have been paid on the Notes Payment Date immediately preceding the relevant Notes Calculation Date or will be available for payment on the immediately succeeding Notes Payment Date, any amount standing to the credit of the Reserve Account.

**Delinquency Ratio** shall mean on any Notes Calculation Date:

- (a) the aggregate Net Outstanding Principal Balance of all Delinquent Mortgage Receivables, divided by,
- (b) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables, each as calculated on such Notes Calculation Date.

**Delinquent Mortgage Receivable** shall mean any Mortgage Receivable in respect of which amounts are due and payable which have remained unpaid for a consecutive period exceeding 90 days.

**Initial Purchase Price Amount** shall mean, on any Notes Calculation Date immediately preceding the relevant Notes Payment Date, the amount of the Available Principal Funds to be applied on such Notes Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amount, of any Replacement Receivables and/or, up to the New Mortgage Receivables Available Amount, of any New Mortgage Receivables.

**Insolvency Event** shall mean any of the following proceedings being imposed on a company:

- (a) a (preliminary) suspension of payments (*((voorlopige) surseance van betaling)*);
- (b) bankruptcy (*faillissement*); and
- (c) special measures (*bijzondere voorzieningen*) within the meaning of chapter 3 of the Act on the financial supervision (*Wet op het financieel toezicht*).

**Mortgage Calculation Period** shall mean the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Initial Cut-Off Date and ends on (and includes) the last day of December 2018.

**Net Foreclosure Proceeds** shall mean (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policies in connection with relevant the Mortgage Receivable, including but not limited to fire insurance policies and Insurance Policies, (iv) the proceeds of the NHG Guarantee, if any, and any other guarantees or sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable. The term "foreclosure" shall include any lawful manner of generating proceeds from collateral, whether by public auction, by private sale or otherwise.

**Notes Calculation Date** shall mean, in relation to a Notes Payment Date, the third Business Day prior to such Notes Payment Date.

**Notes Calculation Period** shall mean, in relation to a Notes Calculation Date, the 3 successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Initial Cut-Off Date and ends on and includes the last day of February 2019.

**Portfolio Trigger Event** shall mean, in respect of a Notes Payment Date, the occurrence of any of the following events:

- (a) there is a balance standing to the debit on any of the Principal Deficiency Ledgers;
- (b) the Realised Loss Ratio exceeds 0.25%;
- (c) the Delinquency Ratio calculated in relation to a Notes Payment Date exceeds 1.50%; and
- (d) the Additional Purchase Criteria are no longer being complied with,

each as calculated on the Notes Calculation Date immediately preceding such Notes Payment Date.

**Pre-Funding Initial Purchase Price Amount** shall mean, on any Notes Calculation Date during the Pre-Funding Period, the lower of (i) an amount equal to the Initial Purchase Price of any New Mortgage Receivables calculated on such Notes Calculation Date and (ii) the amount standing to the credit of the Pre-Funding Account.

**Pre-Funding Period** shall mean the period as from the Closing Date up to and including the Notes Payment Date falling in March 2019.

The **Principal Amount Outstanding** on any Notes Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts (as defined in Condition 6(c) below) in respect of that Note that have become due and payable prior to such Notes Calculation Date.

**Realised Loss** shall mean, on any Notes Calculation Date, the sum of (a) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables, on which the Seller, the Issuer or the Security Trustee (or the Servicer on their behalf) has foreclosed and has received the proceeds (including for the avoidance of doubt the proceeds of any NHG Guarantee) in the Notes Calculation

Period immediately preceding such Notes Calculation Date less the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Balance of such Mortgage Receivables, (b) with respect to Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed in the Notes Calculation Period immediately preceding such Notes Calculation Date, the amount of the aggregate Net Outstanding Principal Balance of all such Mortgage Receivables, less the purchase price received, or to be received on the immediately succeeding Notes Payment Date, in respect of such Mortgage Receivables to the extent relating to principal and (c) with respect to Mortgage Receivables which have been extinguished (*teniet gegaan*), in part or in full, in the Notes Calculation Period immediately preceding such Notes Calculation Date as a result of a set-off right having been invoked by the relevant Borrower or the Seller, as the case may be, the positive difference, if any, between the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) and the amount received from the Seller during the Notes Calculation Period immediately preceding such Notes Calculation Date pursuant to the Mortgage Receivables Purchase Agreement in connection with such set-off.

**Realised Loss Ratio** shall mean in relation to any Notes Calculation Date:

- (a) the aggregate Realised Losses in respect of all Notes Calculation Periods following the Closing Date as calculated on such Notes Calculation Date,  
  
divided by
- (b) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables as calculated on the Closing Date.

**Remaining Pre-Funding Amount** shall mean:

- (a) on any Notes Calculation Date immediately preceding the last Notes Payment Date of the Pre-Funding Period, an amount equal to (i) the amount standing to the credit of the Pre-Funding Account minus (ii) the Pre-Funding Initial Purchase Price Amount, each as calculated on such Notes Calculation Date; and
- (b) on any Notes Calculation Date other than the Notes Calculation Date immediately preceding the last Notes Payment Date of the Pre-Funding Period, zero.

**Reserved Amount** shall mean, on any Notes Calculation Date immediately preceding:

- (a) a Notes Payment Date falling prior to the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date minus the sum of (i) the Initial Purchase Price Amount calculated on such Notes Calculation Date and (ii) the Remaining Pre-Funding Amount calculated on such Notes Calculation Date; and
- (b) a Notes Payment Date falling on or after the Revolving Period End Date, zero.

**Revolving Period End Date** shall mean the earlier of (i) the date on which an Event of Default in respect of the Issuer has occurred which is continuing, (ii) the date on which an Insolvency Event in respect of Obvion has occurred which is continuing, (iii) the date on which a Portfolio Trigger Event has

occurred, (iv) the date on which the appointment of Obvion as Servicer is terminated (other than a voluntary termination by Obvion as Servicer in accordance with the terms and conditions of the Servicing Agreement), (v) the third successive Notes Payment Date on which the Reserved Amount is higher than EUR 1,000,000 and (vi) the First Optional Redemption Date.

(a) *Application of Available Principal Funds*

- (i) On each Notes Payment Date falling prior to the Revolving Period End Date, the Issuer shall apply the Available Principal Funds in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amount, of any Replacement Receivables and/or, up to the New Mortgage Receivables Available Amount, of any New Mortgage Receivables, provided that on such date the conditions for purchase of such Mortgage Receivables as set forth in the Mortgage Receivables Purchase Agreement are met.
- (ii) On each Notes Payment Date falling prior to the Revolving Period End Date, the Issuer shall credit the Reserved Amount into the Issuer Collection Account and such amount will subsequently be applied towards the purchase of New Mortgage Receivables on the next succeeding Notes Payment Dates up to (but excluding) the Revolving Period End Date up to the New Mortgage Receivables Available Amount, provided that on each such date the conditions for purchase of such New Mortgage Receivables are met and to the extent any New Mortgage Receivables are offered by the Seller.
- (iii) On each Notes Payment Date falling on or after the Revolving Period End Date, the Issuer shall apply the Available Principal Funds as Available Redemption Funds in or towards redemption of each Class of Notes at their Principal Amount Outstanding, subject to and in accordance with Condition 6(c).

(b) *Final redemption*

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b) (*Principal*), redeem any remaining Class of Notes at their Principal Amount Outstanding, together with accrued interest, on the Notes Payment Date falling in September 2067 (the **Final Maturity Date**).

(c) *Redemption of the Notes (other than the Class C Notes) prior to delivery of an Enforcement Notice*

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), the Issuer shall, subject to Condition 9(b) (*Principal*), on each Notes Payment Date apply the Available Redemption Funds, subject to and in accordance with the Redemption Priority of Payments towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, the Class A Notes, until fully redeemed and (ii) *secondly*, the Class B Notes, until fully redeemed.

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

Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(d) *Determination of Redemption Amount and Principal Amount Outstanding:*

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first calendar day following the relevant Notes Payment Date. Each determination by or on behalf of the Issuer of any Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam and to the Noteholders. As long as the Notes of any Class are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system as soon as possible after the determination. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13 (*Notices*).
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Redemption Amount or the Principal Amount Outstanding of a Note, such Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (e) and paragraph (d) above (but based upon the information in its possession as to the Available Principal Funds and Available Redemption Funds) and each such determination or calculation shall be deemed to have been made by the Issuer.

(e) *Optional redemption*

The Issuer may, at its option, on giving not more than 60 nor less than 30 calendar days written notice to the Security Trustee and the Noteholders in accordance with Condition 13 (*Notices*), on the Notes Payment Date falling in September 2025 (the **First Optional Redemption Date**) and on each Notes Payment Date thereafter (each an **Optional Redemption Date**) redeem, subject to Condition 9(b) (*Principal*), all (but not only part of) the Notes (other than the Class C Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes.

(f) *Redemption following clean-up call*

The Seller has the right to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables which are outstanding, which right may be exercised on any Notes Payment Date on which the aggregate Net Outstanding Principal Balance of all the Mortgage Receivables is not more than 10 per cent. of the sum of (i) the aggregate Net Outstanding Principal Balance of the



Mortgage Receivables calculated as at the Closing Date and (ii) the aggregate principal amount of the New Mortgage Receivables outstanding on the date such New Mortgage Receivables were purchased by and assigned to the Issuer during the Pre-Funding Period (the **Clean-Up Call Option**). On the Notes Payment Date on which the Seller wishes to exercise its Clean-Up Call Option, the Issuer shall redeem, subject to Condition 9(b) (*Principal*), all (but not only part of) the Notes (other than the Class C Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to redemption of the Notes.

(g) *Redemption of Class C Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), the Issuer will be obliged to apply the Available Revenue Funds, if and to the extent that all payments ranking above item (p) in the Revenue Priority of Payments have been made in full, to redeem (or partially redeem) on a *pro rata* basis the Class C Notes on each Notes Payment Date until fully redeemed. Any amount so redeemed will be deemed to be a Redemption Amount for the purpose of calculating the Principal Amount Outstanding of each of the Class C Notes in accordance with Condition 6(d) (*Determination of Redemption Amount and Principal Amount Outstanding*). Unless previously redeemed in full, the Issuer will, subject to Condition 9(b) (*Principal*), redeem the Class C Notes at their Principal Amount Outstanding, together with accrued interest, on the Final Maturity Date.

(h) *Redemption for tax reasons*

The Issuer may (but is not obliged to) redeem all (but not only part of) the Notes (other than the Class C Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b) (*Principal*), if (a) the Issuer or the Paying Agent has become or would become obligated to make any withholding or deduction from payments in respect of any of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) and/or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest on any of the Notes as a result of (i) a change in any laws, rules or regulations or in the interpretation or administration thereof, or (ii) any act taken by any taxing authority on or after the issue date of the Notes. No redemption pursuant to item (ii) may be made unless the Issuer receives an opinion of independent counsel that there is a probability that the act taken by the taxing authority leads to one of the events mentioned at (a) or (b).

## 7 **Taxation**

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges is required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

## **8 Prescription**

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

## **9 Revenue Shortfall, Principal Deficiency and Principal Shortfall**

### **(a) Interest**

Interest on the Class A Notes, the Class B Notes and the Class C Notes shall be payable in accordance with the provisions of Conditions 4 (*Interest*) and 5 (*Payment*), subject to the terms of this Condition and subject to the provisions of the Trust Deed.

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class A Notes on such Notes Payment Date and such interest is not paid within 15 calendar days from the relevant Notes Payment Date, this will constitute an Event of Default in accordance with Condition 10(a).

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on the next Notes Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest due on such Notes Payment Date to the Class B Noteholders. In the event of a shortfall, the Issuer shall credit the Class B Notes Revenue Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class B Notes, on any Notes Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class B Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the 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 Class B Note on the next succeeding Notes Payment Date.

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class C Notes on the next Notes Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest due on such Notes Payment Date to the Class C Noteholders. In the event of a shortfall, the Issuer shall credit the Class C Notes Revenue Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class C Notes, on any Notes Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class C Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the 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 Class C Note on the next succeeding Notes Payment Date.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the holders of the Class B Notes will not be entitled to any repayment of principal in respect of the Class B Notes. As from that date the Principal Amount Outstanding of the Class B Notes will be redeemed in accordance with the provisions of Condition 6 (*Redemption*), provided that if, on any Notes 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 Class B Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Issuer Accounts.

In these Conditions, the **Principal Shortfall** means, with respect to any Notes Payment Date, an amount equal to the balance of the relevant sub-ledger of the Principal Deficiency Ledger for the relevant Class of Notes divided by the number of Notes of the relevant Class on such Notes Payment Date.

If on any Notes Calculation Date all amounts of interest and principal due under the Notes, except for principal in respect of the Class C Notes, have been paid or will be available for payment on the Notes Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will on the Notes Payment Date immediately succeeding such Notes Calculation Date form part of the Available Revenue Funds and will be available to redeem or partially redeem the Class C Notes. If on the Notes Payment Date on which all amounts of interest and principal due under the Notes, except for principal in respect of the Class C Notes, have been paid or will be paid (i) no balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes, or (ii) a balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the amount to be applied towards satisfaction of the Principal Amount Outstanding of each Class C Note on such date shall not exceed the balance standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, divided by the number of Class C Notes then outstanding. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Issuer Accounts.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Class C Notes or, as the case may be, the Class B Notes, are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the

Class C Notes or, as the case may be, the Class B Notes then the Class C Noteholders or, as the case may be, the Class B Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

## 10 Events of Default

The Security Trustee at its discretion may or, if so directed by an Extraordinary Resolution of the Class A Noteholders or if no Class A Notes are outstanding, by an Extraordinary Resolution of the Class B Noteholders or, if no Class A Notes and Class B Notes are outstanding, by an Extraordinary Resolution of the Class C Noteholders (subject, in each case, to being indemnified to its satisfaction) shall (but in the case of the occurrence of the event mentioned in subparagraph (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) the Issuer is in default for a period of 15 calendar days or more in the payment on the due date of any amount due in respect of the Notes of the relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 calendar days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of 30 calendar days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer in respect 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;
- (f) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt or becomes subject to any other regulation having a similar effect; 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 or any of the Transaction Documents to which the Issuer is a party,

provided, however, that, if Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Class B Notes and the Class C Notes, irrespective of whether an Extraordinary Resolution is passed by the Class B Noteholders or the Class

C Noteholders, unless an Enforcement Notice in respect of the Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Class B Noteholders or the Class C Noteholders.

The issuance of an Enforcement Notice will be reported to the Noteholders without undue delay in accordance with Condition 13.

## **11 Enforcement**

### **(a) *Enforcement***

At any time after the Notes of any Class become due and payable (including, but not limited to, upon the issuance of an Enforcement Notice), 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 security created by the Issuer in favour of the Security Trustee pursuant to the terms of the Trust Deed and the Pledge Agreements, including the making of a demand for payment thereunder, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Class A Noteholders or, if all amounts due in respect of the Class A Notes have been fully paid, the Class B Noteholders or, if all amounts due in respect of the Class A Notes and the Class B Notes have been fully paid, the Class C Noteholders and (ii) it shall have been indemnified to its satisfaction. The Security Trustee will enforce the Security pursuant to the terms of the Trust Deed and the Pledge Agreements for the benefit of all Secured Creditors, including, but not limited to, the Noteholders, and will apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds (after deduction of the amounts due and payable to the Participants) to the Secured Creditors (other than the Participants) in accordance with the Post-Enforcement Priority of Payments set forth in the Trust Deed.

### **(b) *No Action against Issuer by Noteholders***

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) *Undertaking by Noteholders and Security Trustee***

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 1 year after the last maturing Note is paid in full.

(d) *Limitation of Recourse*

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 (*Events of Default*) above is to enforce the Security.

**12 Indemnification of the Security Trustee**

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

**13 Notices**

With the exception of the publications of the Reference Agent in Condition 4 (*Interest*) and of the Issuer in Condition 6 (*Redemption*), all notices to the Noteholders will only be valid if (i) 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 (ii) as long as the Notes of any Class are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, notice shall also be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system. Any notice shall be deemed to have been given on the first date of such publication.

**14 Meetings of Noteholders; Modification; Consents; Waiver; Removal Director**

The Trust Deed contains provisions for convening meetings of Noteholders of any Class or one or more Classes jointly to consider matters affecting the interests, including the sanctioning by an Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents. Instead of at a general meeting, a resolution of the Noteholders of the relevant Class may be passed in writing – including by email, facsimile or electronic 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 **Written Resolution**).

(a) *Meeting of Noteholders*

The Trust Deed contains provisions for convening meetings of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders 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 Transaction Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or

priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a **Basic Terms Change**) or a change in the definition of Basic Terms Change shall be effective except that, if the Security Trustee is of the opinion that such a Basic Terms Change or a change in the definition of Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, such Basic Terms Change or a change in the definition of Basic Terms Change may be sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution shall be 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 or a change in the definition of 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 in respect of that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within 1 month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution can be adopted with not less than a two-thirds majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change or a change in the definition of 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, except if the Extraordinary Resolution relates to the appointment, removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented at such second meeting.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or extending the maturity of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, or any date for payment of interest thereon, reducing or cancelling the amount of principal or altering the rate of interest payable in respect of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, shall take effect unless (i) the Issuer has agreed thereto, (ii) the Swap Counterparty has agreed thereto and (iii) it shall have been sanctioned with respect to the Class A Notes by an Extraordinary Resolution of the Class B Noteholders or the Class C Noteholders.

*(b) Conflicts between Classes*

An Extraordinary Resolution passed at any meeting of the Noteholders of the Most Senior Class of Notes shall be binding on all other Classes of Noteholders, irrespective of its effect upon them, except in case of an Extraordinary Resolution to sanction a Basic Terms Change or a change in the definition of Basic Terms Change, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the lower ranking Classes of Noteholders or the Security Trustee is of the opinion that it will not be materially prejudicial to the respective interests of the lower ranking Classes of Noteholders.

Without prejudice to the paragraph below, an Extraordinary Resolution (other than a sanctioning Extraordinary Resolution referred to in the previous paragraph) passed at any meeting of Noteholders of one or more Class or Classes of Notes (other than the Most Senior Class of Notes) shall not be effective, unless it shall have been sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes or the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes.

An Extraordinary Resolution passed at any meeting of Noteholders of one or more Class or Classes of Notes (other than the Most Senior Class of Notes), which is effective in accordance with the paragraph above, shall be binding on all other Classes of Noteholders, irrespective of its effect upon them, except in case of an Extraordinary Resolution to sanction a Basic Terms Change or a change in the definition of Basic Terms Change, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the other Classes of Noteholders or the Security Trustee is of the opinion that it will not be materially prejudicial to the respective interests of the other Classes of Noteholders.

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).

(c) *Voting*

Each Note carries one vote. The Issuer and its affiliates may not vote on any Notes held by them directly or indirectly. Such Notes will not be taken into account in calculating the aggregate outstanding amount of the Notes.

(d) *Modification, authorisation and waiver without consent of Noteholders*

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature, is made to correct a manifest error or is made in order for the Issuer to comply with its EMIR obligations or any obligation which applies to it under the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the CRR-Securitisation Amendment and/or for the transaction as described in this Prospectus to qualify as STS-securitisation, which is not considered to be a Basic Terms Change and is notified to the Credit Rating Agencies, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents or the Issuer's articles of association or any document in connection with the Transaction Documents, in respect of (ii) only, subject to (a) each Credit Rating Agency having provided a Credit Rating Agency Confirmation in respect of the relevant event or matter, provided that the Security Trustee is of the opinion that such event or matter is not materially prejudicial to the interests of the Noteholders or (b) the relevant event or matter having been sanctioned by an Extraordinary Resolution passed at any meeting of the relevant Class of Noteholders or, as the case may be, Classes of Noteholders, provided that such Extraordinary Resolution (A) shall have been sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes or (B) the Security Trustee is of the opinion that such event or matter will not be materially prejudicial to the



interests of the Noteholders of the Most Senior Class of Notes. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

By obtaining a Credit Rating Agency Confirmation each of the Security Trustee, the Noteholders and the other Secured Creditors will be deemed to have agreed and/or acknowledged that (i) a credit rating is an assessment of credit only and does not address other matters that may be of relevance to the Noteholders or the other Secured Creditors (ii) neither the Security Trustee nor the Noteholders nor the other Secured Creditors have any right of recourse to or against the relevant Credit Rating Agency in respect of the relevant Credit Rating Agency Confirmation which is relied upon by the Security Trustee and that (iii) reliance by the Security Trustee on a Credit Rating Agency Confirmation does not create, impose on or extend to the relevant Credit Rating Agency any actual or contingent liability to any person (including, without limitation, the Security Trustee and/or the Noteholders and/or the other Secured Creditors) or create any legal relations between the relevant Credit Rating Agency and the Security Trustee, the Noteholders, the other Secured Creditors or any other person whether by way of contract or otherwise.

*(e) Indemnification for individual Noteholders*

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 Class A Noteholders and the Class B Noteholders and the 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.

*(f) Removal of managing director of Security Trustee*

The Most Senior Class of Notes may by Extraordinary Resolution of a meeting of such Class remove any or all of the managing directors of the Security Trustee, provided that the other Secured Creditors have been consulted. Any managing director so removed will not be responsible for any costs or expenses arising from any such removal. Before any managing directors of the Security Trustee are so removed, the Issuer will procure that successor managing directors are appointed in accordance with the Security Trustee's articles of association as soon as reasonably practicable. The removal of a managing director of the Security Trustee will not become effective until a successor managing director is appointed.

**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, and in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

## 16 Governing Law

The Notes and Coupons, and any non-contractual obligations arising out of or in relation to the Notes and Coupons, are governed by, and shall be construed in accordance with Dutch law. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the Court of first instance (*rechtbank*) in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the Noteholders 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.

### 4.2 Form

Each Class of the Notes shall be initially represented by (i) in the case of the Class A Notes, a Temporary Global Note in bearer form, without Coupons attached, in the principal amount of EUR 800,000,000, (ii) in the case of the Class B Notes, a Temporary Global Note in bearer form, without Coupons attached, in the principal amount of EUR 33,400,000 and (iii) in the case of the Class C Notes, a Temporary Global Note in bearer form, without Coupons attached, in the principal amount of EUR 8,400,000. The Temporary Global Notes representing the Class A Notes will be deposited with Clearstream as common safekeeper for Euroclear and Clearstream, Luxembourg on or about 20 December 2018. The Temporary Global Notes representing the Notes (other than the Class A Notes) will be deposited with Deutsche Bank AG, London Branch as common safekeeper for Euroclear and Clearstream, Luxembourg on or about 20 December 2018. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of the Notes represented by such Temporary Global Notes with the amount of the relevant Class of Notes equal to the amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) on the Exchange Date in the amount of the Notes of the relevant Class. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the relevant common safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories and/or Central Securities Depositories that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Class A Notes will be recognised Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will, *inter alia*, depend upon satisfaction of the Eurosystem eligibility criteria, as amended from time to time, which criteria will include the requirement that loan-by-loan information shall be made available to investors in accordance with the template which is available on the website of the European Central Bank. It has been agreed in the Administration Agreement that the Issuer Administrator shall use its best efforts to make such loan-by-loan information available on a quarterly basis which information can be obtained at the website of the European DataWarehouse <http://eurodw.eu/> within one month after the Notes Payment Date, for as long as such requirement is effective, provided that (i) the Issuer Administrator has received the relevant information from the Servicer, (ii) such information is complete and correct and (iii) such information is provided in a format which enables the Issuer Administrator to use it for the purposes of the template. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes

may not be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem.

The Class B Notes and the Class C Notes are not intended to be recognised as Eurosystem Eligible Collateral.

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

For as long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (*Notices*) (provided that, in the case of 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 first Business Day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 calendar 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:

- (a) Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes;
- (b) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes and
- (c) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes,

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

The Definitive Notes and the Coupons will bear the following legend: "ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF 1986 (THE **CODE**)), WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE CODE".

The sections referred to in such legend provide that such a United States Person who holds a Note will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for favourable capital gains treatment with respect to any gain, realised on a sale, exchange or redemption of a Definitive Note or Coupon.

The following legend will appear on all Global Notes receipts and Coupons which are held by Euroclear or Clearstream, Luxembourg: "NOTICE: THIS NOTE IS ISSUED FOR DEPOSIT WITH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG. ANY PERSON BEING OFFERED THIS NOTE FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Notes are outstanding, each Global Note will bear a legend which includes substantially the following:

EACH HOLDER OF A NOTE OR A BENEFICIAL INTEREST IN A NOTE ACQUIRED IN THE INITIAL DISTRIBUTION OF THE NOTES, BY ITS ACQUISITION OF THIS NOTE WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A "U.S. PERSON" (**RISK RETENTION U.S. PERSON**) AS DEFINED IN THE REGULATIONS ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SET FORTH AT 17 C.F.R. SECTION 246 (**REGULATION RR**), IMPLEMENTING THE RISK RETENTION REQUIREMENTS OF THE U.S. SECURITIES EXCHANGE ACT OF 1934 (**U.S. RISK RETENTION RULES**), (2) IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING THIS NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

### 4.3 Subscription and sale

The Manager has, pursuant to the Subscription Agreement, agreed with the Issuer, subject to certain conditions precedent being satisfied, to subscribe and pay, or procure the subscription and payment for the Class A Notes at their Issue Price. Rabobank has, pursuant to the Subscription Agreement, agreed with the Issuer, subject to certain conditions precedent being satisfied, to subscribe and pay, or procure the subscription and payment for the Class B Notes and the Class C Notes at their Issue Price. Each of the Issuer and the Seller has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Notes. The Manager is in certain circumstances entitled to be released from its obligations under the Subscription Agreement.

#### Prohibition of Sales to retail investors in EEA

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive;
- (b) the expression “offer” includes 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.

#### France

The Manager has represented and agreed in the Subscription Agreement that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not made and will not make any communication by any means about the offer to the public in France, and has not distributed, released or issued or caused to be distributed, released or issued and will not distribute, release or issue or cause to be distributed, released or issued or used in connection with any offer for subscription or sale of the Notes to the public in France, the Prospectus, or any other offering material relating to the Notes, and that such offers, sales, communications and distributions have been and shall be made in France only to (a) authorised providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*), in each case, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code monétaire et financier.

In addition, pursuant to article 211-3 of the Règlement Général of the French Autorité des Marchés Financiers (**AMF**), the Manager must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF, (ii) persons or entities mentioned in sub-paragraph 2 of paragraph II of article L. 411-2 of the French Code monétaire et financier (i.e., qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*) mentioned above) may take part in the offer solely for their own account, as provided in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

## Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa (**CONSOB**) for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy. Accordingly, the Manager has represented and agreed in the Subscription Agreement 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 the Prospectus or of any other document relating to the Notes except:

- (a) to qualified investors (*investitori qualificati*), as defined by CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, implementing article 100, paragraph 1, letter (a) of the Italian Legislative Decree No. 58 of 24 February 1998, as amended (**Decree No. 58**) on the basis of the relevant criteria set out by the Prospectus Directive; 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 Decree No. 58 and the relevant implementing regulations (including CONSOB Regulation No. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy in the circumstances described in the preceding paragraphs (a) and (b) shall be made:

- (a) only by banks, investment firms (*imprese di investimento*) or financial institutions enrolled on the register provided for under article 106 of Italian Legislative Decree No. 385 of 1 September 1993, as subsequently amended from time to time (the **Italian Banking Act**), in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in Italy in accordance with the Italian Banking Act, the Decree No. 58 and the relevant implementing regulations;
- (b) only to qualified investors (*investitori qualificati*) as set out above; and
- (c) 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.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the **FIEA**). Accordingly, the Manager has represented and agreed in the Subscription Agreement that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws, regulations and ministerial guidelines of Japan.

## **Switzerland**

The Notes may not and will not be publicly offered, distributed or redistributed in Switzerland and neither this Prospectus nor any other solicitation for investments in the Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a Swiss Code of Obligations. This Prospectus is not a prospectus within the meaning of Article 1156 and 652a Swiss Code of Obligations and may not comply with the information standards required thereunder. The Manager will not apply for a listing of the Notes on any Swiss stock exchange or other Swiss regulated market and this Prospectus may not comply with the information required under the relevant listing rules. The Notes have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose whatsoever.

## **United Kingdom**

The Manager has represented and agreed in the Subscription Agreement that:

- (a) 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 Financial Services and Markets Act 2000 (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
- (b) 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.

## **United States of America**

The Manager has undertaken in the Subscription Agreement that it will observe and perform the following provisions:

- (a) 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 accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Manager has offered and sold the Notes, and will offer and sell the Notes, (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the

offering of the Notes or the Closing Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither the Manager, its affiliates nor any persons acting on any of its behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it has and will comply with the offering restrictions requirement of Regulation S. The Manager agrees that, at or prior to the confirmation of the sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect: "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering or the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation under the Securities Act."

Terms used in this Clause (a) and not otherwise defined herein have the meanings given to them by Regulation S.

(b) In addition,

- (i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the D Rules), (A) the Manager has confirmed in the Subscription Agreement that it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (B) the Manager has confirmed in the Subscription Agreement that it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (ii) the Manager has represented and agreed in the Subscription Agreement that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if it is a United States person, the Manager has represented in the Subscription Agreement that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirement of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (iv) with respect to each affiliate that acquires from the Manager Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, the Manager has repeated and confirmed in the Subscription Agreement the representations and agreements contained in clauses (i), (ii) and (iii) on such affiliate's behalf.

Terms used in this Clause (b) and not otherwise defined herein have the meaning given to them by the Code and regulation thereunder, including the D Rules.



- (c) In order to comply with the safe harbor for certain foreign-related transactions set forth in the U.S. Risk Retention Rules, the Notes may not be sold or transferred to Risk Retention U.S. Persons.

## **General**

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

### **4.4 Regulatory and industry compliance**

#### *CRR, AIFMR and DR Solvency II*

The Seller has undertaken in the Subscription Agreement to the Manager and in the Mortgage Receivables Purchase Agreement to the Issuer and the Security Trustee, to retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation transaction described in this Prospectus in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR Solvency II. As at the Closing Date, such material net economic interest will be held in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR Solvency II and will comprise of the entire interest in the first loss tranche of the securitisation transaction described in this Prospectus (held through the Class C Notes) and, if necessary, other tranches or claims having the same or a more severe risk profile than those sold to investors.

The Subscription Agreement and the Mortgage Receivables Purchase Agreement includes a representation and warranty and undertaking of the Seller (as originator) as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, Articles 408 and 409 of the CRR and Articles 254 and 256 paragraph (3) sub a) up to and including sub c) and sub e) of the DR Solvency II. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the DR Solvency II, which information can be obtained from the Seller upon request.

The Issuer Administrator, on behalf of the Issuer, will prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The quarterly investor reports can be obtained at: <http://cm.intertrustgroup.com/> and/or [www.loanbyloan.eu](http://www.loanbyloan.eu) and/or the website of the DSA: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the DR Solvency II and none of the Issuer, Obvion (in its capacity as the Seller and the Servicer), the Issuer Administrator nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

### *RMBS Standard*

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template Investor Report (save as otherwise indicated in the relevant Investor Report), each as published by the DSA on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) as at the date of this Prospectus. As a result the Notes comply with the RMBS Standard.

### *PCS Label*

Application will be or has been made to PCS for the Class A Notes to receive the Prime Collateralised Securities label (the **PCS Label**). There can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

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

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

The Issuer Administrator on behalf of the Issuer will disclose (i) in the first Notes and Cash Report following the award of the PCS Label, the amount of the Class A Notes privately-placed and/or publicly-placed with investors which are not in the Seller Group and (ii) to the extent permissible, in the Notes and Cash Report following placement of any Notes initially retained by a member of the Seller Group, but subsequently placed with investors which are not in the Seller Group, the amount of Notes placed with such investors. The Seller shall disclose to the Issuer each such sale of any Notes initially retained by a member of the Seller Group. In addition, until the Class A Notes are redeemed in full, a cash flow model shall be made available (directly or indirectly) to investors, potential investors and firms that generally provide services to investors.

### **Volcker Rule**

The Issuer is structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the **Volcker Rule**). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (subject to the possibility of up to two 1-year

extensions). In the interim, banking entities must make good-faith efforts to conform their activities and investments to the Volcker Rule. In reaching the conclusion that the Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a “covered fund” for purposes of the Volcker Rule, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the **Investment Company Act**) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy the applicable elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a “covered fund” under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act. The general effects of the Volcker Rule remain uncertain.

#### **4.5 Use of proceeds**

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 847,792,000. The net proceeds of the issue of the Notes (other than the Class C Notes) will be applied on the Closing Date to (i) pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement, (ii) pay any initial swap payment to the Swap Counterparty in connection with the entering into the Swap Agreement and (iii) deposit the remaining amount into the Pre-Funding Account (being an amount of EUR 194,991,918.25) which amount may be used by the Issuer during the Pre-Funding Period to pay part of the Initial Purchase Price for New Mortgage Receivables purported to be sold and assigned to the Issuer. Furthermore, the Issuer will receive an amount of EUR 27,366,486.95 as consideration for the Participations granted to the Participants in the Savings Mortgage Receivables, Switch Mortgage Receivables and Bank Savings Mortgage Receivables. The Issuer will apply this amount towards payment in part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date. The proceeds of the issue of the Class C Notes will be used to fund the Reserve Account on the Closing Date.

#### **4.6 Taxation in the Netherlands**

##### **Dutch Taxation**

The following summary outlines certain Dutch tax consequences to Noteholders in connection with the acquisition, ownership and disposal of Notes. The summary does not purport to present any comprehensive or complete picture of all Dutch tax aspects that could be of relevance to a (prospective) Noteholder who may be subject to special tax treatment. The summary is based on the current tax law and practice of the Netherlands as in effect on the date of this Prospectus, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. Prospective Noteholders should consult their own professional advisors as to their tax position.

##### *Withholding Tax*

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

##### *Taxes on Income and Capital Gains*

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

- (a) such holder is neither a resident nor deemed to be a resident of the Netherlands, Bonaire, Saint Eustatius or Saba; and
- (b) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, Bonaire, Saint Eustatius or Saba, and to which enterprise or part of an enterprise, as the case may be, Notes are attributable; and
- (c) if such holder is an individual, such income or capital gain do not form "benefits from miscellaneous activities in the Netherlands" (*resultaat uit overige werkzaamheden in Nederland*), which would for instance be the case if the activities in the Netherlands with respect to the Notes exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a "lucrative interest" (*lucratief belang*)) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

A Noteholder will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the Transaction Documents and the issue of the Notes or the performance by the Issuer of its obligations there under or under the Notes.

#### *Gift, Estate and Inheritance Taxes*

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition or deemed acquisition of Notes by way of a gift by, or on the death of, a Noteholder who is neither resident, deemed to be resident for Dutch inheritance and gift tax purposes, unless in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 calendar days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For the purposes of Netherlands gift, estate and inheritance tax, a gift that is made under a condition precedent is deemed to be made at the moment such condition precedent is satisfied or, if earlier, the moment the donor dies.

For purposes of Netherlands gift, estate and inheritance tax, an individual who holds the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

### *Turnover Tax*

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

### *Other Taxes and Duties*

No Dutch registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the Transaction Documents or the performance by the Issuer of its obligations there under or under the Notes.

### *The proposed financial transactions tax (FTT)*

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. Before mentioned EU Member States save for Estonia, as Estonia withdrew from the enhanced cooperation in March 2016, are hereinafter referred to as the **FTT Participating Member States**.

The proposed FTT has a very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in an FTT Participating Member State or (ii) the financial instruments are issued in an FTT Participating Member State.

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the EU Member States. It has been reiterated in this meeting that the FTT Participating Member States envisage introducing an FTT by the so-called enhanced cooperation.

The proposed Directive defines how the FTT would be implemented in the FTT Participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

The Directive requires the unanimous agreement of the FTT Participating Member States, after consultation of the European Parliament. All EU Member States can participate in discussions on the proposal, though only FTT Participating Member States can take part in the vote.

The proposed FTT remains subject to negotiation between the FTT Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and FTT Participating Member States may withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

### 4.7 Security

The Notes will be secured indirectly, through the Security Trustee, by the Trust Deed, between the Issuer and the Security Trustee, acting as security trustee for the Secured Creditors. The Issuer will agree in the Trust Deed, to the extent necessary in advance, to pay to the Security Trustee any amounts equal to the aggregate of all its obligations to all the Secured Creditors from time to time due in accordance with the terms and conditions of the relevant Transaction Documents, including, without limitation, the Notes (the **Principal Obligations**), which payment undertaking and the obligations and liabilities resulting therefrom is herein referred to as the **Parallel Debt**.

The Parallel Debt of the Issuer to the Security Trustee will be secured by (i) a first priority right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables (including any parts thereof which are balanced by Construction Deposits) pursuant to the Issuer Mortgage Receivables Pledge Agreement, including all rights ancillary thereto in respect of the Mortgage Loans and the Beneficiary Rights), (ii) a first priority right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Conditional Deed of Novation, the Servicing Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Beneficiary Waiver Agreement, the Participation Agreements, the Commingling Guarantee, the Construction Deposits Guarantee and (iii) a first priority right of pledge granted by the Issuer to the Security Trustee over the Issuer's claims in respect of the Issuer Accounts.

The Issuer and the Security Trustee will enter into the Issuer Mortgage Receivables Pledge Agreement pursuant to which the Issuer undertakes to grant to the Security Trustee a first priority undisclosed right of pledge (*still pandrecht eerste in rang*) over the Mortgage Receivables purchased by and assigned to it on the Closing Date and the Beneficiary Rights relating thereto in order to create security for all liabilities of the Issuer to the Security Trustee in connection with the Trust Deed, including the Parallel Debt and any of the other Transaction

Documents. Pursuant to the Issuer Mortgage Receivables Pledge Agreement, the Issuer further undertakes, in respect of any Further Advance Receivables, Replacement Receivables or New Mortgage Receivables, to grant to the Security Trustee a first priority undisclosed right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Mortgage Loan in respect of which a Further Advance is granted are being repurchased and re-assigned by the Seller), Replacement Receivables or New Mortgage Receivables and any associated Beneficiary Rights on the relevant purchase date. In this respect, the Issuer and the Security Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the Issuer to the Security Trustee which are separate and independent from and without prejudice to the Principal Obligations of the Issuer to any Secured Creditor and (ii) the Parallel Debt represents the Security Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the Issuer, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Secured Creditors.

The pledge over the Mortgage Receivables provided in the Issuer Mortgage Receivables Pledge Agreement will not be notified to the Borrowers except in the case of certain Pledge Notification Events. These Pledge Notification Events will, to a large extent, be similar to the Assignment Notification Events defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be an undisclosed right of pledge (*stil pandrecht*) within the meaning of Section 3:239 of the Dutch Civil Code. The pledge of the Beneficiary Rights will also be an undisclosed right of pledge until notification thereof to the relevant Insurance Companies.

In addition, the Issuer will vest a right of pledge on the Issuer Rights pursuant to the Issuer Rights Pledge Agreement in favour of the Security Trustee. This right of pledge secures any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt. Furthermore, on the Closing Date, the Issuer will vest pursuant to the Issuer Accounts Pledge Agreement, in favour of the Security Trustee, a right of pledge in respect of any and all current and future rights and monetary claims of the Issuer against the Issuer Account Bank, in respect of the Issuer Account Agreement and the Issuer Accounts. The pledge pursuant to each of the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement will be notified to the relevant obligors and will therefore be a disclosed right of pledge (*openbaar pandrecht*).

Upon enforcement of the pledges created pursuant to the Pledge Agreements (which is after delivery of an Enforcement Notice), the Security Trustee shall apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds (after deduction of the amounts due and payable to each of the Participants under the Participation Agreements which amounts will be paid in priority to all other amounts due and payable by the Issuer at that time under any of the other Transaction Documents) to the Secured Creditors (other than the Participants). All amounts to be so distributed by the Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments (as set forth in section 5 (*Credit structure*)).

The security provided pursuant to the provisions of the Trust Deed and the Pledge Agreements shall indirectly, through the Security Trustee, serve as security for the benefit of the Secured Creditors, including, without limitation, each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, but amounts owing to the Class B Noteholders will rank junior to Class A Noteholders and amounts owing to the Class C Noteholders will rank junior to the Class A Noteholders and the Class B Noteholders (see section 5 (*Credit structure*)).





## 5 CREDIT STRUCTURE

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

### 5.1 Available funds

#### *Available Revenue Funds*

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received or held by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date (items (a) up to and including (I)) *less* an amount equal to 25 per cent. of the higher of (A) EUR 3,500 and (B) 10 per cent. of the amount due and payable per annum by the Issuer to the Issuer Director, pursuant to item (a) of the Revenue Priority of Payments, representing taxable income for corporate income tax purposes in the Netherlands (the **Profit**), (being hereafter referred to as the **Available Revenue Funds**):

- (a) interest on the Mortgage Receivables *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the interest received multiplied by the Participation Fraction;
- (b) interest credited to the Issuer Accounts *less* the interest due by the Issuer to the Construction Deposits Guarantor under the terms of the Construction Deposits Guarantee in connection with any Construction Deposits Cash Collateral credited to the Issuer Collection Account;
- (c) Prepayment Penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;
- (d) Net Foreclosure Proceeds in respect of any Mortgage Receivables, to the extent such proceeds do not relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the proceeds received multiplied by the Participation Fraction;
- (e) amounts to be drawn under the Cash Advance Facility (other than a Cash Advance Facility Stand-by Drawing) on the immediately succeeding Notes Payment Date;
- (f) amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (g) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Notes Payment Date, excluding, for the avoidance of doubt, any collateral transferred to the Issuer pursuant to the Swap Agreement;
- (h) amounts received from the Commingling Guarantor under the Commingling Guarantee to the extent such amounts do not relate to principal;
- (i) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, *less*, with respect to each Savings Mortgage Receivable, each

Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;

- (j) amounts received as post-foreclosure proceeds on the Mortgage Receivables, to the extent such amounts are not due and payable to Stichting WEW to satisfy its claim resulting from payment made by it under the NHG Guarantees;
- (k) amounts received from a replacement swap provider upon entry into an agreement with such replacement swap provider replacing the Swap Agreement; and
- (l) after all amounts of interest and principal due under the Notes, other than principal in respect of the Class C Notes, have been paid on the Notes Payment Date immediately preceding the relevant Notes Calculation Date or will be available for payment on the immediately succeeding Notes Payment Date, any amount standing to the credit of the Reserve Account,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Notes Payment Date in accordance with the Revenue Priority of Payments.

#### *Available Principal Funds*

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

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties and penalty interest (*boeterente*), if any, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;
- (ii) Net Foreclosure Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;
- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, *less*, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;

- (v) any Bank Savings Participation Increase, Insurance Savings Participation Increase, Switched Savings Participation and Initial Savings Participation received pursuant to the Participation Agreements (other than the Initial Savings Participations received on the Closing Date);
- (vi) partial prepayment in respect of Mortgage Receivables, excluding Prepayment Penalties and penalty interest (*boeterente*), if any, less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable and each Bank Savings Mortgage Receivable in case the partial prepayment made in respect thereof exceeds the difference between (a) the Outstanding Principal Balance under such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable and (b) the Participation therein, an amount equal to such excess up to the Participation therein;
- (vii) an amount equal to the sum of the Pre-Funding Initial Purchase Price Amount and the Remaining Pre-Funding Amount;
- (viii) amounts received under or in connection with the Construction Deposits Guarantee after a request for payment made by the Issuer (other than the Construction Deposits Cash Collateral);
- (ix) amounts received from the Commingling Guarantor under the Commingling Guarantee to the extent such amounts do relate to principal;
- (x) the part of the net proceeds of the issue of the Notes (other than the Class C Notes), if any, which will remain after application thereof towards payment on the Closing Date of part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date and any part of the Available Redemption Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Redemption Priority of Payments on the immediately preceding Notes Payment Date; and
- (xi) the Reserved Amount as calculated on the immediately preceding Notes Calculation Date,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Notes Payment Date in accordance with the Redemption Priority of Payments.

**Available Redemption Funds** shall mean, on any Notes Calculation Date immediately preceding:

- (a) a Notes Payment Date falling prior to the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date minus the sum of (x) the Initial Purchase Price Amount calculated on such Notes Calculation Date and (y) the Reserved Amount calculated on such Notes Calculation Date; and
- (b) a Notes Payment Date falling on or after the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date.

#### *Cash Collection Arrangements*

Payments by the Borrowers under the Mortgage Loans are collected by means of direct debit on or about the 2<sup>nd</sup> Business Day before the end of each calendar month. All payments made by Borrowers will be paid into the

Seller Collection Accounts. On the Closing Date, the balances on these accounts are not pledged to any party, other than to the banks at which the accounts are established pursuant to the applicable general terms and conditions. The Seller Collection Accounts will also be used for the collection of monies paid in respect of mortgage loans other than Mortgage Loans and in respect of other monies belonging to the Seller.

On each Mortgage Collection Payment Date, the Seller shall transfer (or procure that the Servicer shall transfer on its behalf) all amounts of principal, interest, interest penalties and Prepayment Penalties received by the Seller in respect of the Mortgage Loans and paid to the Seller Collection Accounts during the immediately preceding Mortgage Calculation Period to the Issuer Collection Account. The Commingling Guarantor will guarantee the payment by the Seller to the Issuer Collection Account of the amounts received by the Seller up to a maximum of 3.00 per cent. of the Principal Amount Outstanding of the Notes (other than the Class C Notes) subject to the Commingling Guarantee.

If at any time the Commingling Guarantor is assigned a rating less than the Requisite Credit Rating and/or such rating is withdrawn, (i) in the event the rating of the Commingling Guarantor is downgraded or withdrawn by Moody's, the Seller (or the Servicer on its behalf) will be required to transfer the amounts received on behalf of the Issuer to the Issuer Collection Account on a daily basis, unless another solution is found which is suitable in order to maintain the then current ratings of the Notes, and (ii) the Commingling Guarantor will within 30 calendar days (or, to the extent there is a downgrade of the Commingling Guarantor below the Requisite Credit Rating with respect to Fitch and/or a withdrawal of the rating ascribed by Fitch to the Commingling Guarantor, 14 calendar days) after the occurrence of any such event, deposit into the Issuer Collection Account an amount equal to 3.00 per cent. of the Principal Amount Outstanding of the Notes (other than the Class C Notes) on the relevant date reduced by any payment made by the Commingling Guarantor pursuant to the Commingling Guarantee prior to the occurrence of any such event.

Following an Assignment Notification Event as described under section 7.1 (*Purchase, repurchase and sale*), the Borrowers will be required to pay all amounts due by them under the relevant Mortgage Loans directly to the Issuer Collection Account.

#### *Use of proceeds*

The Issuer will use the net proceeds from the issue of the Notes (other than the Class C Notes) on the Closing Date to (i) pay part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer, (ii) pay any initial swap payment to the Swap Counterparty in connection with the entering into the Swap Agreement and (iii) make a deposit in the Pre-Funding Account (in the amount of EUR 194,991,918.25). The proceeds of the Class C Notes will be used to fund the Reserve Account.

#### *Mortgage Loan Interest Rates*

The Mortgage Loans pay interest on a floating rate basis or fixed rate basis, subject to a reset from time to time. On the Initial Cut-Off Date, the weighted average interest rate of the portfolio amounted to 2.98 per cent. The weighted average remaining interest reset period is 120.57 months. Interest rates vary among individual Mortgage Loans. The range of interest rates is described further in section 6.2 (*Description of Mortgage Loans*).

## 5.2 Priorities of Payments

### Revenue Priority of Payments (prior to Enforcement Notice)

Provided that no Enforcement Notice has been served, the Available Revenue Funds, calculated as at each Notes Calculation Date, will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Notes Payment Date (in each case only if and to the extent that payments of a higher priority have been made in full) as follows (the **Revenue Priority of Payments**):

- (a) *First*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of fees or other remuneration due and payable by the Issuer to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee);
- (b) *Second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement and (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement;
- (c) *Third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the amounts due and payable (but not yet paid prior to the relevant Notes Payment Date) by the Issuer to third parties under obligations incurred in the Issuer's business (other than under the relevant Transaction Documents or otherwise due and payable under any item of this Revenue Priority of Payments), including, without limitation, in or towards satisfaction of amounts or provisions for any payment of the Issuer's liability, if any, to tax (other than Dutch corporate income tax over Profit), (ii) the fees and expenses due and payable to the Paying Agent, the Reference Agent, the Common Safekeepers and any other agent designated under any of the relevant Transaction Documents, (iii) the amounts due and payable to the Credit Rating Agencies, (iv) the fees and expenses due and payable to any legal advisors, accountants and auditors appointed by the Issuer, (v) the fees due to the Back-Up Swap Counterparty under the Conditional Deed of Novation, (vi) the commitment fee due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement and (vii) costs, expenses and negative interest related to the Issuer Accounts due and payable to the Issuer Account Bank under the Issuer Account Agreement;
- (d) *Fourth*, in or towards satisfaction of any amounts (other than the commitment fee) due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement or, during a Cash Advance Facility Stand-by Drawing Period, in or towards satisfaction of sums to be credited to the Cash Advance Facility Stand-by Drawing Account less the Subordinated Cash Advance Facility Amount;
- (e) *Fifth*, in or towards satisfaction of amounts (other than the fees due and payable to the Back-Up Swap Counterparty), if any, due and payable under the Swap Agreement, including a Settlement Amount, except for any Swap Counterparty Default Payment, payable under (m) below and excluding, for the

avoidance of doubt, the payment to the Swap Counterparty of any Swap Collateral which is in excess of its obligations to the Issuer under the Swap Agreement;

- (f) *Sixth*, in or towards satisfaction of the amounts of interest due or accrued but unpaid in respect of the Class A Notes;
- (g) *Seventh*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *Eighth*, in or towards satisfaction of the amounts of interest due or accrued but unpaid in respect of the 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 the amounts of interest due or accrued but unpaid in respect of the Class C Notes;
- (k) *Eleventh*, in or towards satisfaction of any sums required to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (l) *Twelfth*, in or towards satisfaction of principal amounts due on the Class C Notes;
- (m) *Thirteenth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (n) *Fourteenth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any Subordinated Cash Advance Facility Amount and gross-up amounts or additional amounts, if any, due under the Administration Agreement and/or the Servicing Agreement; and
- (o) *Fifteenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

#### **Redemption Priority of Payments (prior to Enforcement Notice)**

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

- (a) *First*, (i) up to (but excluding) the First Optional Redemption Date, in or towards satisfaction of the purchase price of any Further Advance Receivables and/or, up to the Replacement Available Amount, towards satisfaction of the purchase price of any Replacement Receivables and (ii) prior to the Revolving Period End Date, but not thereafter, up to the New Mortgage Receivables Available Amount, in or towards satisfaction of the purchase price of any New Mortgage Receivables;
- (b) *Second*, in or towards satisfaction of principal amounts due on the Class A Notes, until fully redeemed in accordance with the Conditions;

- (c) *Third*, in or towards satisfaction of principal amounts due on the Class B Notes, until fully redeemed in accordance with the Conditions;
- (d) *Fourth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

**Payments outside Priority of Payments (prior to Enforcement Notice)**

Any amount due and payable to third parties (other than pursuant to any of the Transaction Documents) under obligations incurred in the Issuer's business at a date which is not a Notes Payment Date and any amount due and payable to the Participants under the Participation Agreements may be made on the relevant due date by the Issuer from the Issuer Collection Account to the extent that the funds available on the Issuer Collection Account are sufficient to make such payment.

Any Swap Collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the Swap Agreement will be returned to such Swap Counterparty (outside of any priority of payments) prior to the distribution of any amounts due to the Noteholders or the other Secured Creditors.

**Priority of Payments upon Enforcement**

Following delivery of an Enforcement Notice any amounts to be distributed by the Security Trustee under the Trust Deed will be paid to the Secured Creditors (including the Noteholders, but excluding the Participants, which shall be entitled outside, and with priority over, this priority of payments upon enforcement to receive an amount equal to the relevant Participation in each of the Savings Mortgage Receivables, Switch Mortgage Receivables and Bank Savings Mortgage Receivables or if the amount recovered is less than the relevant Participation, then an amount equal to the amount actually recovered) and the Security Trustee in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Post-Enforcement Priority of Payments**):

- (a) *First*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of fees or other remuneration due and payable by the Issuer to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee);
- (b) *Second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iii) amounts due and payable to the Credit Rating Agencies, (iv) the fees and expenses due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) the fees due to the Back-Up Swap Counterparty under the Conditional Deed of Novation, (vi) the commitment fee due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement and (vii) costs, expenses and negative interest related to the Issuer Accounts due and payable to the Issuer Account Bank under the Issuer Account Agreement;

- (c) *Third*, in or towards satisfaction of any amounts (other than the commitment fee and the Subordinated Cash Advance Facility Amount, if any) due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement;
- (d) *Fourth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) all amounts of interest due or accrued but unpaid in respect of the Class A Notes and (ii) amounts (other than the fees due and payable to the Back-Up Swap Counterparty), if any, due and payable to the Swap Counterparty under the Swap Agreement including a settlement amount (as set out in the Swap Agreement), but excluding any Swap Counterparty Default Payment payable under (j) below and excluding, for the avoidance of doubt, any payment to the Swap Counterparty of any Swap Collateral which is in excess of its obligations to the Issuer under the Swap Agreement;
- (e) *Fifth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Class A Notes;
- (f) *Sixth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Class B Notes;
- (g) *Seventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Class B Notes;
- (h) *Eighth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Class C Notes;
- (i) *Ninth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Class C Notes;
- (j) *Tenth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (k) *Eleventh*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any Subordinated Cash Advance Facility Amount and gross-up amounts or additional amounts, if any, due under the Administration Agreement and/or the Servicing Agreement; and
- (l) *Twelfth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

### **5.3 Loss allocation**

A Principal Deficiency Ledger, comprising 2 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 (each respectively the Class A Principal Deficiency and the Class B Principal Deficiency). Any Realised Losses will, on the relevant Notes Calculation Date be debited to the Class B Principal Deficiency Ledger (such debit items being re-credited at item (i) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Class B Notes, and thereafter the Class A Principal Deficiency Ledger (such debit items being re-credited at item (g) of the Revenue



Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Class A Notes.

#### **5.4 Hedging**

The Mortgage Loan Criteria require that all Mortgage Loans bear a floating rate of interest or fixed rate of interest, subject to a reset from time to time. The Interest Rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor, which margin will for the Notes (other than the Class C Notes) increase after the First Optional Redemption Date. The Interest Rate on the Notes shall at any time be at least zero per cent. The Issuer will hedge this Interest Rate exposure by entering into the Swap Agreement with the Swap Counterparty and the Security Trustee. Under the Swap Agreement, the Issuer will agree to pay on each Notes Payment Date amounts equal to (a) the interest scheduled to be received on the Mortgage Receivables in respect of the relevant Notes Calculation Period (*less* (i) with respect to any Bank Savings Mortgage Receivable, Savings Mortgage Receivable and Switch Mortgage Receivable, an amount equal to the interest amounts scheduled to be received on such Bank Savings Mortgage Receivable, Savings Mortgage Receivable and Switch Mortgage Receivable multiplied by the relevant Participation Fraction and (ii) with respect to any Mortgage Receivables in respect of which the enforcement procedures have been fully and finally terminated, an amount equal to the accrued interest thereon), *plus* (b) the interest credited to the Issuer Collection Account which will be zero if such interest is negative (*less* any interest due by the Issuer to the Construction Deposits Guarantor over the collateral posted following an event the ratings assigned to the Construction Deposits Guarantor are less than the Requisite Credit Rating and/or such rating is withdrawn), and *plus* (c) Prepayment Penalties and any penalty interest (*boeterente*), *less* the sum of (i) certain expenses as described under (a), (b) and (c) of the Revenue Priority of Payments incurred in respect of the relevant Notes Calculation Period, and (ii) the Excess Spread. In return, the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under each Class of Notes, calculated by reference to the Floating Rate of Interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Interest Period. If the interest amount relating to a Class of Notes payable by the Swap Counterparty is a negative amount, such interest amount is deemed to be zero and the Issuer will not be required to pay to the Swap Counterparty the absolute value of such negative interest amount relating to such Class of Notes. The notional amount under the Swap Agreement, however, will be reduced to the extent there will be a debit balance on any of the sub-ledgers of the Principal Deficiency Ledger at the close of business on the first day of the relevant Interest Period. As there is no principal deficiency sub-ledger in respect of the Class C Notes, the swap notional amount for the Class C Notes will be reduced to 0.00 if and as long as there will be an outstanding debit on the Class B Principal Deficiency Ledger on the Notes Payment Date at the close of business on the first day of the relevant Interest Period.

The Swap Agreement provides that, in the event that any payment made by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall.

If, *inter alia*, (i) the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or (ii) the Swap Counterparty is declared bankrupt (*failliet*), the Issuer shall promptly give notice thereof to the Back-Up Swap Counterparty in accordance with the Conditional Deed of Novation. Following such notice, the Swap Agreement shall be novated to the Back-Up Swap Counterparty in accordance with the Conditional Deed of Novation. Upon such novation (i) reference to the Swap Counterparty in respect of the

Swap Agreement shall be deemed to be a reference to the Back-Up Swap Counterparty, (ii) the Swap Counterparty shall be released from its obligations under the Swap Agreement towards the Issuer, (iii) the Back-Up Swap Counterparty shall have assumed all obligations of the Swap Counterparty towards the Issuer under the Swap Agreement and (iv) the Back-Up Swap Counterparty shall have acquired all rights of the Swap Counterparty as against the Issuer under the Swap Agreement.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement will be terminable by one party if, *inter alia*, (i) an applicable event of default or termination event (as set out in the Swap Agreement) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that 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 Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

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

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

If at any time the Back-Up Swap Counterparty (or its successor) is assigned a rating less than the Requisite Credit Rating or, in the event that any Notes (other than the Class C Notes) are downgraded immediately prior to a downgrade of the Back-Up Swap Counterparty, and/or if any such rating is withdrawn by Moody's, S&P or Fitch, the Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating, procuring another entity with at least the Requisite Credit Rating to become co-obligor or guarantor in respect of its obligations under the Swap Agreement, or (other than Fitch) the taking of such other suitable action as it may then propose to the Credit Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

The Issuer, the Swap Counterparty and the Security Trustee have entered into a credit support annex, which is a part of the Swap Agreement on the basis of the standard ISDA documentation, which provides for requirements relating to the providing of collateral by the Swap Counterparty if the Back-Up Swap Counterparty (or its successor) ceases to have at least the Requisite Credit Rating.

The Issuer will maintain a separate account or accounts, as the case may be, with an entity having at least the Requisite Credit Rating into which any collateral required to be transferred by the Swap Counterparty in accordance with the provisions set out above will be deposited. Any Swap Collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the Swap Agreement will be returned to such Swap Counterparty (outside of any priority of payments) prior to the distribution of any amounts due to the Noteholders or the other Secured Creditors.

## **5.5 Liquidity support**

### **Construction Deposits Guarantee**

The sale of the Mortgage Receivables to the Issuer includes such parts of the Mortgage Receivables as correspond to the amounts placed in deposit with the Seller as Construction Deposits. In the event of any set-off defences of a Borrower with respect to repayment of the Mortgage Receivables based on the statement that the Construction Deposit was not made available to such Borrower, following an Assignment Notification Event, the Issuer has the right to invoke the Construction Deposits Guarantee. All amounts received by the Issuer under the Construction Deposits Guarantee following such demand will become part of the Available Principal Funds.

If at any time the Construction Deposits Guarantor is assigned a rating less than the Requisite Credit Rating and/or such rating is withdrawn, the Construction Deposits Guarantor will, within 30 Business Days (or, to the extent there is a downgrade of the Construction Deposits Guarantor below the Requisite Credit Rating with respect to Fitch and/or a withdrawal of the rating ascribed by Fitch to the Construction Deposits Guarantor, 14 calendar days) after the occurrence of any such event, by way of security for its payment obligations under the Construction Deposits Guarantee, deposit an amount equal to the total amount of the outstanding Construction Deposits at that time into the Issuer Collection Account, where this amount will be administered by the Issuer on the Construction Deposits Ledger. Within such period, the Issuer will serve a notice to the Seller of the event that the Construction Deposits Guarantor is assigned a rating less than the Requisite Credit Rating. Any interest received by the Issuer over that part of the balance of the Issuer Collection Account corresponding with the amount on the Construction Deposits Ledger will be due and payable by the Issuer to the Construction Deposits Guarantor and will therefore not form part of the Available Revenue Funds. The amount of the deposit made by Construction Deposits Guarantor following the event the Construction Deposits Guarantor is assigned a rating less than the Requisite Credit Rating will not form part of the amounts to be distributed by the Security Trustee in accordance with the Post-Enforcement Priority of Payments.

Until such time as the Construction Deposits need to be paid out or the ratings assigned to the Construction Deposits Guarantor are no longer less than the Requisite Credit Rating, the Construction Deposits Cash Collateral will serve as collateral for the Issuer in the event a Borrower would invoke a right of set-off of the amount due under the Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit. To the extent that the Seller makes payments of Construction Deposits to a Borrower by means of actual payment or by means of set-off, the Issuer will repay to the Construction Deposits Guarantor

part of the collateral and at the same time make a debit to the Construction Deposits Ledger in an amount equal to the amount of such Construction Deposits.

### **Cash Advance Facility**

On the Signing Date, the Issuer will enter into the Cash Advance Facility Agreement with the Cash Advance Facility Provider. On any Notes Payment Date (other than an Optional Redemption Date if and to the extent that on such date the Notes are redeemed in full) the Issuer will be entitled to make drawings under the Cash Advance Facility up to the Cash Advance Facility Maximum Amount. The Cash Advance Facility Agreement is for a term of 364 days. Payments to the Cash Advance Facility Provider (other than the Subordinated Cash Advance Facility Amount) will rank in priority higher than payments under the Notes. The commitment of the Cash Advance Facility Provider is extendable at its discretion.

Any Cash Advance Facility Drawing by the Issuer shall only be made on a Notes Payment Date if and to the extent that, after the application of any Available Revenue Funds, inclusive of the amounts available on the Reserve Account, and before any Cash Advance Facility Drawing is made, there is a shortfall in the Available Revenue Funds to meet items (a) up to and including (j) of the Revenue Priority of Payments in full on that Notes Payment Date, provided that no drawings may be made to meet items (e) and (g) of the Revenue Priority of Payments, and provided further that no drawings may be made on any Notes Payment Date for shortfalls in interest on the Class B Notes or the Class C Notes if there was a Class B Principal Deficiency outstanding at the close of business on the first day of the Interest Period ending on such Notes Payment Date.

If (a) (i) at any time the Cash Advance Facility Provider is assigned a rating less than the Requisite Credit Rating and/or such rating is withdrawn or (ii) the Cash Advance Facility Provider refuses to comply with a request of the Issuer to extend the Cash Advance Facility for a further term of 364 days and (b) within 30 calendar days (or, to the extent there is a downgrade of the Cash Advance Facility Provider below the Requisite Credit Rating with respect to Fitch and/or a withdrawal of the rating ascribed by Fitch to the Cash Advance Facility Provider, 14 calendar days) of such downgrading, withdrawal or refusal the Cash Advance Facility Provider is not replaced with a suitable alternative cash advance facility provider, or in the event of such downgrading or withdrawal a third party having at least the Requisite Credit Rating has not guaranteed the obligations of the Cash Advance Facility Provider, or (other than Fitch) another solution which is suitable in order to maintain the then current ratings assigned to the Notes outstanding is not found (a **Cash Advance Facility Stand-by Drawing Event**), the Issuer will be required forthwith to make a Cash Advance Facility Stand-by Drawing and deposit such amount into the Cash Advance Facility Stand-by Drawing Account. Amounts so deposited into the Cash Advance Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as if the Cash Advance Facility Stand-by Drawing had not been made.

## **5.6 Issuer Accounts**

### *Issuer Collection Account*

The Issuer will maintain with the Issuer Account Bank, the Issuer Collection Account to which all amounts received (i) in respect of the Mortgage Loans, (ii) from the Participants under the Participation Agreements and (iii) from the Construction Deposits Guarantor in the event the Construction Deposits Guarantor is assigned a rating less than the Requisite Credit Rating (see Construction Deposits Guarantee in section 5.5 (Liquidity support)) will be paid. Furthermore, any drawing (other than a Cash Advance Facility Stand-by Drawing) made

under the Cash Advance Facility Agreement shall be deposited into, and each Reserved Amount shall be credited to, the Issuer Collection Account. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account. Payments received by the Issuer on each Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal, interest or other revenue receipts.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account. The proceeds of the Class C Notes will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available for drawing on any Notes Payment Date to meet items (a) up to and including (n) of the Revenue Priority of Payments (see *Priority of Payments in respect of interest (prior to Enforcement Notice)* in section 5.2 (*Priorities of Payments*)) in the event the Available Revenue Funds (excluding any amount to be drawn from the Reserve Account and any amount to be drawn under the Cash Advance Facility or forming part of the Cash Advance Facility Stand-by Drawing) on such Notes Payment Date are insufficient to meet such items in full.

If and to the extent that the Available Revenue Funds calculated on any Notes Calculation Date exceed the amounts required to meet items (a) up to and including (n) in the Revenue Priority of Payments, the excess amount will be deposited into the Reserve Account or, as the case may be, applied to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The Reserve Account Target Level will on any Notes Calculation Date be equal to EUR 8,400,000 or zero, on the Notes Calculation Date immediately preceding the Notes Payment Date on which the Notes have been or are to be redeemed in full.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Calculation Date exceeds the Reserve Account Target Level, such excess will be drawn from the Reserve Account on the immediately succeeding Notes Payment Date and be deposited in the Issuer Collection Account to form part of the Available Revenue Funds on such Notes Payment Date and be applied in accordance with the Revenue Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due under the Notes, except for principal in respect of the Class C Notes, have been paid on the Notes Payment Date immediately preceding such Notes Calculation Date or will be available for payment on the Notes Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Available Revenue Funds and will be available to redeem or partially redeem the Class C Notes until fully redeemed and thereafter towards satisfaction of the Deferred Purchase Price to the Seller.

#### *Cash Advance Facility Stand-by Drawing Account*

The Issuer shall maintain with the Issuer Account Bank the Cash Advance Facility Stand-by Drawing Account into which any Cash Advance Facility Stand-by Drawing to be made under the Cash Advance Facility Agreement will be deposited.

#### *Pre-Funding Account*

The Issuer shall maintain with the Issuer Account Bank the Pre-Funding Account to which on the Closing Date an amount will be credited equal to the proceeds of the Notes (other than the Class C Notes) minus (i) the amount which is to be applied towards payment of part of the Initial Purchase Price for the Mortgage Receivables at the Closing Date and (ii) the initial swap payment to be paid to the Swap Counterparty in connection with the Swap Agreement. The balances standing to the credit of the Pre-Funding Account may be used to purchase New Mortgage Receivables on each Notes Payment Date during the Pre-Funding Period. On the Notes Payment Date on which the Pre-Funding Period terminates, the balance standing to the credit of the Pre-Funding Account will be drawn by the Issuer to form part of the Available Principal Funds on that Notes Payment Date.

#### **Rating of the Issuer Account Bank**

If at any time the Issuer Account Bank is assigned a rating less than the Requisite Credit Rating, and/or such rating is withdrawn, the Issuer Account Bank shall (i) replace itself on substantially the same terms by an alternative bank having a rating at least equal to the Requisite Credit Rating within a period of 30 calendar days after the occurrence of any such downgrading or withdrawal as a result of which the Issuer and/or the Issuer Administrator on its behalf will be required to transfer the balance on all such Issuer Accounts to such alternative bank, (ii) procure that a third party, having at least the Requisite Credit Rating, guarantees the obligations of the Issuer Account Bank or (iii) (other than Fitch) find another solution which is suitable in order to maintain the then current ratings assigned to the Notes outstanding.

#### **Interest on the Issuer Accounts**

The rate of interest payable by the Issuer Account Bank with respect to the Issuer Accounts will be determined by reference to (i) EONIA on the balance standing from time to time to the credit of the Issuer Collection Account, the Pre-Funding Account and the Reserve Account and (ii) 3-months Euribor plus a margin on the balance standing from time to time to the credit of the Cash Advance Facility Stand-by Drawing, provided that the Issuer Account Bank, subject to certain conditions being met, has the right to amend the rate of interest payable by it. Should the interest rate on any of the accounts drop below zero, the Issuer will be required to make payments to the Issuer Account Bank accordingly, provided that the balance standing to the credit of each Issuer Account are sufficient to make such payment.

#### **No investments**

The Issuer is not allowed to withdraw the balance standing to the credit of any of the Issuer Accounts (or part thereof) to make an investment in securities, deposits or any other investment (other than the acquisition of New Mortgage Receivables and/or Replacement Receivables and/or Further Advance Receivables).

## 5.7 Administration Agreement

The Issuer Administrator will in the Administration Agreement agree to provide certain administration, calculation and cash management services to the Issuer in accordance with the relevant Transaction Documents, including, *inter alia*, (a) the application of amounts received by the Issuer to the Issuer Accounts and the production of the Notes and Cash Report in relation thereto, (b) procuring that all drawings (if any) to be made by the Issuer under the Cash Advance Facility Agreement are made, (c) procuring that all payments to be made by the Issuer under the Swap Agreement and any of the other Transaction Documents are made, (d) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto and (g) procuring that all calculations to be made pursuant to the Conditions under the Notes are made.

The Administration Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Issuer Administrator to comply with its obligations (unless remedied within the applicable grace period), dissolution and liquidation (*ontbinding en vereffening*) of the Issuer Administrator or the Issuer Administrator being declared bankrupt or granted a suspension of payments. In addition the Administration Agreement may be terminated by the Issuer Administrator upon the expiry of not less than 6 months' notice, subject to (i) written approval by the Issuer and the Security Trustee, which approval may not be unreasonably withheld and (ii) each Credit Rating Agency having provided a Credit Rating Agency Confirmation in respect of the termination. A termination of the Administration Agreement by either the Issuer and the Security Trustee or the Issuer Administrator will only become effective if a substitute issuer administrator is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator and such substitute issuer administrator will enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement, provided that such substitute issuer administrator shall have the benefit of an administration fee at a level to be then determined.

The Issuer Administrator does not have any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. The Notes will be solely the obligations and responsibilities of the Issuer and not of any other entity or person involved in the transaction, including, without limitation, the Issuer Administrator.

## 6 PORTFOLIO INFORMATION

### 6.1 Stratification tables

The Mortgage Loans have been selected according to the Seller's underwriting criteria and the criteria of Stichting WEW (see section 6.3 (*Origination and servicing*)). All the Mortgage Loans have been originated in accordance with the ordinary course of Obvion's origination business as set forth in section 6.3.1 (*Obvion's Origination Process*). The information set out below in relation to the Mortgage Loans may not necessarily correspond to that of the Mortgage Loans actually sold on the Closing Date. After the Initial Cut-Off Date, the portfolio of Mortgage Loans will change from time to time as a result of repayment, prepayment, the purchase of Further Advances, the repurchase of Mortgage Receivables and the purchase of Replacement Receivables and New Mortgage Receivables. For a description of the representations and warranties given by the Seller reference is made to section 7.1 (*Purchase, repurchase and sale*).

The pool satisfies the homogeneous conditions of Article 1(a), (b), (c) and (d) of the EBA Final Draft Regulatory Technical Standards on the homogeneity of the underlying exposures in securitisation under Articles 20(14) and 24(21) of Regulation (EU) No 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation dated 31 July 2018 (the **Draft RTS Homogeneity**). The Mortgage Loans (i) have been underwritten according to similar underwriting standards which apply similar approaches to the assessment of credit risk associated with the Mortgage Loans and without prejudice to Article 9(1) of the Securitisation Regulation (ii) are serviced according to similar servicing procedures with respect to monitoring, collection and administration of Mortgage Receivables from the Mortgage Loans, (iii) fall within the same asset category of residential loans secured with one or several mortgages on residential immovable property and (iv) in accordance with the homogeneity factors set forth in Article 3(2)(a), (b) and (c) of the Draft RTS Homogeneity (a) are secured by a first priority Mortgage or, in the case of Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, first and sequentially lower priority rights of mortgage over (i) real estate (onroerende zaak), (ii) an apartment right (appartementenrecht) or (iii) a long lease (erfpacht), in each case situated in the Netherlands and (b) (i) pursuant to the applicable Mortgage Loan Conditions, (x) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (y) the Mortgaged Asset is for residential use and has to be occupied by the relevant Borrower at and after the time of origination (except that in exceptional circumstances the Seller may in accordance with its internal guidelines allow a Borrower to let the Mortgaged Asset under specific conditions and for a limited period of time) and (ii) no consent for residential letting of the Mortgaged Asset has been given by the Seller. The criteria set out in (i) up to and including (iv) are derived from the Draft RTS Homogeneity as being the most recent draft available on the date of this Prospectus. However, in the process of adoption by the European Commission of the delegated regulation regulating the homogeneity criteria based on the mandate set out in Article 20(14) of the Securitisation Regulation, other or amended criteria may be included in the final binding regulation text deviating from the Draft RTS Homogeneity.

The Seller engages an independent external advisor to undertake, on an annual basis, an agreed-upon procedures review on the mortgage loan portfolio which at that moment may potentially be used for securitisation transactions such as the one described in this Prospectus. The agreed-upon procedure review includes the review of 30 loan characteristics which include but are not limited to the outstanding loan amount, origination year, seasoning, legal maturity, remaining tenor, original loan to original foreclosure value, current loan to



original forceclosure value, current loan to indexed foreclosure value, original loan to original market value, current loan to original market value, current loan to indexed market value loan part coupon, remaining interest rate fixed period, interest payment type, property description, geographical distribution, occupancy, guarantee type and Construction Deposits. For the annual review of the available mortgage loan portfolio of the Seller with mortgage loans complying with the Mortgage Loan Criteria a high confidence level of 99% is applied. The Mortgage Receivables sold by the Seller to the Issuer on the Closing Date as well as any Further Advance Receivables, Replacement Receivables and New Mortgage Receivables sold by the Seller to the Issuer after the Closing Date will not have been subject to specific agreed-upon procedures review for the transaction described in this Prospectus.

The numerical information set out below relates to the Mortgage Loans of the portfolio as selected on the Initial Cut-Off Date and has been extracted without material adjustment from the databases relating to the Mortgage Loans originated by the Seller held at Stater Nederland B.V. The Initial Cut-Off Date is 1 December 2018. All amounts mentioned in this section and in the tables below are expressed in euro.

## Notes

- 1 All totals and balances included in the stratification tables are based on net principal balance (i.e. net of value of saving deposits).
- 2 The weighted average coupon is based on current interest rate of the Loan Part, weighted by the net principal balance.
- 3 The weighted average maturity (in years) is based on the difference between the legal maturity date of the Loan Part and the Initial Cut-Off Date, weighted by the net principal balance.
- 4 The weighted average seasoning (in years) is based on the difference between the origination date of the Loan Part and the Initial Cut-Off Date, weighted by the net principal balance.
- 5 The weighted average Original Loan to Original Market Value (OLTOMV) is based on the 'net principal balance' upon origination for each Mortgage Loan divided by the 'Market Value' upon origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance.
- 6 The weighted average Current Loan to Original Market Value (CLTOMV) is based on the 'net principal balance' for each Mortgage Loan divided by the 'Market Value' upon origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance.
- 7 The weighted average Current Loan to Indexed Market Value (CLTIMV) is based on the 'net principal balance' for each Mortgage Loan divided by the 'indexed market value' upon origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance. The indexation is based on data from the Land Registry ([www.cbs.nl](http://www.cbs.nl)) as per the end of September 2018 (Existing own homes; purchase price indices by region; 2015=100).
- 8 The weighted average Original Loan to Original Foreclosure Value (OLTOFV) is based on the 'net principal balance' upon origination for each Mortgage Loan divided by the 'Foreclosure Value' upon

origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance.

- 9 The weighted average Current Loan to Original Foreclosure Value (CLTOFV) for each Mortgage Loan is based on the 'net principal balance' for each Mortgage Loan divided by the 'Foreclosure Value' upon origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance.
- 10 The weighted average Current Loan to Indexed Foreclosure Value (CLTIFV) for each Mortgage Loan is based on the 'net principal balance' for each loan divided by the 'Indexed Foreclosure Value' upon origination of the Mortgage Loan (as adjusted by the Seller from time to time), weighted by the net principal balance. The Indexation is based on data from the Land Registry ([www.cbs.nl](http://www.cbs.nl)) as per the end of September 2018 (Existing own homes; purchase price indices by region; 2015=100).
- 11 The Original Foreclosure Value of most loans is based on the Foreclosure Value upon origination of the Mortgage Loans except for a few Mortgage Loans which have been revalued on a later date. Such a revaluation has exclusively been made in respect of Mortgage Loans which have been increased or decreased or an amendment was made in respect of the Mortgage Loan and has been based on the Foreclosure Value upon the day of the alteration.
- 12 The weighted average seasoning (in years) as mentioned in key characteristics as well as the information included in tables 4 and 5 is based on the loan start date of each Mortgage Loan.

**TABLE 1 Key characteristics**

The following table is a summary of the key characteristics of the pool as selected on the Initial Cut-Off Date. These characteristics demonstrate the capacity to, subject to the risk factors referred to under the section 1.2 (*Risk factors*), produce funds to pay interest and principal on the Notes, provided that each such payment shall be subject to the relevant Priority of Payments as further described under section 5 (*Credit structure*).

|  |   |                |
|--|---|----------------|
| Principal balance  | € | 665.774.568,70 |
| Value of Savings Deposits                                    | € | 27.366.486,95  |
| Net principal balance  | € | 638.408.081,75 |
| Construction Deposits  | € | 2.514.667,59   |
| Net principal balance excl. Construction and Saving Deposits | € | 635.893.414,16 |
| Number of Mortgages  |   | 3.694          |
| Number of Mortgage Loan Parts                                |   | 7.867          |
| Average principal balance (per borrower)                     | € | 180.231,34     |
| Weighted average current interest rate (%)                   |   | 2,98           |
| Weighted average maturity (in years)                         |   | 24,42          |
| Weighted average remaining time to interest reset (in years) |   | 10,05          |
| Weighted average seasoning (in years)                        |   | 4,83           |
| Weighted average OLTOMV                                      |   | 95,19          |
| Weighted average CLTOMV                                      |   | 87,91          |
| Weighted average CLTIMV                                      |   | 80,50          |
| Weighted average OLTOFV                                      |   | 106,76         |
| Weighted average CLTOFV                                      |   | 98,55          |
| Weighted average CLTIFV                                      |   | 90,21          |
| Weighted average LTI   |   | 3,73           |

**TABLE 2 Redemption type**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date by redemption type (both by net outstanding principal balance and number of Loan Parts).

| Description   |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Annuity       | € | 298.414.504,01                          | 46,74%         | 3.287               | 41,78%         | 2,33                          | 27,84                           | 91,56                         |
| Interest only | € | 203.840.878,44                          | 31,93%         | 2.778               | 35,31%         | 3,43                          | 22,43                           | 83,31                         |
| Investment    | € | 4.629.939,12                            | 0,73%          | 62                  | 0,79%          | 2,91                          | 18,71                           | 88,88                         |
| Life          | € | 16.553.414,34                           | 2,59%          | 224                 | 2,85%          | 3,44                          | 13,66                           | 85,08                         |
| Linear        | € | 23.038.661,82                           | 3,61%          | 268                 | 3,41%          | 2,09                          | 27,30                           | 87,36                         |
| Switch        | € | 1.565.539,94                            | 0,25%          | 20                  | 0,25%          | 3,50                          | 15,89                           | 90,79                         |
| Savings       | € | 38.038.519,53                           | 5,96%          | 550                 | 6,99%          | 4,18                          | 18,07                           | 86,44                         |
| Bank savings  | € | 52.326.624,55                           | 8,20%          | 678                 | 8,62%          | 4,37                          | 20,12                           | 87,04                         |
| <b>Total</b>  | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 3 Outstanding loan amount**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by loan amounts outstanding per Borrower.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0 - 25,000          | € | 207.571,72                              | 0,03%          | 13             | 0,35%          | 3,79                          | 16,29                           | 10,72                         |
| 25,000 - 50,000     | € | 1.205.794,74                            | 0,19%          | 31             | 0,84%          | 3,52                          | 20,53                           | 21,22                         |
| 50,000 - 75,000     | € | 3.992.702,51                            | 0,63%          | 64             | 1,73%          | 3,72                          | 19,70                           | 38,57                         |
| 75,000 - 100,000    | € | 14.926.252,61                           | 2,34%          | 167            | 4,52%          | 3,22                          | 21,95                           | 61,70                         |
| 100,000 - 150,000   | € | 132.595.044,03                          | 20,77%         | 1.035          | 28,02%         | 2,97                          | 24,19                           | 81,68                         |
| 150,000 - 200,000   | € | 209.494.421,52                          | 32,82%         | 1.205          | 32,62%         | 3,03                          | 24,35                           | 88,41                         |
| 200,000 - 250,000   | € | 205.919.397,90                          | 32,26%         | 919            | 24,88%         | 2,87                          | 24,94                           | 92,38                         |
| 250,000 - 300,000   | € | 63.174.869,09                           | 9,90%          | 238            | 6,44%          | 3,04                          | 24,70                           | 94,57                         |
| 300,000 - 350,000   | € | 6.892.027,63                            | 1,08%          | 22             | 0,60%          | 3,63                          | 21,84                           | 97,51                         |
| 350,000 - 400,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 400,000 - 450,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 450,000 - 500,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 500,000 - 550,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 550,000 - 600,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 600,000 - 650,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 650,000 - 700,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 700,000 - 750,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 750,000 - 800,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 800,000 - 850,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 850,000 - 900,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 900,000 - 950,000   | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 950,000 - 1,000,000 | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 1,000,000         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 4 Origination year (based on loan start date)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by year of origination.

| From (>=) Until (<) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 2002 - 2003         | € | 688.390,51                              | 0,11%          | 6              | 0,16%          | 2,98                          | 16,39                           | 70,78                         |
| 2003 - 2004         | € | 7.488.965,10                            | 1,17%          | 52             | 1,41%          | 3,31                          | 14,65                           | 84,65                         |
| 2004 - 2005         | € | 6.105.065,87                            | 0,96%          | 47             | 1,27%          | 3,13                          | 15,71                           | 78,88                         |
| 2005 - 2006         | € | 6.365.107,32                            | 1,00%          | 42             | 1,14%          | 2,88                          | 15,93                           | 80,92                         |
| 2006 - 2007         | € | 18.183.379,56                           | 2,85%          | 118            | 3,19%          | 3,53                          | 16,77                           | 78,88                         |
| 2007 - 2008         | € | 44.299.721,14                           | 6,94%          | 282            | 7,63%          | 4,00                          | 18,14                           | 80,06                         |
| 2008 - 2009         | € | 37.543.178,32                           | 5,88%          | 242            | 6,55%          | 3,36                          | 18,76                           | 82,77                         |
| 2009 - 2010         | € | 19.084.455,95                           | 2,99%          | 106            | 2,87%          | 4,10                          | 19,61                           | 85,14                         |
| 2010 - 2011         | € | 24.938.760,54                           | 3,91%          | 134            | 3,63%          | 3,74                          | 20,52                           | 85,58                         |
| 2011 - 2012         | € | 61.934.600,00                           | 9,70%          | 335            | 9,07%          | 4,30                          | 21,71                           | 88,46                         |
| 2012 - 2013         | € | 54.787.663,77                           | 8,58%          | 329            | 8,91%          | 3,97                          | 22,43                           | 83,54                         |
| 2013 - 2014         | € | 27.685.361,64                           | 4,34%          | 145            | 3,93%          | 3,38                          | 23,48                           | 84,71                         |
| 2014 - 2015         | € | 18.762.810,39                           | 2,94%          | 91             | 2,46%          | 3,39                          | 25,04                           | 88,44                         |
| 2015 - 2016         | € | 12.950.543,94                           | 2,03%          | 65             | 1,76%          | 2,86                          | 24,98                           | 89,36                         |
| 2016 - 2017         | € | 9.782.044,85                            | 1,53%          | 64             | 1,73%          | 2,28                          | 27,00                           | 89,45                         |
| 2017 - 2018         | € | 90.986.495,54                           | 14,25%         | 510            | 13,81%         | 2,19                          | 28,32                           | 93,11                         |
| >= 2018             | € | 196.821.537,31                          | 30,83%         | 1.126          | 30,48%         | 2,04                          | 29,03                           | 91,62                         |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 5 Seasoning (based on loan start date)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by seasoning.

| From (=>) Until (<) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| < 1 year            | € | 212.505.802,11                          | 33,29%         | 1.220          | 33,03%         | 2,05                          | 28,98                           | 91,59                         |
| 1 year - 2 years    | € | 75.560.002,75                           | 11,84%         | 418            | 11,32%         | 2,20                          | 28,27                           | 93,40                         |
| 2 years - 3 years   | € | 10.075.191,57                           | 1,58%          | 65             | 1,76%          | 2,27                          | 27,31                           | 90,08                         |
| 3 years - 4 years   | € | 13.829.165,72                           | 2,17%          | 69             | 1,87%          | 2,89                          | 24,96                           | 88,91                         |
| 4 years - 5 years   | € | 17.905.823,35                           | 2,80%          | 87             | 2,36%          | 3,40                          | 24,99                           | 88,55                         |
| 5 years - 6 years   | € | 38.304.283,74                           | 6,00%          | 208            | 5,63%          | 3,44                          | 23,35                           | 84,62                         |
| 6 years - 7 years   | € | 50.069.361,00                           | 7,84%          | 298            | 8,07%          | 4,10                          | 22,15                           | 83,73                         |
| 7 years - 8 years   | € | 57.895.109,56                           | 9,07%          | 314            | 8,50%          | 4,29                          | 21,70                           | 88,36                         |
| 8 years - 9 years   | € | 25.060.325,71                           | 3,93%          | 135            | 3,65%          | 3,75                          | 20,42                           | 85,24                         |
| 9 years - 10 years  | € | 16.951.401,20                           | 2,66%          | 94             | 2,54%          | 4,13                          | 19,59                           | 86,10                         |
| 10 years - 11 years | € | 40.793.662,79                           | 6,39%          | 262            | 7,09%          | 3,38                          | 18,75                           | 82,96                         |
| 11 years - 12 years | € | 42.987.509,69                           | 6,73%          | 276            | 7,47%          | 3,99                          | 17,98                           | 79,11                         |
| 12 years - 13 years | € | 16.328.191,83                           | 2,56%          | 104            | 2,82%          | 3,52                          | 16,78                           | 80,29                         |
| 13 years - 14 years | € | 6.561.821,68                            | 1,03%          | 44             | 1,19%          | 2,87                          | 15,97                           | 79,87                         |
| 14 years - 15 years | € | 5.922.442,49                            | 0,93%          | 45             | 1,22%          | 3,09                          | 15,52                           | 79,70                         |
| 15 years - 16 years | € | 6.969.596,05                            | 1,09%          | 49             | 1,33%          | 3,37                          | 14,73                           | 85,29                         |
| 16 years - 17 years | € | 688.390,51                              | 0,11%          | 6              | 0,16%          | 2,98                          | 16,39                           | 70,78                         |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 6 Legal maturity**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by legal maturity.

| From (=>) Until (<) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 2015 - 2020         | € | 94.352,56                               | 0,01%          | 8                   | 0,10%          | 3,91                          | 0,81                            | 75,95                         |
| 2020 - 2025         | € | 1.833.320,76                            | 0,29%          | 79                  | 1,00%          | 3,30                          | 4,03                            | 68,79                         |
| 2025 - 2030         | € | 9.905.635,55                            | 1,55%          | 233                 | 2,96%          | 3,82                          | 9,24                            | 73,53                         |
| 2030 - 2035         | € | 38.806.141,45                           | 6,08%          | 648                 | 8,24%          | 3,57                          | 14,03                           | 79,38                         |
| 2035 - 2040         | € | 121.094.536,48                          | 18,97%         | 1.748               | 22,22%         | 3,67                          | 18,78                           | 82,98                         |
| 2040 - 2045         | € | 162.065.241,30                          | 25,39%         | 2.052               | 26,08%         | 3,77                          | 23,49                           | 87,01                         |
| 2045 - 2050         | € | 304.608.853,65                          | 47,71%         | 3.099               | 39,39%         | 2,19                          | 29,09                           | 92,02                         |
| 2050 - 2055         | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| 2055 - 2060         | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| >= 2060             | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 7 Remaining tenor**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by remaining tenor.

| From (>=) Until (<) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loan parts | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|---------------|---------------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| < 1 year            | € | 94.352,56                               | 0,01%         | 8                   | 0,10%         | 3,91                          | 0,81                            | 75,95                         |
| 1 year - 2 years    | € | 226.818,72                              | 0,04%         | 12                  | 0,15%         | 2,75                          | 1,70                            | 67,33                         |
| 2 years - 3 years   | € | 106.158,11                              | 0,02%         | 13                  | 0,17%         | 2,23                          | 2,53                            | 82,87                         |
| 3 years - 4 years   | € | 595.647,38                              | 0,09%         | 14                  | 0,18%         | 3,44                          | 3,51                            | 72,68                         |
| 4 years - 5 years   | € | 401.287,11                              | 0,06%         | 19                  | 0,24%         | 3,01                          | 4,61                            | 65,78                         |
| 5 years - 6 years   | € | 469.640,53                              | 0,07%         | 18                  | 0,23%         | 3,88                          | 5,53                            | 67,37                         |
| 6 years - 7 years   | € | 623.998,66                              | 0,10%         | 20                  | 0,25%         | 3,17                          | 6,45                            | 69,23                         |
| 7 years - 8 years   | € | 1.089.243,62                            | 0,17%         | 29                  | 0,37%         | 3,91                          | 7,68                            | 80,22                         |
| 8 years - 9 years   | € | 2.022.290,98                            | 0,32%         | 47                  | 0,60%         | 4,06                          | 8,41                            | 62,58                         |
| 9 years - 10 years  | € | 2.854.094,26                            | 0,45%         | 65                  | 0,83%         | 3,86                          | 9,50                            | 71,60                         |
| 10 years - 11 years | € | 3.108.628,34                            | 0,49%         | 72                  | 0,92%         | 3,72                          | 10,48                           | 79,07                         |
| 11 years - 12 years | € | 2.149.311,06                            | 0,34%         | 51                  | 0,65%         | 3,56                          | 11,45                           | 71,41                         |
| 12 years - 13 years | € | 7.330.661,00                            | 1,15%         | 127                 | 1,61%         | 3,76                          | 12,51                           | 75,06                         |
| 13 years - 14 years | € | 7.153.215,71                            | 1,12%         | 114                 | 1,45%         | 3,66                          | 13,45                           | 77,24                         |
| 14 years - 15 years | € | 12.198.431,59                           | 1,91%         | 186                 | 2,36%         | 3,52                          | 14,45                           | 83,16                         |
| 15 years - 16 years | € | 9.534.958,41                            | 1,49%         | 164                 | 2,08%         | 3,44                          | 15,47                           | 80,81                         |
| 16 years - 17 years | € | 10.996.761,77                           | 1,72%         | 174                 | 2,21%         | 3,51                          | 16,46                           | 83,97                         |
| 17 years - 18 years | € | 16.306.033,73                           | 2,55%         | 244                 | 3,10%         | 3,59                          | 17,57                           | 82,18                         |
| 18 years - 19 years | € | 39.337.878,71                           | 6,16%         | 549                 | 6,98%         | 3,88                          | 18,52                           | 80,28                         |
| 19 years - 20 years | € | 38.688.486,23                           | 6,06%         | 569                 | 7,23%         | 3,39                          | 19,40                           | 84,56                         |
| 20 years - 21 years | € | 14.418.664,83                           | 2,26%         | 195                 | 2,48%         | 3,96                          | 20,54                           | 86,11                         |
| 21 years - 22 years | € | 20.854.703,06                           | 3,27%         | 281                 | 3,57%         | 3,72                          | 21,47                           | 84,60                         |
| 22 years - 23 years | € | 43.485.509,08                           | 6,81%         | 554                 | 7,04%         | 4,23                          | 22,60                           | 89,85                         |
| 23 years - 24 years | € | 41.503.075,65                           | 6,50%         | 563                 | 7,16%         | 4,07                          | 23,45                           | 85,48                         |
| 24 years - 25 years | € | 36.484.596,49                           | 5,71%         | 453                 | 5,76%         | 3,36                          | 24,35                           | 85,42                         |
| 25 years - 26 years | € | 20.428.705,85                           | 3,20%         | 210                 | 2,67%         | 3,09                          | 25,60                           | 89,30                         |
| 26 years - 27 years | € | 16.948.352,36                           | 2,65%         | 211                 | 2,68%         | 2,77                          | 26,42                           | 89,71                         |
| 27 years - 28 years | € | 13.324.185,21                           | 2,09%         | 155                 | 1,97%         | 2,52                          | 27,58                           | 90,26                         |
| 28 years - 29 years | € | 62.324.134,74                           | 9,76%         | 598                 | 7,60%         | 2,24                          | 28,63                           | 93,30                         |
| 29 years - 30 years | € | 213.348.256,00                          | 33,42%        | 2.152               | 27,35%        | 2,11                          | 29,52                           | 91,92                         |
| >= 30 years         | € | -                                       | 0,00%         | -                   | 0,00%         | -                             | -                               | -                             |
| <b>Total</b>        | € | 638.408.081,75                          | 100,00%       | 7.867               | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 8 Original Loan to Original Foreclosure Value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by Original Loan to Original Foreclosure Value (total pool).

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loans | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|---------------|----------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| 10% - 20%           | € | 54.050,29                               | 0,01%         | 3              | 0,08%         | 3,89                          | 15,51                           | 9,88                          |
| 20% - 30%           | € | 734.691,01                              | 0,12%         | 13             | 0,35%         | 3,23                          | 20,94                           | 20,92                         |
| 30% - 40%           | € | 1.291.877,30                            | 0,20%         | 17             | 0,46%         | 3,65                          | 21,10                           | 25,66                         |
| 40% - 50%           | € | 2.235.734,93                            | 0,35%         | 31             | 0,84%         | 3,96                          | 18,99                           | 35,36                         |
| 50% - 60%           | € | 10.282.981,97                           | 1,61%         | 101            | 2,73%         | 3,38                          | 20,70                           | 45,02                         |
| 60% - 70%           | € | 12.922.862,51                           | 2,02%         | 100            | 2,71%         | 3,31                          | 21,27                           | 54,47                         |
| 70% - 80%           | € | 20.663.914,63                           | 3,24%         | 153            | 4,14%         | 2,92                          | 23,34                           | 61,06                         |
| 80% - 90%           | € | 41.134.825,96                           | 6,44%         | 278            | 7,53%         | 2,89                          | 24,09                           | 71,38                         |
| 90% - 100%          | € | 63.595.132,15                           | 9,96%         | 389            | 10,53%        | 2,80                          | 24,39                           | 79,65                         |
| 100% - 110%         | € | 119.307.092,37                          | 18,69%        | 665            | 18,00%        | 2,61                          | 26,07                           | 90,17                         |
| 110% - 120%         | € | 262.758.833,84                          | 41,16%        | 1.377          | 37,28%        | 2,84                          | 25,84                           | 94,71                         |
| 120% - 130%         | € | 88.349.697,00                           | 13,84%        | 486            | 13,16%        | 3,82                          | 20,17                           | 94,75                         |
| 130% - 140%         | € | 15.076.387,79                           | 2,36%         | 81             | 2,19%         | 3,89                          | 20,30                           | 102,73                        |
| 140% - 150%         | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| <b>Total</b>        | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 9 Current loan to Original Foreclosure Value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by current loan to original foreclosure value ratio (total pool).

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | 80.561,82                               | 0,01%          | 7              | 0,19%          | 3,61                          | 16,29                           | 6,97                          |
| 10% - 20%           | € | 875.417,61                              | 0,14%          | 25             | 0,68%          | 3,94                          | 18,30                           | 13,93                         |
| 20% - 30%           | € | 1.994.895,93                            | 0,31%          | 30             | 0,81%          | 3,78                          | 19,77                           | 23,06                         |
| 30% - 40%           | € | 2.737.537,52                            | 0,43%          | 36             | 0,97%          | 3,79                          | 18,68                           | 30,91                         |
| 40% - 50%           | € | 6.552.094,99                            | 1,03%          | 68             | 1,84%          | 3,58                          | 19,24                           | 40,81                         |
| 50% - 60%           | € | 15.332.362,01                           | 2,40%          | 131            | 3,55%          | 3,46                          | 19,75                           | 49,66                         |
| 60% - 70%           | € | 21.406.507,73                           | 3,35%          | 148            | 4,01%          | 3,25                          | 21,42                           | 58,59                         |
| 70% - 80%           | € | 32.827.068,69                           | 5,14%          | 221            | 5,98%          | 3,27                          | 22,34                           | 67,66                         |
| 80% - 90%           | € | 65.783.563,99                           | 10,30%         | 410            | 11,10%         | 3,14                          | 22,53                           | 75,85                         |
| 90% - 100%          | € | 89.409.620,29                           | 14,01%         | 505            | 13,67%         | 2,99                          | 23,78                           | 85,08                         |
| 100% - 110%         | € | 278.829.535,27                          | 43,68%         | 1.491          | 40,36%         | 2,78                          | 25,83                           | 95,26                         |
| 110% - 120%         | € | 110.307.857,22                          | 17,28%         | 560            | 15,16%         | 3,04                          | 25,40                           | 99,65                         |
| 120% - 130%         | € | 10.709.558,68                           | 1,68%          | 55             | 1,49%          | 3,93                          | 20,39                           | 106,90                        |
| 130% - 140%         | € | 1.561.500,00                            | 0,24%          | 7              | 0,19%          | 3,25                          | 18,21                           | 115,17                        |
| 140% - 150%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 10 Current loan to Indexed Foreclosure Value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by current loan to Indexed Foreclosure Value (total pool). The Index Data used to determine the Index in respect of the information set forth in this table, is based on data from the Land Registry ([www.cbs.nl](http://www.cbs.nl)) as per the end of September 2018.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | 177.464,14                              | 0,03%          | 11             | 0,30%          | 3,81                          | 13,11                           | 8,32                          |
| 10% - 20%           | € | 894.490,87                              | 0,14%          | 23             | 0,62%          | 4,05                          | 19,67                           | 15,20                         |
| 20% - 30%           | € | 3.024.870,24                            | 0,47%          | 42             | 1,14%          | 3,39                          | 19,37                           | 26,82                         |
| 30% - 40%           | € | 4.890.828,85                            | 0,77%          | 55             | 1,49%          | 3,80                          | 18,64                           | 37,17                         |
| 40% - 50%           | € | 12.248.255,49                           | 1,92%          | 108            | 2,92%          | 3,52                          | 19,06                           | 50,81                         |
| 50% - 60%           | € | 21.166.401,87                           | 3,32%          | 159            | 4,30%          | 3,43                          | 19,92                           | 56,84                         |
| 60% - 70%           | € | 35.109.333,83                           | 5,50%          | 227            | 6,15%          | 3,42                          | 21,76                           | 67,69                         |
| 70% - 80%           | € | 65.408.454,33                           | 10,25%         | 390            | 10,56%         | 3,11                          | 22,80                           | 78,03                         |
| 80% - 90%           | € | 113.205.249,06                          | 17,73%         | 637            | 17,24%         | 3,34                          | 23,42                           | 86,34                         |
| 90% - 100%          | € | 161.135.558,50                          | 25,24%         | 873            | 23,63%         | 2,91                          | 25,01                           | 93,27                         |
| 100% - 110%         | € | 197.165.233,79                          | 30,88%         | 1.043          | 28,23%         | 2,58                          | 26,59                           | 97,89                         |
| 110% - 120%         | € | 23.981.940,78                           | 3,76%          | 126            | 3,41%          | 3,19                          | 24,35                           | 101,59                        |
| 120% - 130%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 130% - 140%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 140% - 150%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 11 Original loan to original market value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by original loan to original market value (total pool).

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 10% - 20%           | € | 90.437,63                               | 0,01%          | 5              | 0,14%          | 3,59                          | 18,86                           | 10,12                         |
| 20% - 30%           | € | 1.222.202,88                            | 0,19%          | 16             | 0,43%          | 3,39                          | 21,53                           | 22,73                         |
| 30% - 40%           | € | 1.727.139,64                            | 0,27%          | 26             | 0,70%          | 4,09                          | 18,68                           | 29,66                         |
| 40% - 50%           | € | 5.590.995,49                            | 0,88%          | 66             | 1,79%          | 3,37                          | 20,91                           | 40,85                         |
| 50% - 60%           | € | 14.552.519,06                           | 2,28%          | 122            | 3,30%          | 3,55                          | 20,66                           | 50,38                         |
| 60% - 70%           | € | 20.715.030,84                           | 3,24%          | 152            | 4,11%          | 2,98                          | 22,71                           | 59,29                         |
| 70% - 80%           | € | 41.660.540,43                           | 6,53%          | 287            | 7,77%          | 2,88                          | 24,16                           | 70,31                         |
| 80% - 90%           | € | 72.918.796,74                           | 11,42%         | 444            | 12,02%         | 2,85                          | 24,11                           | 79,27                         |
| 90% - 100%          | € | 217.148.215,29                          | 34,01%         | 1.189          | 32,19%         | 2,51                          | 26,79                           | 93,17                         |
| 100% - 110%         | € | 205.654.992,66                          | 32,21%         | 1.074          | 29,07%         | 3,26                          | 24,02                           | 93,75                         |
| 110% - 120%         | € | 56.380.355,16                           | 8,83%          | 309            | 8,36%          | 3,81                          | 19,58                           | 98,52                         |
| 120% - 130%         | € | 746.855,93                              | 0,12%          | 4              | 0,11%          | 4,39                          | 18,16                           | 103,99                        |
| 130% - 140%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 140% - 150%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 12 Current loan to original market value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by current loan to original market value (total pool).

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | 171.488,28                              | 0,03%          | 11             | 0,30%          | 4,40                          | 15,29                           | 8,18                          |
| 10% - 20%           | € | 1.050.030,68                            | 0,16%          | 25             | 0,68%          | 4,02                          | 19,08                           | 15,60                         |
| 20% - 30%           | € | 2.780.951,39                            | 0,44%          | 40             | 1,08%          | 3,49                          | 19,43                           | 25,53                         |
| 30% - 40%           | € | 4.065.647,32                            | 0,64%          | 50             | 1,35%          | 4,05                          | 18,38                           | 35,48                         |
| 40% - 50%           | € | 12.264.854,59                           | 1,92%          | 113            | 3,06%          | 3,46                          | 19,59                           | 45,93                         |
| 50% - 60%           | € | 21.076.008,40                           | 3,30%          | 156            | 4,22%          | 3,45                          | 20,45                           | 55,17                         |
| 60% - 70%           | € | 33.019.150,25                           | 5,17%          | 222            | 6,01%          | 3,27                          | 21,90                           | 65,44                         |
| 70% - 80%           | € | 69.785.423,00                           | 10,93%         | 437            | 11,83%         | 3,11                          | 22,61                           | 75,11                         |
| 80% - 90%           | € | 106.471.640,77                          | 16,68%         | 600            | 16,24%         | 3,09                          | 23,54                           | 85,34                         |
| 90% - 100%          | € | 349.126.953,13                          | 54,69%         | 1.849          | 50,05%         | 2,75                          | 26,11                           | 96,40                         |
| 100% - 110%         | € | 33.090.403,56                           | 5,18%          | 165            | 4,47%          | 3,84                          | 22,54                           | 102,64                        |
| 110% - 120%         | € | 5.340.530,38                            | 0,84%          | 25             | 0,68%          | 3,14                          | 17,47                           | 112,83                        |
| 120% - 130%         | € | 165.000,00                              | 0,03%          | 1              | 0,03%          | 4,30                          | 18,08                           | 121,32                        |
| 130% - 140%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 140% - 150%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |



**TABLE 13 Current loan to indexed market value (total pool)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by current loan to indexed market value (total pool). The Index Data used to determine the Index in respect of the information set forth in this table, is based on data from the Land Registry ([www.cbs.nl](http://www.cbs.nl)) as per the end of September 2018.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0% - 10%            | € | 307.448,41                              | 0,05%          | 15             | 0,41%          | 3,95                          | 16,38                           | 9,60                          |
| 10% - 20%           | € | 1.395.715,33                            | 0,22%          | 30             | 0,81%          | 3,77                          | 19,73                           | 18,15                         |
| 20% - 30%           | € | 3.748.510,71                            | 0,59%          | 46             | 1,25%          | 3,63                          | 19,19                           | 30,82                         |
| 30% - 40%           | € | 8.004.432,12                            | 1,25%          | 83             | 2,25%          | 3,68                          | 18,52                           | 43,72                         |
| 40% - 50%           | € | 18.484.454,72                           | 2,90%          | 152            | 4,11%          | 3,53                          | 19,27                           | 53,73                         |
| 50% - 60%           | € | 34.433.831,79                           | 5,39%          | 231            | 6,25%          | 3,47                          | 21,23                           | 63,92                         |
| 60% - 70%           | € | 66.907.054,74                           | 10,48%         | 402            | 10,88%         | 3,19                          | 22,32                           | 76,63                         |
| 70% - 80%           | € | 118.766.837,76                          | 18,60%         | 667            | 18,06%         | 3,34                          | 23,33                           | 85,58                         |
| 80% - 90%           | € | 179.686.729,26                          | 28,15%         | 977            | 26,45%         | 2,97                          | 24,87                           | 93,44                         |
| 90% - 100%          | € | 206.673.066,91                          | 32,37%         | 1.091          | 29,53%         | 2,55                          | 26,69                           | 98,49                         |
| 100% - 110%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 110% - 120%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 120% - 130%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 130% - 140%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 140% - 150%         | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| > 150%              | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 14 Loan part coupon (interest rate bucket)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by interest rate.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| <= 0.5%             | € | 2.411.318,48                            | 0,38%          | 45                  | 0,57%          | 0,18                          | 15,18                           | 83,16                         |
| 0.5% - 1.0%         | € | 961.883,56                              | 0,15%          | 21                  | 0,27%          | 0,98                          | 26,47                           | 91,20                         |
| 1.0% - 1.5%         | € | 15.066.548,09                           | 2,36%          | 262                 | 3,33%          | 1,32                          | 25,37                           | 84,17                         |
| 1.5% - 2.0%         | € | 176.240.076,75                          | 27,61%         | 1.810               | 23,01%         | 1,79                          | 27,73                           | 90,57                         |
| 2.0% - 2.5%         | € | 101.445.096,34                          | 15,89%         | 1.209               | 15,37%         | 2,32                          | 25,29                           | 89,44                         |
| 2.5% - 3.0%         | € | 122.058.942,39                          | 19,12%         | 1.371               | 17,43%         | 2,67                          | 25,77                           | 89,11                         |
| 3.0% - 3.5%         | € | 21.008.064,90                           | 3,29%          | 326                 | 4,14%          | 3,31                          | 22,11                           | 86,55                         |
| 3.5% - 4.0%         | € | 16.641.600,36                           | 2,61%          | 209                 | 2,66%          | 3,75                          | 21,84                           | 88,49                         |
| 4.0% - 4.5%         | € | 45.014.271,12                           | 7,05%          | 645                 | 8,20%          | 4,38                          | 19,16                           | 82,09                         |
| 4.5% - 5.0%         | € | 98.196.018,43                           | 15,38%         | 1.400               | 17,80%         | 4,78                          | 21,10                           | 83,84                         |
| 5.0% - 5.5%         | € | 32.660.622,00                           | 5,12%          | 473                 | 6,01%          | 5,23                          | 19,83                           | 88,00                         |
| 5.5% - 6.0%         | € | 6.556.792,37                            | 1,03%          | 94                  | 1,19%          | 5,70                          | 20,25                           | 83,71                         |
| 6.0% - 6.5%         | € | 146.846,96                              | 0,02%          | 2                   | 0,03%          | 6,14                          | 18,83                           | 90,72                         |
| 6.5% - 7.0%         | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| > 7.0%              | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 15 Remaining interest rate fixed period**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by remaining interest rate fixed period.

| From (=>) Until (<) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| < 1 year            | € | 22.695.053,61                           | 3,55%          | 386                 | 4,91%          | 3,13                          | 20,00                           | 84,79                         |
| 1 year - 2 years    | € | 17.089.271,14                           | 2,68%          | 267                 | 3,39%          | 3,87                          | 20,89                           | 84,92                         |
| 2 years - 3 years   | € | 41.397.096,04                           | 6,48%          | 565                 | 7,18%          | 4,67                          | 21,42                           | 88,52                         |
| 3 years - 4 years   | € | 41.757.780,19                           | 6,54%          | 596                 | 7,58%          | 4,46                          | 21,51                           | 83,26                         |
| 4 years - 5 years   | € | 34.967.073,07                           | 5,48%          | 475                 | 6,04%          | 3,67                          | 23,04                           | 85,74                         |
| 5 years - 6 years   | € | 16.131.836,56                           | 2,53%          | 200                 | 2,54%          | 3,61                          | 23,62                           | 87,76                         |
| 6 years - 7 years   | € | 23.503.296,59                           | 3,68%          | 344                 | 4,37%          | 2,82                          | 22,68                           | 85,71                         |
| 7 years - 8 years   | € | 26.529.913,53                           | 4,16%          | 365                 | 4,64%          | 3,07                          | 20,03                           | 83,31                         |
| 8 years - 9 years   | € | 70.936.077,27                           | 11,11%         | 873                 | 11,10%         | 2,69                          | 23,04                           | 85,51                         |
| 9 years - 10 years  | € | 136.762.093,60                          | 21,42%         | 1.424               | 18,10%         | 1,96                          | 27,70                           | 90,46                         |
| 10 years - 11 years | € | 1.373.212,84                            | 0,22%          | 21                  | 0,27%          | 3,23                          | 20,63                           | 85,46                         |
| 11 years - 12 years | € | 8.433.213,62                            | 1,32%          | 107                 | 1,36%          | 2,99                          | 23,17                           | 89,27                         |
| 12 years - 13 years | € | 5.565.546,59                            | 0,87%          | 77                  | 0,98%          | 4,30                          | 20,59                           | 84,57                         |
| 13 years - 14 years | € | 7.525.606,71                            | 1,18%          | 110                 | 1,40%          | 2,85                          | 21,57                           | 82,31                         |
| 14 years - 15 years | € | 32.522.859,23                           | 5,09%          | 379                 | 4,82%          | 2,36                          | 26,86                           | 89,39                         |
| 15 years - 16 years | € | 438.316,81                              | 0,07%          | 9                   | 0,11%          | 4,69                          | 22,36                           | 94,49                         |
| 16 years - 17 years | € | 5.678.989,51                            | 0,89%          | 82                  | 1,04%          | 3,73                          | 21,09                           | 86,38                         |
| 17 years - 18 years | € | 10.137.140,26                           | 1,59%          | 131                 | 1,67%          | 3,03                          | 23,01                           | 90,49                         |
| 18 years - 19 years | € | 54.552.667,47                           | 8,55%          | 563                 | 7,16%          | 2,81                          | 25,96                           | 91,35                         |
| 19 years - 20 years | € | 75.684.764,12                           | 11,86%         | 823                 | 10,46%         | 2,80                          | 27,20                           | 90,16                         |
| 20 years - 21 years | € | 396.298,90                              | 0,06%          | 5                   | 0,06%          | 5,99                          | 19,52                           | 63,75                         |
| 21 years - 22 years | € | 384.331,87                              | 0,06%          | 4                   | 0,05%          | 5,29                          | 21,90                           | 103,48                        |
| 22 years - 23 years | € | 1.050.668,81                            | 0,16%          | 12                  | 0,15%          | 5,62                          | 22,82                           | 91,06                         |
| 23 years - 24 years | € | 1.132.971,49                            | 0,18%          | 14                  | 0,18%          | 5,58                          | 22,18                           | 84,02                         |
| 24 years - 25 years | € | 99.508,11                               | 0,02%          | 1                   | 0,01%          | 5,70                          | 24,08                           | 91,67                         |
| 25 years - 26 years | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| 26 years - 27 years | € | 680.325,23                              | 0,11%          | 8                   | 0,10%          | 4,93                          | 19,09                           | 95,45                         |
| 27 years - 28 years | € | 186.747,66                              | 0,03%          | 3                   | 0,04%          | 5,08                          | 21,80                           | 93,28                         |
| 28 years - 29 years | € | 512.772,14                              | 0,08%          | 12                  | 0,15%          | 3,48                          | 26,45                           | 73,95                         |
| 29 years - 30 years | € | 282.648,78                              | 0,04%          | 11                  | 0,14%          | 3,45                          | 26,75                           | 71,73                         |
| >= 30 years         | € | -                                       | 0,00%          | -                   | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 16 Interest payment type**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by interest payment type.

| Description  |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|--------------|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Fixed        | € | 629.198.293,86                          | 98,56%         | 7.685               | 97,69%         | 3,01                          | 24,48                           | 87,98                         |
| Floating     | € | 9.209.787,89                            | 1,44%          | 182                 | 2,31%          | 1,26                          | 20,04                           | 83,29                         |
| <b>Total</b> | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 17 Property description**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by description of the mortgaged property.

| Description                     |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Condominium                     | € | 112.461.408,66                          | 17,62%         | 757            | 20,49%         | 2,54                          | 26,02                           | 90,05                         |
| Condominium with garage         | € | 444.384,35                              | 0,07%          | 4              | 0,11%          | 3,45                          | 14,95                           | 81,88                         |
| Residential Farm house          | € | 3.004.109,70                            | 0,47%          | 14             | 0,38%          | 3,73                          | 22,17                           | 85,24                         |
| Single family house             | € | 486.850.165,59                          | 76,26%         | 2.703          | 73,17%         | 3,02                          | 24,53                           | 88,34                         |
| Single family house with garage | € | 35.648.013,45                           | 5,58%          | 216            | 5,85%          | 3,79                          | 18,17                           | 75,62                         |
| <b>Total</b>                    | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 18 Geographical distribution (by province)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by geographical distribution based on province.

| Description   |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Drenthe       | € | 24.443.020,34                           | 3,83%          | 148            | 4,01%          | 2,97                          | 24,60                           | 86,51                         |
| Flevoland     | € | 14.806.633,01                           | 2,32%          | 87             | 2,36%          | 2,67                          | 24,61                           | 91,64                         |
| Friesland     | € | 21.048.244,50                           | 3,30%          | 132            | 3,57%          | 2,88                          | 23,70                           | 86,47                         |
| Gelderland    | € | 70.651.874,23                           | 11,07%         | 404            | 10,94%         | 3,17                          | 24,44                           | 85,68                         |
| Groningen     | € | 38.976.781,65                           | 6,11%          | 252            | 6,82%          | 3,02                          | 24,36                           | 90,11                         |
| Limburg       | € | 69.788.348,14                           | 10,93%         | 426            | 11,53%         | 3,08                          | 24,25                           | 88,36                         |
| Noord-Brabant | € | 108.685.885,91                          | 17,02%         | 597            | 16,16%         | 2,89                          | 25,03                           | 86,40                         |
| Noord-Holland | € | 69.932.862,70                           | 10,95%         | 392            | 10,61%         | 2,98                          | 24,00                           | 87,97                         |
| Overijssel    | € | 59.809.010,05                           | 9,37%          | 345            | 9,34%          | 2,95                          | 24,48                           | 88,86                         |
| Utrecht       | € | 41.279.866,39                           | 6,47%          | 220            | 5,96%          | 2,98                          | 24,42                           | 86,14                         |
| Zeeland       | € | 6.402.244,70                            | 1,00%          | 41             | 1,11%          | 2,78                          | 24,67                           | 91,00                         |
| Zuid-Holland  | € | 112.583.310,13                          | 17,64%         | 650            | 17,60%         | 2,98                          | 24,21                           | 89,74                         |
| <b>Total</b>  | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 19 Geographic distribution (by economic area)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by geographical distribution based on economic region.

| Description                                 |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| NL111 - Oost-Groningen                      | € | 9.478.362,83                            | 1,48%          | 67             | 1,81%          | 3,11                          | 24,48                           | 89,25                         |
| NL112 - Delfzijl en omgeving                | € | 3.139.280,22                            | 0,49%          | 22             | 0,60%          | 3,99                          | 21,48                           | 88,50                         |
| NL113 - Overig Groningen                    | € | 26.359.138,60                           | 4,13%          | 163            | 4,41%          | 2,87                          | 24,66                           | 90,62                         |
| NL121 - Noord-Friesland                     | € | 8.802.241,50                            | 1,38%          | 60             | 1,62%          | 2,97                          | 24,01                           | 85,84                         |
| NL122 - Zuidwest-Friesland                  | € | 2.598.983,15                            | 0,41%          | 17             | 0,46%          | 3,25                          | 21,39                           | 80,86                         |
| NL123 - Zuidoost-Friesland                  | € | 9.647.019,85                            | 1,51%          | 55             | 1,49%          | 2,70                          | 24,03                           | 88,56                         |
| NL131 - Noord-Drenthe                       | € | 9.239.892,13                            | 1,45%          | 55             | 1,49%          | 2,95                          | 25,12                           | 86,34                         |
| NL132 - Zuidoost-Drenthe                    | € | 10.466.594,19                           | 1,64%          | 65             | 1,76%          | 2,80                          | 25,19                           | 87,11                         |
| NL133 - Zuidwest-Drenthe                    | € | 4.736.534,02                            | 0,74%          | 28             | 0,76%          | 3,39                          | 22,29                           | 85,50                         |
| NL211 - Noord-Overijssel                    | € | 18.895.447,55                           | 2,96%          | 106            | 2,87%          | 2,87                          | 24,49                           | 87,83                         |
| NL212 - Zuidwest-Overijssel                 | € | 7.499.755,78                            | 1,17%          | 43             | 1,16%          | 2,76                          | 24,98                           | 89,13                         |
| NL213 - Twente                              | € | 33.413.806,72                           | 5,23%          | 196            | 5,31%          | 3,04                          | 24,36                           | 89,38                         |
| NL221 - Veluwe                              | € | 22.207.047,79                           | 3,48%          | 126            | 3,41%          | 3,15                          | 24,57                           | 84,65                         |
| NL224 - Zuidwest-Gelderland                 | € | 9.534.773,44                            | 1,49%          | 52             | 1,41%          | 2,97                          | 25,18                           | 86,05                         |
| NL225 - Achterhoek                          | € | 9.252.264,61                            | 1,45%          | 54             | 1,46%          | 3,12                          | 23,84                           | 86,34                         |
| NL226 - Arnhem/Nijmegen                     | € | 29.657.788,39                           | 4,65%          | 172            | 4,66%          | 3,27                          | 24,28                           | 86,14                         |
| NL230 - Flevoland                           | € | 14.806.633,01                           | 2,32%          | 87             | 2,36%          | 2,67                          | 24,61                           | 91,64                         |
| NL310 - Utrecht                             | € | 41.279.866,39                           | 6,47%          | 220            | 5,96%          | 2,98                          | 24,42                           | 86,14                         |
| NL321 - Kop van Noord-Holland               | € | 15.409.982,85                           | 2,41%          | 94             | 2,54%          | 3,14                          | 22,90                           | 88,96                         |
| NL322 - Alkmaar en omgeving                 | € | 9.362.456,69                            | 1,47%          | 56             | 1,52%          | 2,83                          | 24,38                           | 87,87                         |
| NL323 - IJmond                              | € | 4.994.132,31                            | 0,78%          | 26             | 0,70%          | 2,75                          | 24,85                           | 85,31                         |
| NL324 - Agglomeratie Haarlem                | € | 4.820.641,88                            | 0,76%          | 28             | 0,76%          | 3,09                          | 24,68                           | 87,94                         |
| NL325 - Zaanstreek                          | € | 3.185.190,87                            | 0,50%          | 17             | 0,46%          | 2,82                          | 24,45                           | 87,92                         |
| NL326 - Groot-Amsterdam                     | € | 22.824.798,32                           | 3,58%          | 123            | 3,33%          | 2,87                          | 24,15                           | 88,09                         |
| NL327 - Het Gooi en Vechtstreek             | € | 9.335.659,78                            | 1,46%          | 48             | 1,30%          | 3,21                          | 24,13                           | 87,63                         |
| NL331 - Agglomeratie Leiden en Bollenstreek | € | 10.776.648,29                           | 1,69%          | 59             | 1,60%          | 2,97                          | 24,81                           | 84,75                         |
| NL332 - Agglomeratie 's-Gravenhage          | € | 20.916.030,49                           | 3,28%          | 126            | 3,41%          | 2,72                          | 25,13                           | 89,83                         |
| NL333 - Delft en Westland                   | € | 6.133.740,87                            | 0,96%          | 34             | 0,92%          | 2,86                          | 24,98                           | 87,02                         |
| NL334 - Oost-Zuid-Holland                   | € | 12.537.295,70                           | 1,96%          | 68             | 1,84%          | 3,21                          | 23,49                           | 92,17                         |
| NL335 - Groot-Rijnmond                      | € | 42.693.316,35                           | 6,69%          | 253            | 6,85%          | 2,97                          | 23,85                           | 90,40                         |
| NL336 - Zuidoost-Zuid-Holland               | € | 19.526.278,43                           | 3,06%          | 110            | 2,98%          | 3,18                          | 23,92                           | 90,26                         |
| NL341 - Zeewsch-Vlaanderen                  | € | 590.535,80                              | 0,09%          | 4              | 0,11%          | 2,71                          | 26,07                           | 94,95                         |
| NL342 - Overig Zeeland                      | € | 5.811.708,90                            | 0,91%          | 37             | 1,00%          | 2,79                          | 24,52                           | 90,59                         |
| NL411 - West-Noord-Brabant                  | € | 23.505.963,02                           | 3,68%          | 135            | 3,65%          | 3,05                          | 24,31                           | 86,13                         |
| NL412 - Midden-Noord-Brabant                | € | 15.866.478,01                           | 2,49%          | 91             | 2,46%          | 2,91                          | 24,68                           | 87,92                         |
| NL413 - Noordoost-Noord-Brabant             | € | 31.623.125,31                           | 4,95%          | 167            | 4,52%          | 2,85                          | 25,57                           | 86,90                         |
| NL414 - Zuidoost-Noord-Brabant              | € | 37.690.319,57                           | 5,90%          | 204            | 5,52%          | 2,82                          | 25,17                           | 85,51                         |
| NL421 - Noord-Limburg                       | € | 9.605.999,44                            | 1,50%          | 54             | 1,46%          | 2,94                          | 25,14                           | 87,69                         |
| NL422 - Midden-Limburg                      | € | 10.954.979,59                           | 1,72%          | 60             | 1,62%          | 2,86                          | 24,83                           | 88,25                         |
| NL423 - Zuid-Limburg                        | € | 49.227.369,11                           | 7,71%          | 312            | 8,45%          | 3,16                          | 23,95                           | 88,52                         |
| <b>Total</b>                                | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 20 Construction deposits (as percentage of net principal outstanding amount)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by construction deposits as a percentage of the net principal amount for each Mortgage Loan.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| 0%                  | € | 583.483.885,91                          | 91,40%         | 3.402          | 92,10%         | 3,05                          | 24,08                           | 87,45                         |
| 0% - 10%            | € | 46.195.757,45                           | 7,24%          | 242            | 6,55%          | 2,24                          | 28,21                           | 93,99                         |
| 10% - 20%           | € | 8.245.295,17                            | 1,29%          | 46             | 1,25%          | 2,34                          | 27,03                           | 86,79                         |
| 20% - 30%           | € | 483.143,22                              | 0,08%          | 4              | 0,11%          | 1,86                          | 26,75                           | 77,26                         |
| 30% - 40%           | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| 40% - 50%           | € | -                                       | 0,00%          | -              | 0,00%          | -                             | -                               | -                             |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 21      Occupancy**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by occupancy of the property by the owner.

| Description    |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|----------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Owner Occupied | € | 638.408.081,75                          | 100,00%        | 3.694          | 100,00%        | 2,98                          | 24,42                           | 87,91                         |
| <b>Total</b>   | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 22      Employment status borrower**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by employment of the borrower.

| Description   |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Employed      | € | 601.160.853,31                          | 94,17%         | 3.469          | 93,91%         | 2,99                          | 24,37                           | 88,12                         |
| Other         | € | 10.116.184,50                           | 1,58%          | 80             | 2,17%          | 2,91                          | 26,06                           | 75,93                         |
| Self-employed | € | 27.131.043,94                           | 4,25%          | 145            | 3,93%          | 2,97                          | 24,94                           | 87,86                         |
| <b>Total</b>  | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 23      Loan to income**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Borrowers) by Loan to Income Ratio.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| <= 0.5              | € | 292.006,27                              | 0,05%          | 15             | 0,41%          | 4,08                          | 13,81                           | 9,94                          |
| 0.5 - 1.0           | € | 1.419.597,70                            | 0,22%          | 25             | 0,68%          | 3,62                          | 20,45                           | 32,40                         |
| 1.0 - 1.5           | € | 3.744.896,30                            | 0,59%          | 44             | 1,19%          | 3,78                          | 18,76                           | 48,35                         |
| 1.5 - 2.0           | € | 12.577.412,78                           | 1,97%          | 117            | 3,17%          | 3,49                          | 20,09                           | 59,67                         |
| 2.0 - 2.5           | € | 32.155.470,21                           | 5,04%          | 222            | 6,01%          | 3,20                          | 21,41                           | 74,68                         |
| 2.5 - 3.0           | € | 69.201.100,26                           | 10,84%         | 415            | 11,23%         | 3,23                          | 22,58                           | 82,08                         |
| 3.0 - 3.5           | € | 124.082.405,59                          | 19,44%         | 680            | 18,41%         | 3,12                          | 23,22                           | 87,55                         |
| 3.5 - 4.0           | € | 140.898.053,23                          | 22,07%         | 774            | 20,95%         | 2,96                          | 24,62                           | 91,04                         |
| 4.0 - 4.5           | € | 183.474.027,43                          | 28,74%         | 1.039          | 28,13%         | 2,66                          | 26,62                           | 91,87                         |
| 4.5 - 5.0           | € | 45.075.736,32                           | 7,06%          | 229            | 6,20%          | 2,81                          | 25,50                           | 94,06                         |
| 5.0 - 5.5           | € | 6.383.420,97                            | 1,00%          | 38             | 1,03%          | 3,67                          | 22,44                           | 88,24                         |
| 5.5 - 6.0           | € | 5.427.084,47                            | 0,85%          | 29             | 0,79%          | 4,03                          | 24,01                           | 88,02                         |
| 6.0 - 6.5           | € | 6.164.016,95                            | 0,97%          | 30             | 0,81%          | 3,78                          | 23,58                           | 90,37                         |
| 6.5 - 7.0           | € | 2.662.753,63                            | 0,42%          | 12             | 0,32%          | 3,43                          | 24,15                           | 93,98                         |
| > 7.0               | € | 4.850.099,64                            | 0,76%          | 25             | 0,68%          | 3,67                          | 23,32                           | 88,23                         |
| <b>Total</b>        | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 24 Debt service to income**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Borrowers) by debt service to income ratio.

| From (>) Until (<=) |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loans | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---------------------|---|---|---------------|----------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| <= 5%               | € | 6.786.582,96                            | 1,06%         | 80             | 2,17%         | 1,90                          | 18,42                           | 59,37                         |
| 5% - 10%            | € | 58.976.635,83                           | 9,24%         | 394            | 10,67%        | 2,43                          | 21,16                           | 75,73                         |
| 10% - 15%           | € | 157.944.731,05                          | 24,74%        | 901            | 24,39%        | 2,78                          | 23,90                           | 86,34                         |
| 15% - 20%           | € | 252.230.504,46                          | 39,51%        | 1.423          | 38,52%        | 2,84                          | 25,59                           | 90,66                         |
| 20% - 25%           | € | 129.067.495,71                          | 20,22%        | 717            | 19,41%        | 3,49                          | 24,95                           | 91,14                         |
| 25% - 30%           | € | 17.909.004,42                           | 2,81%         | 101            | 2,73%         | 4,32                          | 22,21                           | 89,10                         |
| 30% - 35%           | € | 7.901.666,47                            | 1,24%         | 39             | 1,06%         | 4,11                          | 23,60                           | 91,25                         |
| 35% - 40%           | € | 4.151.002,75                            | 0,65%         | 21             | 0,57%         | 4,47                          | 23,85                           | 88,27                         |
| 40% - 45%           | € | 1.908.868,61                            | 0,30%         | 10             | 0,27%         | 4,30                          | 22,97                           | 89,16                         |
| 45% - 50%           | € | 1.099.663,46                            | 0,17%         | 6              | 0,16%         | 4,28                          | 23,49                           | 84,00                         |
| 50% - 55%           | € | 431.926,03                              | 0,07%         | 2              | 0,05%         | 4,21                          | 25,82                           | 95,72                         |
| 55% - 60%           | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| 60% - 65%           | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| 65% - 70%           | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| > 70%               | € | -                                       | 0,00%         | -              | 0,00%         | -                             | -                               | -                             |
| <b>Total</b>        | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 25 Loan payment frequency**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Borrowers) by payment frequency for each Mortgage Loan.

| Description  |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loans | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|--------------|---|---|---------------|----------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| Monthly      | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |
| <b>Total</b> | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 26 Guarantee type (NHG / non NHG)**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Loan Parts) by guarantee type.

| Description  |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loan parts | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|--------------|---|---|---------------|---------------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| NHG          | € | 638.408.081,75                          | 100,00%       | 7.867               | 100,00%       | 2,98                          | 24,42                           | 87,91                         |
| Non NHG      | € | -                                       | 0,00%         | -                   | 0,00%         | -                             | -                               | -                             |
| <b>Total</b> | € | 638.408.081,75                          | 100,00%       | 7.867               | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 27 Originator**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by Seller (as originator).

| Description  |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total | Nr of<br>Loans | % of<br>Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|--------------|---|---|---------------|----------------|---------------|-------------------------------|---------------------------------|-------------------------------|
| Obvion       | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |
| <b>Total</b> | € | 638.408.081,75                          | 100,00%       | 3.694          | 100,00%       | 2,98                          | 24,42                           | 87,91                         |

**TABLE 28 Servicer**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Mortgage Loans) by Servicer.

| Description  |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loans | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|--------------|---|---|----------------|----------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Obvion       | € | 638.408.081,75                          | 100,00%        | 3.694          | 100,00%        | 2,98                          | 24,42                           | 87,91                         |
| <b>Total</b> | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>3.694</b>   | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

**TABLE 29 Capital insurance policy provider**

The following table shows the distribution of the pool as selected on the Initial Cut-Off Date (both by net outstanding principal balance and number of Borrowers) by capital insurance policy provider.

| Description   |   | Aggregate<br>Outstanding<br>Not. Amount | % of<br>Total  | Nr of<br>Loan parts | % of<br>Total  | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity | Weighted<br>Average<br>CLTOMV |
|---|---|---|----------------|---------------------|----------------|-------------------------------|---------------------------------|-------------------------------|
| Not Applicable  | € | 529.923.983,39                          | 83,01%         | 6.395               | 81,29%         | 2,75                          | 25,66                           | 88,18                         |
| Aegon Levensverzekering nv                            | € | 1.591.192,06                            | 0,25%          | 20                  | 0,25%          | 3,64                          | 14,15                           | 80,01                         |
| Allianz Nederland Levensverzekering nv                | € | 537.589,19                              | 0,08%          | 8                   | 0,10%          | 3,26                          | 12,25                           | 80,03                         |
| ASR Verzekeringen                                     | € | 22.898.285,23                           | 3,59%          | 346                 | 4,40%          | 4,19                          | 17,57                           | 85,21                         |
| Avero Achmea  | € | 116.854,00                              | 0,02%          | 2                   | 0,03%          | 3,36                          | 11,43                           | 91,70                         |
| Avero Leven UA  | € | 812.991,57                              | 0,13%          | 12                  | 0,15%          | 3,48                          | 9,48                            | 75,48                         |
| Centraal Beheer Levensverzekering nv                  | € | 90.000,00                               | 0,01%          | 1                   | 0,01%          | 3,43                          | 28,25                           | 65,83                         |
| Conservatrix NV                                       | € | 465.230,00                              | 0,07%          | 6                   | 0,08%          | 3,20                          | 14,77                           | 73,29                         |
| Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  | € | 52.326.624,55                           | 8,20%          | 678                 | 8,62%          | 4,37                          | 20,12                           | 87,04                         |
| Delta Lloyd Levensverzekering nv                      | € | 540.263,00                              | 0,08%          | 6                   | 0,08%          | 2,65                          | 13,20                           | 87,80                         |
| Erasmus Levensverzekering Maatschappij n.v.           | € | 100.000,00                              | 0,02%          | 1                   | 0,01%          | 4,80                          | 13,83                           | 79,99                         |
| Falcon Leven nv                                       | € | 92.000,00                               | 0,01%          | 2                   | 0,03%          | 5,14                          | 12,31                           | 91,64                         |
| Florius verzekeringen                                 | € | 102.000,00                              | 0,02%          | 1                   | 0,01%          | 4,80                          | 18,75                           | 91,05                         |
| Fortis Asr Levensverzmij                              | € | 37.398,60                               | 0,01%          | 1                   | 0,01%          | 2,70                          | 6,83                            | 76,86                         |
| Generali Levensverz mij nv                            | € | 154.873,74                              | 0,02%          | 2                   | 0,03%          | 2,26                          | 10,31                           | 94,85                         |
| Goudse Verzekeringen                                  | € | 215.174,00                              | 0,03%          | 2                   | 0,03%          | 4,48                          | 18,86                           | 101,13                        |
| Interpolis nv   | € | 91.425,00                               | 0,01%          | 2                   | 0,03%          | 4,56                          | 10,27                           | 72,40                         |
| Legal & General Nederland Levensverz mij nv           | € | 294.595,00                              | 0,05%          | 4                   | 0,05%          | 3,67                          | 9,67                            | 80,77                         |
| Levensverzekeringmij De Onderlinge van 1719 ua        | € | 376.699,00                              | 0,06%          | 4                   | 0,05%          | 2,55                          | 12,28                           | 88,11                         |
| Levensverzekeringsmaatschappij N.V. Interpolis BTL    | € | 17.957.812,94                           | 2,81%          | 243                 | 3,09%          | 4,09                          | 18,18                           | 88,34                         |
| Nationale Nederlanden Levensverz mij nv               | € | 492.056,73                              | 0,08%          | 10                  | 0,13%          | 3,54                          | 13,34                           | 68,19                         |
| Nationale Nederlanden NV                              | € | 295.688,00                              | 0,05%          | 5                   | 0,06%          | 2,02                          | 12,47                           | 77,32                         |
| Ohra Levensverzekeringen nv                           | € | 42.992,69                               | 0,01%          | 1                   | 0,01%          | 4,70                          | 8,08                            | 50,70                         |
| Onderlinge Gravenhage ua                              | € | 515.915,07                              | 0,08%          | 7                   | 0,09%          | 3,91                          | 16,90                           | 78,79                         |
| REAAL Levensverzekeringen                             | € | 183.219,05                              | 0,03%          | 2                   | 0,03%          | 4,46                          | 11,78                           | 72,11                         |
| REAAL Levensverzekeringen, handelsnaam van SRLEV N.V. | € | 3.016.850,58                            | 0,47%          | 40                  | 0,51%          | 3,23                          | 13,51                           | 90,27                         |
| Royal Nederland Levensverzekering nv                  | € | 131.386,31                              | 0,02%          | 2                   | 0,03%          | 4,79                          | 14,09                           | 104,88                        |
| Rvs Levensverzekering nv                              | € | 392.500,00                              | 0,06%          | 5                   | 0,06%          | 2,47                          | 9,48                            | 74,27                         |
| 's Gravenhage U.A. Onderlinge Levenverz mij           | € | 2.679.063,91                            | 0,42%          | 32                  | 0,41%          | 3,61                          | 16,49                           | 90,37                         |
| Universal Leven                                       | € | 248.800,00                              | 0,04%          | 2                   | 0,03%          | 2,33                          | 14,63                           | 99,98                         |
| Westland/Utrecht                                      | € | 130.518,00                              | 0,02%          | 1                   | 0,01%          | 4,30                          | 3,33                            | 91,40                         |
| Winterthur Verzekeringen                              | € | 420.578,00                              | 0,07%          | 5                   | 0,06%          | 3,45                          | 13,61                           | 96,96                         |
| Zw itserven, handelsnaam van SRLEV N.V.               | € | 870.257,25                              | 0,14%          | 15                  | 0,19%          | 3,50                          | 13,40                           | 88,08                         |
| Zw olsche Algemeene                                   | € | 263.264,89                              | 0,04%          | 4                   | 0,05%          | 3,22                          | 9,42                            | 70,34                         |
| <b>Total</b>  | € | <b>638.408.081,75</b>                   | <b>100,00%</b> | <b>7.867</b>        | <b>100,00%</b> | <b>2,98</b>                   | <b>24,42</b>                    | <b>87,91</b>                  |

## 6.2 Description of Mortgage Loans

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date include 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. Payment for such sale shall occur on the Closing Date.

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one Loan Part, the aggregate of such Loan Parts) are secured by a first priority, or as the case may be a first priority and sequentially lower priority Mortgage, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) between the Seller and the relevant Borrowers and have the benefit of an NHG Guarantee. The Mortgages secure the relevant Mortgage Loan and are vested over property situated in the Netherlands. The Mortgage Loans and the Mortgages securing the liabilities arising therefrom are governed by Dutch law.

Based on the numerical information set out in the section 6.1 (*Stratification tables*) but subject to what is set out in section 2 (*Risk factors*), the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any amounts due and payable under the Notes.

### **Mortgage types**

The pool of Mortgage Loans (or any Loan Part (*leningdeel*) comprising a Mortgage Loan) will consist of:

- (a) Linear Mortgage Loans (*lineaire hypotheeken*);
- (b) Interest-only Mortgage Loans (*aflossingsvrije hypotheeken*);
- (c) Annuity Mortgage Loans (*annuïteitenhypotheeken*);
- (d) Life Mortgage Loans (*levenhypotheeken met levensverzekering*);
- (e) Investment Mortgage Loans (*levenhypotheeken met beleggingsrekening*);
- (f) Savings Mortgage Loans (*spaarhypotheeken*);
- (g) Switch Mortgage Loans (*switchhypotheeken*); and
- (h) Bank Savings Mortgage Loans (*bankspaarhypotheeken*).

The repayments to be made to the Noteholders have not been structured to depend predominantly on the sale of the Mortgaged Assets securing the Mortgage Loans.

In the event and to the extent a Mortgage Loan exceeds 100 per cent. of the Foreclosure Value of the relevant Mortgaged Asset, such Mortgage Loan shall have the benefit of a Risk Insurance Policy (i.e. an insurance policy which pays out upon the death of the insured) taken out by the Borrower with an Insurance Company. However, in the event of Mortgage Loans to which NHG Conditions dating prior to 17 June 2018 apply, which do not include a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 80 per cent. of the Foreclosure Value of the relevant Mortgaged Asset. In the case of Mortgage Loans consisting of more than one Loan Part including a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan, such Risk Insurance Policy will be included in the relevant Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy. Each of the above types of mortgage loans can be in the form of a construction mortgage loan (*bouw hypotheek*).



### *Linear Mortgage Loans*

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

### *Interest-only Mortgage Loans*

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

### *Annuity Mortgage Loans*

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

### *Life Mortgage Loans*

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

### *Investment Mortgage Loans*

Under an Investment Mortgage Loan, the Borrower does not pay principal prior to the maturity of the Mortgage Loan, but instead undertakes to invest, on an instalment basis or up front, defined amounts in certain investment funds. The amounts invested take the form of participations in the investment funds selected by the Borrower and are credited to the Borrower Investment Account in the name of the relevant Borrower. It is the intention that an Investment Mortgage Loan will be fully repaid with the proceeds of the investments held in the Borrower Investment Account.

### *Savings Mortgage Loans*

A Savings Mortgage Loan is combined with a Savings Insurance Policy, which consists of a combined risk and capital insurance policy taken out by the Borrower with ASR Levensverzekering N.V. or Interpolis in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of such Mortgage Loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a savings element. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan.

### *Switch Mortgage Loans*

A Switch Mortgage Loan is combined with a Savings Investment Insurance Policy, which consists of a combined risk and capital insurance policy taken out by the Borrower with Interpolis in connection with the relevant Switch Mortgage Loan. Under a Switch Mortgage Loan no principal is paid by the Borrower prior to the maturity of the Mortgage Loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a savings element, which premium is invested in certain investment funds selected by the Borrower and/or deposited into an account held in the name of the relevant Insurance Company with the Seller. The Borrowers may at any time switch (*omzetten*) their investments among such investment funds and to and from said account.

### *Bank Savings Mortgage Loans*

A Bank Savings Mortgage Loan is combined with a Bank Savings Account held by the relevant Borrowers with the Bank Savings Account Bank. Under a Bank Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity. Instead, the Borrower pays a deposit into the relevant Bank Savings Account on a monthly basis.

### **Interest rates**

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

A floating rate of interest (1 month reset) or a fixed rate of interest is payable on the Loan Part, subject to resets from time to time (1 up to and including 20, 25 or 30 years).

*Floating Interest is not available in combination with Savings Mortgage Loans, Bank Savings Mortgage Loans and Switch Mortgage Loans.*

A floating rate of interest is payable on the Mortgage Loans (or relevant part thereof) based on the rate for one-month Euribor plus a margin.

### *"Obvion Rentevrijheid"*

Depending on the type of mortgage, a Borrower can choose for a 2-year interest fixation period with the so-called "*Obvion Rentevrijheid*" option. With this option, the Borrower pays a fixed rate of interest during the first 24 months of the Mortgage Loan (or relevant part thereof). During this 24 month period, the Borrower has the option to set his future interest payments either at a fixed rate for a period as mentioned under sub-paragraph *Fixed Interest* or at a floating rate as mentioned under sub-paragraph *Floating Interest* above. The 24-month "*Obvion Rentevrijheid*" option period cannot be renewed.

## **6.3 Origination and servicing**

### **6.3.1 Obvion's Origination Process**

This section gives an overview of the entire current origination process for loans with a guarantee of Stichting WEW as well as loans without such a guarantee, starting from the distribution of the loans through intermediaries until the mortgage loan is granted. Furthermore, it provides insight into the division of tasks

currently between the intermediaries and Obvion in the origination process and the supporting role of Stater Nederland B.V. and its mortgage information system in the origination, servicing and arrears management process.

### **6.3.2 Independent intermediaries**

Obvion distributes its mortgage loans exclusively through professional (Dutch) intermediaries, which operate independently and are paid directly by the borrower. The intermediaries are mortgage financial advisors, real estate brokers or insurance brokers. These parties can either be part of an organised network (franchise) or operate as a separate entity. Currently, Obvion cooperates with a total of approximately 1,750 intermediaries throughout the Netherlands.

Within Obvion, 1 sales manager, 10 account managers and 2 desk account managers are responsible for maintaining the relationship with the intermediaries and determining the selection of new intermediaries based on Obvion's intermediary policy. Furthermore, all intermediaries selected by the account managers are obligated to be licensed according to the Financial Services Act.

### **6.3.3 Stater Nederland B.V.**

Stater Nederland B.V. (Stater) is the leading service provider for the Dutch mortgage market. In fulfilling this role, Stater focuses on support for mortgage funders in the sale, handling and financing of mortgage portfolios.

After starting life as part of Bouwfonds Hypotheken, Stater started its activities in January 1997 as an independent service provider in the mortgage market. Stater has since grown to become an international force in the market.

Stater is a 100 per cent. subsidiary of Stater N.V., of which the shares are held for 100 per cent by ABN AMRO Bank N.V.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of more than EUR 224 billion and 1,272,200 mortgage loans. In the Netherlands, Stater has a market share of about 38 per cent as of 30 June 2017.

The activities are provided in a completely automated and paperless electronic format. Stater has pioneered the use of technology through its e-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions.

Stater provides an origination system that includes automated underwriting, allowing loan funders to specify underwriting criteria for each product. A credit-scoring model and a fraud detection system form part of automated underwriting.

In January 2018, credit rating agency Fitch Ratings assigned Stater a Residential Primary Servicer Rating of 'RPS1-'. With this rating, which Stater received for its role as "primary servicer", Stater is the top scoring service provider in Europe for mortgage services. Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking.

In 2016 KPMG Netherlands, the company's external auditor, issued an ISAE 3402 Type II assurance report on internal processes at Stater. For the purpose of this report, Stater requested KPMG to test the design, existence and functioning of the defined control measures for the January 1st to 31 October 2016 reporting period. With this report, Stater aims to provide its clients and their internal and external auditors transparent insight into its services and procedures.

The head office is located at Podium 1, 3826 PA, Amersfoort, the Netherlands.

#### **6.3.4 Obvion and Stater Nederland B.V.**

In order to support its mortgage origination and servicing process, Obvion has entered into an agreement with Stater Nederland B.V.

Obvion is responsible for marketing and sales support. The advisory role lies with the intermediary while Obvion and the intermediaries have a joined responsibility to avoid excessive lending to the customer. Client contacts are the responsibility of Obvion. In addition, the entire mortgage offering, underwriting, lending and servicing process is in the hands of Obvion, with the exception of collection of regular payments of interest and/or principal under mortgage loans. This collection falls within the services rendered by Stater Nederland B.V., which is authorised to use the account of Obvion for these collection activities. Stater Nederland B.V. is also responsible for giving the civil law notary instructions and settling outgoing payments including arranging that the mortgage deed for the loan being extended is drawn up in the name of and for the account and risk of Obvion. Obvion is responsible for query handling as well as for arrears and default management and client file management. Stater Nederland B.V. also periodically provides information on the rendered services.

#### **6.3.5 Mortgage offering process**

The intermediary initiates the mortgage loan quote process after a client has opted for Obvion as the lender. The intermediary should have all consumer brochures on the Obvion products as well as an extensive manual outlining Obvion's underwriting criteria, conditions and application forms. The intermediary enters the loan application (or change) data and passes this on to Obvion either electronically via the Obvion Portal or the Mortgage Data Network (Hypotheken Data Network, HDN) or on paper. At present, more than 95 per cent. of applications are electronically sent by the intermediary to Obvion. Electronic applications are in general processed within 1 business day whereas applications submitted by fax/mail are processed within 3 business days.

In most cases loan applications are entered into the Obvion Portal by the intermediary and are automatically entered into the Stater mortgage system. In some cases these applications need to be revised. The Stater mortgage system performs acceptance checks automatically on the basis of the underwriting criteria of Obvion, the criteria of Stichting WEW, if applicable, and the general criteria and conditions of mortgage loans. Credit history checks with the BKR (a public credit registry of persons with adverse credit history) and fraud detection checks via Obvion's Fraud Prevention System (FPS), External Referral Application (*Externe Verwijzings Applicatie*, EVA) and Foundation Anti-Fraud Mortgages (*Stichting Fraudebestrijding Hypotheken*, SFH) are automatically performed and the applicant's credit status is checked in a number of countries to find out whether the applicant has (had) any current or recent credit payment problems, to identify fraud cases and possession of other properties. If the Stater mortgage system gives a 'stop' advice (i.e. if one or more of the underwriting criteria is not satisfied) the application will be individually assessed by the underwriting specialist. In this case it

is up to this specialist to assess whether the failure to satisfy all the underwriting criteria is material and whether the loan entails an increased risk, and if so, whether this risk is acceptable. If the specialist decides to overrule the system, with or without demanding any additional requirements for the loan application, he/she must provide a written explanation for doing so and record that explanation in the system. Furthermore the relevant items of every application are checked by a second underwriting specialist before final approval is given.

If the non-fulfilment of the underwriting criteria is considered to be more than marginal but the underwriting specialist considers the risk acceptable, he/she will, based on relevant credit committee policy, submit a proposal to the Credit Underwriting Committee (Krediet Commissie), which will deal with the proposal at one of the meetings that will take place twice a week. The Credit Underwriting Committee consists of the Manager Operations, manager of a regional underwriting team, sales manager and a financial risk manager (credit risk). In the case of an application of a loan part with an application for an NHG Guarantee, a 'stop' advice resulting from the fact that one or more criteria of Stichting WEW are not met, cannot be overruled without prior written approval of NHG, which is only granted in exceptional cases.

In the case of an approval either by the Stater mortgage system, the underwriting specialist or the Credit Underwriting Committee, Obvion will send an initial interest proposal (*bindend renteaanbod*) for the mortgage loan containing the applicable interest conditions to the client via the intermediary. In order for the proposal to be valid, the client has to accept, sign and return the proposal to Obvion within 2 or 3 weeks (depending on the product type). Granting the loan is still subject to the receipt of all required documents and final acceptance. After final acceptance Obvion will send the final proposal (*bindend aanbod*) to the client via the intermediary.

All relevant documents received by Obvion are checked and immediately scanned into an electronic file in the system HYARCHIS. As soon as this is done, all relevant data are recorded in the Stater mortgage system, after which Stater Nederland B.V. will inform the civil law notary. Subsequently the civil law notary confirms the transfer date to Obvion. Entering this date into the Stater mortgage system alerts Stater Nederland B.V. that it should transfer the amount of the mortgage loan by debiting the account of Obvion to an escrow account of the civil law notary. This account is used temporarily until the legal transfer of the collateral has been executed. After the transaction is finalised, the civil law notary will send all relevant documents (such as the mortgage deed) to Obvion. Obvion scans the documents into an electronic file. After completion of this filing, Stater Nederland B.V. will enter the mortgage loan into the administration system of Obvion. From this moment onwards the status of the mortgage loan is 'active'.

Upon acceptance of the initial interest proposal (*bindend renteaanbod*), the mortgage deed will have to pass at the notary within 3 or 4 months (depending on the product type). Depending on the product type and only in the case when the mortgage loan is needed to buy a house of which the delivery date exceeds the validity of the proposal, an extension up to a maximum of 6, 8 or 12 months is possible.

As soon as a mortgage loan with an NHG Guarantee is active, Stichting WEW is informed of the new mortgage loan.

### **6.3.6 Application of savings mortgage loans**

As per 2 October 2012 Obvion stopped selling Savings Mortgage Loans with an attached policy of ASR Levensverzekering N.V. The Savings Mortgage Loans of ASR Levensverzekering N.V. can still be included in STORM and STRONG transactions.

Until 1 October 2010, Obvion originated the SpaarGarant Mortgage Loan (savings mortgage loans with an attached policy of Interpolis).

Under a Switch Mortgage Loan, borrowers had the ability to switch to the SpaarGarant Mortgage Loan until 14 December 2010. Although both the SpaarGarant Mortgage Loan and the Switch Mortgage Loan are not originated anymore these type of mortgage loans can still be included in STORM and STRONG transactions.

In addition to the savings mortgage loans, Obvion sells Bank Savings Mortgage Loans with a blocked savings account held with Rabobank. Those mortgage loans are labelled as SpaarGerust Mortgage Loans.

As of 1 January 2013 Obvion stopped originating new Saving Mortgage Loans. However, for borrowers with existing Saving Mortgage Loan on this date, grandfathering is applicable. When such borrowers apply for a new mortgage loan with Obvion, they can still choose for a Savings Mortgage Loan and transfer the savings values of their existing savings policy or bank savings account to Obvion without losing the Tax benefits following from the savings mortgage loan (*fiscaal geruisloze voortzetting*).

#### **6.3.7 Underwriting criteria**

For mortgage loans which have the benefit of an NHG Guarantee, the criteria of Stichting WEW are applicable. Both these criteria and the underwriting criteria of Obvion are incorporated in the Stater mortgage system. As soon as Stichting WEW or Obvion changes the criteria, Stater Nederland B.V. is ordered to update the underwriting criteria in the Stater mortgage system. The most important criteria in relation to the borrower, the collateral and the loan terms and conditions are explained below. In order to qualify for an NHG Guarantee the underwriting criteria must comply with all requirements set by Stichting WEW. This therefore means that the criteria described below only apply to the extent permitted under Stichting WEW and to the extent no other requirements set by Stichting WEW apply (see for more information section 6.5 (*NHG Guarantee programme*)).

#### **6.3.8 Code of Conduct and the Mortgage Credit Directive**

The mortgage Code of Conduct (*Gedragscode Hypothecaire Financieringen*) by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*) is applicable for all mortgage loans originated by Obvion. The Code of Conduct is updated from time to time (the last update was implemented as per 1 January 2014). As per 1 January 2013 the Dutch Government introduced a temporary mortgage loan act (*Tijdelijke Regeling Hypothecair Krediet*). In case of conflicts with the provisions of the Code of Conduct of August 2011, as amended from time to time, this new regulation will supersede the Code of Conduct. An important aspect of the temporary mortgage loan act is that the maximum loan to market value to the allowance decreased to 100 per cent. from 106 per cent. within 6 years whereby the first decrease became applicable on 1 January 2013 (105 per cent.) and the last became applicable on 1 January 2018 (100 per cent.).

Other important changes to regulation that affects mortgages as per 1 January 2013 are that for new mortgage loans originated after this date interest deductibility from taxable income is only available if the mortgage loan amortises over 30 years or less on at least an annuity basis.

The Mortgage Credit Directive (**MCD**) has entered into force on 21 March 2014 and has been implemented in the Netherlands in the Dutch Financial Supervision Act (*Wet financieel toezicht*) and the Dutch Civil Code with effect from 14 July 2016. The objectives of the MCD are to achieve a more consistent mortgage credit

underwriting procedure within Europe and to enhance consumer protection. The mandatory pre-contractual information to be included in the European Standard Information Sheet (**ESIS**) replaces pre-contractual information leaflets that were required to be made available based on previous laws and regulations. The ESIS presents pre-contractual information about mortgage credits in a standardised way, to enable consumers to compare different offers of mortgage loan providers, which shall, effective as per 1 July 2018, also contain information on the benchmark as defined in the Benchmark Regulation (being Euribor) and contain reference to the registration of the administrator of the benchmark and the potential implications for the consumer. Euribor is currently administered by EMMI that applies the Benchmark Regulation transitional provisions for registration in the register maintained pursuant to article 36 of the Benchmark Regulation. The Benchmark Regulation provides for a transitional period of 2 years (until 1 January 2020) to apply for registration. Furthermore, the creditworthiness assessment of the consumer takes place before the binding offer is made to the consumer. Pursuant to Dutch law offers made to consumers will remain to be binding to the offeror for a minimum period of 14 days. The new provisions of Dutch law implementing the MCD apply for any mortgage credits entered into from 14 July 2016 and do not impact agreements entered into prior to that date.

### **6.3.9 The Collateral**

The collateral must in all cases meet the following requirements:

- it is located within the Netherlands;
- it will be owned by the borrower no later than the date of conveyance of the mortgage deed;
- it is intended and suitable for permanent occupation by the borrower (no buy-to-let);
- loan applications for combined residential/retail premises are accepted, provided the residential part makes up at least 50 per cent. of the estimated market value;
- loan applications for apartments/condominiums are only accepted in case there is an active Association of Owners (*Vereniging van Eigenaren*) and certain requirements relating to the maintenance status of the building are met. If a building is split into multiple units, a deed regarding the split (*Splitsingsakte*) is required for the application of a mortgage loan on the individual unit;
- loan applications for farmhouses are only accepted if the purpose of the property is living or both living and farming and the size of the land is less than 3 hectares; and
- the maximum loan amount to be extended for newly built houses is currently 100 per cent. of market value.

### **6.3.10 Borrower**

The borrower must be a natural person of at least 18 years old and must have full legal capacity. If a borrower is underage, its legal representative should have given approval in advance. If the mortgage loan is applied for by 2 persons or the mortgaged asset is owned by 2 persons, they are both jointly and severally liable for the loan and must both sign the mortgage deed.

The income must be of a continuous nature (gross wage or salary, 13th month and holiday allowance, other structural emoluments). To enable Obvion to determine the income of a borrower who is self-employed, the borrower must provide Obvion with balance sheet, profit and loss accounts and income tax statements over the past 3 years. Furthermore, an extract of the Trade Register showing the registration of such borrower is required from this type of borrowers. Instead of a financial statement, Obvion may also use a labour market scan and a perspective statement in the income assessment of a self-employed borrower. Applications of self-employed borrowers are assessed by underwriters specialised in this type of borrowers. The underwriter can on a case by case basis ask for additional information and documents.

The loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. The income ratio is proposed every year by NIBUD (*Nationaal Instituut voor Budgetvoorlichting*) and set as part of the temporary mortgage loan act by the government. The income ratio is applicable for all mortgage loans, including non-NHG mortgage loans. Taking the relevant mortgage interest rate (for interest fixation periods < 10 years a minimum interest rate is applicable) and the relevant income into account, this is then converted into the maximum loan amount. As per 1 January 2018 the ratio, applicable for borrowers with an age of up to Dutch retirement age (*AOW leeftijd*), ranged from 10.5 per cent. for the lowest income category (< EUR 20,500) to 36.5 per cent. for the highest income category (> EUR 110,000). As of 1 January 2018 the ratio, applicable for borrowers with an age of up to 65 years, will change to 10.5% for the lowest income category (< EUR 20,000) and to 36.5 per cent. for the highest income category (> EUR 110,000). In the case of double-income households, the income of both partners can be counted in full but the applicable ratio is limited to the ratio for the highest income plus part of the lowest income. The part for which the lower income is taken into account is 70% in 2018 and 2019, and will gradually increase to 100% in 2023.

Another criterion is that the potential borrower has a sound credit history. A check on credit history is always carried out through the BKR. The standard policy of Obvion is to deny an application if the BKR check shows that the potential borrower is in arrear on any of the financial obligations that are monitored by the BKR. Under specific circumstances an exception is allowed. This exception requires approval by the Credit Underwriting Committee.

In addition Obvion also checks the identity of the applicants through the identity verification system (*Verificatie Informatie Systeem; VIS*) of the BKR and will perform a customer due diligence.

The mortgage loan documentation relating to the Mortgage Receivables do not provide for any provision pursuant to which the Seller (and its assignees) will not have full recourse to the relevant Borrower, subject to any applicable bankruptcy laws or similar laws affecting the rights of creditors.

The assessment of the borrower's creditworthiness is done in accordance with the Seller's underwriting criteria and meets the requirements set out in paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or of Article 8 of Directive 2008/48/EC or, where applicable, equivalent requirements in third countries.

#### **6.3.11 Mortgage Loan amount**

The minimum principal sums of the mortgage loan (which may consist of different parts) are:



Initial mortgage loan: EUR 20,000

Further advances: EUR 5,000

The maximum loan amount is EUR 1,000,000. For loan amounts in excess of this amount the upfront approval of the Credit Underwriting Committee is needed.

The maximum loan amount is currently 100 per cent. of the market value of the collateral, provided, however, that under specific circumstances (e.g. in case of refinancing without increasing the principal sum outstanding of Mortgage Loans that were originated before 1 August 2011, financing of residual debt or financing of energy-saving measures) the maximum loan amount may be higher.

As of 3 February 2016, a risk surcharge of 0,20% on the mortgage base rate is applicable for mortgage loans other than Linear-Mortgage Loans or Annuity-Mortgage Loans.

As of 24 April 2017, depending on the market value ratio, the following risk surcharges on the mortgage base rate are applicable (NB: the base rate is applicable to mortgage loans with a market value ratio  $\leq 55$  per cent.).

|                                |       |
|--------------------------------|-------|
| NHG                            | 0.00% |
| market value ratio $\leq 55\%$ | 0.00% |
| market value ratio $> 55\%$ ,  | 0.10% |
| market value ratio $> 70\%$ ,  | 0.15% |
| market value ratio $> 80\%$ ,  | 0.20% |
| market value ratio $> 90\%$ ,  | 0.60% |
| market value ratio $> 101\%$ , | 0.70% |

In the case of a further advance, the new loan component is added to the existing loan. The new loan component is subject to the current interest rate and an applicable rate differentiation is applied to the entire loan, unless all the loan components are guaranteed by an NHG Guarantee. The current general terms and conditions applicable in respect of mortgage loans originated by Obvion are applicable to both the new loan component and all existing loan components.

### **6.3.12 Documents to be provided by the borrower**

#### *Valuation Report*

The borrower needs to provide Obvion with an original valuation report, which must not be older than 6 months. The valuation must be done by a certified appraiser (certified by NRVt, being the national membership register for appraisers), who is not in any way involved in the sale of the property or the financing of the mortgage loan. The valuation itself must be validated by an independent validation institution that is connected with the NRVt (*Nederlands Register Vastgoed Taxateurs*). In respect of mortgage loans, other than mortgage loans with an NHG Guarantee, the absence of a recent valuation report is only permitted in the case of a mortgage loan:

- (a) on a newly built property; or

- (b) on an existing property already owned by the borrower prior to the mortgage application, if the loan amount does not exceed 65 per cent. of market value. In such event, the most recent appraisal report of the municipality (*WOZ-beschikking*) should be provided by the borrower.

Under (a), prior to December 2007 foreclosure value was determined by Obvion as a percentage of the acquisition price of the property (85 per cent. or 90 per cent. depending on the acquisition price). As from December 2007 under (a) the foreclosure value was equal to the development costs of the property. However the maximum loan amount in these cases was 112.5 per cent. of foreclosure value. As per August 2011 the development costs of the property are considered to be the market value. The maximum loan amounts as of that date for newly built houses is currently 100 per cent. of the market value. With regard to (b), the value determined in the most recent appraisal report of the municipality (*WOZ-beschikking*) will be used as the market value.

#### *Other Documents*

In addition to the income data and the valuation report as described above, the applicant shall provide Obvion with a copy of the sale contract or the combined purchase agreement, building contract and, if applicable, a term life insurance contract or proof of own funds used in the purchase.

#### *Comply or Explain*

In exceptional cases it is allowed not to comply fully with the Code of Conduct and/or the temporary mortgage loan act. In these cases the Code of Conduct or temporary mortgage loan act requires an explanation. The Code of Conduct and/or the temporary mortgage loan act only allow for the giving of explanations in certain predetermined situations. The applicant has to provide Obvion with documents to justify the giving of an explanation. The giving of an explanation always requires approval of the Credit Underwriting Committee. With a life mortgage loan, either an existing policy or a copy of the insurance quote must be submitted.

### **6.3.13 Obvion's collection and servicing processes**

#### *Computer systems*

The Stater mortgage system is the key computer system in the portfolio servicing activities of Obvion. In addition to the Stater mortgage system, Obvion uses several other computer systems and software applications. Some of these systems and applications serve to support and process the filing of both electronic mortgage files and paper files. Next to the Stater mortgage system, the most important computer system and application is HYARCHIS. The systems mentioned will be addressed in the following paragraphs.

#### *Mortgage Information system: Estate and International Stater Hypotheek Systeem (iSHS)*

By means of its automated mortgage information system Estate/iSHS, Stater Nederland B.V. offers services in relation to the assessment of applications for mortgage loans, including applications for mortgage loans with an NHG Guarantee, initiating the drafting of agreements and other documents required for the execution of mortgage loans, the payment and handling of mortgage loans and/or savings insurances and/or bank savings accounts and the collection of whatever is owed on account of mortgage loans and/or the insurances linked to these loans.

All underwriting criteria and standards specified by Obvion as well as the criteria of Stichting WEW regarding mortgage loans with an NHG Guarantee are entered into the Stater mortgage system. This system is designed in such a way that it can automatically carry out eligibility checks with regard to the loan application after all relevant data are entered. If the loan application is in accordance with all underwriting criteria and all specific requirements are met, the Stater mortgage system will automatically process a mortgage rate proposal. If the loan application fails one (or more) of the criteria, the Stater mortgage system will produce a 'warning' by interrupting the process (a so-called 'stop'). During the life/maturity of a mortgage loan, iSHS handles all automated activities and all automated communication with borrowers (e.g. communication regarding approaching of interest reset dates and arrears). Obvion handles all other (customised) communication with borrowers. All written communication will be stored in the electronic mortgage file.

#### *Back-up facilities and security of the Stater mortgage system*

Obvion has subscribed to the general escrow agreement that Stater Nederland B.V. has concluded with an escrow agent. Under this agreement, the source codes of Stater Nederland B.V. can continue to be used in the event that Stater Nederland B.V. goes bankrupt or ceases to exist for some other reason. In addition, Stater Nederland B.V. will arrange for on-line, immediate back-ups of applications and all Obvion data stored in the Stater mortgage system. If any data and/or applications of Obvion are destroyed or are rendered unusable, Stater Nederland B.V. will restore these data and/or applications. Stater Nederland B.V. operates a second system in De Meern alongside the primary system in Amersfoort, which duplicates the administration of all data on a near real-time basis. The Stater mortgage system is updated and upgraded regularly resulting in 6 new releases every year. Changes in relevant legislation are, if necessary, incorporated in the Stater mortgage system.

#### *HYARCHIS*

HYARCHIS is the computer system used by Obvion for the scanning and imaging of all relevant documents regarding mortgage loans. All documents (regarding origination as well as servicing) are scanned into HYARCHIS. HYARCHIS is owned by an external party (Van der Doelen groep).

#### *Tallyman*

Tallyman is a workflow system used by the Arrears and Default Management Department.

#### *Obvion Portal*

Obvion has developed the Obvion Portal on the internet. The Obvion Portal enables the intermediaries to enter the application data directly into the Stater mortgage system. During the data entry the application data are checked. Application data are only passed through to the Stater mortgage system if they are valid.

#### *Cash flows and bank accounts*

Obvion's mortgage activities cause certain cash flows between Obvion, Stichting Pensioenfonds ABP, Stater Nederland B.V., several special purpose entities and other involved parties, such as the civil law notary, the borrowers, the Insurance Companies and the intermediaries.

Obvion provides the funding for the mortgage loans. For this purpose Obvion deposits funds in a bank account. The same account is used as a collection account in which amounts related to interest, prepayments, instalments or principal are paid. Obvion has authorised Stater Nederland B.V. to manage the account and execute the relevant payments on its behalf. Stater Nederland B.V. is not responsible for the collection of insurance premiums in relation to the mortgage loans originated by Obvion, if applicable. The borrower pays these premiums directly to the Insurance Companies.

In the case of a savings mortgage loan or switch mortgage loan, the premiums paid by the borrower to ASR Levensverzekering N.V. or Interpolis will be passed on by ASR Levensverzekering N.V. or Interpolis to Obvion on separate bank accounts of Obvion on a monthly basis. In case of a bank savings mortgage loan Obvion collects the savings moneys on behalf of Rabobank.

Furthermore, Obvion uses a bank account for all cash flows, which are not related to principal and interest, e.g. payments of the monthly fee to Stater Nederland B.V. are paid from this account. Obvion also uses this account to pay production fees and bonuses<sup>4</sup> to the intermediaries and to collect the production fees and bonuses paid by the Insurance Companies.

#### **6.3.14 Obvion's arrears and default management**

The credit management policy of Obvion is focussed on detecting/contacting borrowers who fail or have an increased risk of failing to keep up their payments as early as possible. Within the Servicing and Arrears Management team, the credit management specialists are trained in, and carry overall responsibility for, the credit control function. They maintain contact with the borrower, find out the reason for non-payment, decide what route should be followed and mitigate the risk by applying an appropriate intervention like making payment arrangements with clients and maintain contact with bailiffs, etc. Arrears regarding mortgage loans with an NHG Guarantee are managed according to the relevant rules of Stichting WEW.

Quality assessments are done on a regular basis to ensure correct treatment.

High impact interventions like selling the property need to be approved by the Credit Management Committee. Based on the expected loss or exposure, the approval needs to be done by a team leader, team manager, manager operations or a member of the management board.

Obvion evaluates the credit management experiences by making use of quality assessments, customer & employee feedback and risk assessments. Findings are reported to the underwriting specialists and management. The experiences are used to improve the underwriting policy and the underwriting process.

The arrears and default management department uses the Tallyman workflow system next to iSHS to support its arrears and default management activities.

#### **6.3.15 Arrears management process**

##### *Direct debit*

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<sup>4</sup> Only based on old, grandfathered contracts. Since 2013 intermediaries receive their remuneration directly from the borrower and no fees are paid by Obvion.

Approximately the 22nd day of each month, Stater Nederland B.V. delivers direct debit instructions via Secure FTP to Equens, after which the amount payable is debited from the borrower's account 2 business days before the end of the month. The monthly processing of the direct debits in iSHS by Stater Nederland B.V. takes place no later than the first weekend of the subsequent month.

#### *Actions and timeline*

If, after the monthly processing, iSHS identifies any borrowers who have failed to pay the monthly interest/instalments which leads to an arrear, iSHS will automatically provide this information to Tallyman. Tallyman will automatically send a reminder 1 day after detection of such arrear to the borrower. 5 days after the first arrear Tallyman will generate and send another reminder to the borrower. If the debtor continues to fail to settle the arrear, another reminder is sent 15 days after the first arrear. Contacting the customer by phone is an effective way to find out the reason of non-payment and to investigate the possibilities of making arrangements to repay the arrears. In case the situation cannot be resolved quickly or the client cannot be reached, Obvion informs the intermediary with the request to provide support in this process. iSHS also calculates default interest penalties.

Depending on circumstances, but generally after 1 month of the first arrear, the borrower is transferred to the arrears and default management department of Obvion. The employee of Obvion will try to contact the Borrower by phone. Contacting the customer by phone is an effective way to find out the reason of non-payment and to investigate the possibilities of making arrangements to repay the arrears. In case the situation cannot be resolved quickly or the client cannot be reached, Obvion informs the intermediary with the request to provide support in this process. iSHS also calculates default interest penalties. In some cases an Obvion account manager visits the borrower or may request the intermediary for support. The intention is to get a better customer insight. Focus in this case will be on finding out the possibilities of making arrangements with the borrower to repay arrears and/or to minimise losses and to assess the value of the property.

Obvion applies several measures in order to prevent or minimise losses:

- In some cases an independent budget planner is deployed. The budget planner helps the borrower to rearrange his financial situation in order to enable the borrower to pay his mortgage (interest and redemption);
- Obvion may allow a borrower to pay no or only part of the monthly payable interest for a limited period of time;
- Maturity deferral can be offered to clients that face (potential) difficulties to lower the required monthly payments, or interest rate averaging can be applied which means that the current interest rate and the remaining term of the client will be averaged with prevailing fixed-interest rate and the tenor of the fixing they select;
- Postponement of interest and principal payments (for more than 30 days) might be applied by Obvion or a payment arrangement can be made with the customer;
- Pursuant to the applicable Mortgage Conditions the Mortgaged Assets are for residential use and have to be occupied by the relevant borrowers at and after the time of origination. However, in exceptional

circumstances Obvion may in accordance with its internal guidelines allow a borrower to let the mortgaged property under specific conditions and for a limited period of time;

- In case of (future) unemployment Obvion can help the customer together with a professional (jobcoach) with finding a new job;
- In case of a Saving Mortgage Loan, Life Insurance Mortgage Loan, Switch Mortgage Loan or Investment Mortgage Loan, this loan can be converted by the intermediary in a repaying loan taking into account the capital that has already built up under the loan;
- In case a Borrower is unwilling to cooperate, Obvion can use a bailiff or the wage garnishment (*loonbeslag*).
- Finally, investigation is done to find effective interventions for borrowers who are repeatedly in arrears for a short period of time with the goal to structurally restore the financial problems.

On a case-by-case basis it is decided if and which of these instruments will be used. In some cases Obvion reimburses the intermediary fee that is due by a borrower which is in arrears;

Obvion will in some cases (e.g. interest-only mortgage loans) change the type of loan (e.g. to a loan on an annuity basis). In the case of a savings mortgage or a bank savings mortgage loan Obvion sometimes will pay the accrual to the savings account or bank savings account for 6 months to ensure the savings value. After 6 months the bank savings mortgage loan can be changed to a different type of loan, if deemed necessary.

In cases where the borrower is able to pay but does not cooperate, Obvion will instruct a bailiff to try to contact the borrower and try to establish an attachment of part of the borrower's income.

The minimum selling price of the mortgaged property, which is an independent best estimate valuation of the current market value of the property, will be set for the property after approximately 2 to 5 months after the first arrear.

Should none of the efforts to prevent selling of the mortgaged property be successful, Obvion demands repayment of the loan and if necessary foreclosure of the loan (approximately 105-155 days after the first arrear). Depending on authorisation levels in the special servicing policy, approval will be asked from the Credit Management Committee. The credit management specialist provides all relevant information in relation to the loan and the total outstanding debt, the minimum selling price of the mortgaged property, the collateral, the current financial situation of the borrower(s) and the value of any other security provided (for example insurance policies). The credit management specialist will mostly propose a (limited) period in which the customer can privately sell the property via a preferred real estate broker. If a private sale cannot be realised, the credit management specialist will propose an immediate auction.

After approval, the borrower is required to repay the entire debt, including all amounts of principal, arrears, penalties and costs incurred (approximately 110-170 days after the first arrear).

If the mortgage property is not sold within a period of 6 months, either the selling strategy is adjusted or a notary is instructed to prepare the auction of the mortgaged property (approximately 130-180 days after the first arrear). In respect of a mortgage loan with an NHG Guarantee, Obvion is required to ask permission from Stichting

WEW in accordance with the terms and conditions of the NHG Guarantee and to notify the parties directly involved if it wants to sell the mortgaged property.

In case of an auction, the civil law notary can make a last effort to reach a settlement with the borrower. If the notary is not successful, the public auction proceedings are initiated and Obvion or the notary, on behalf of Obvion, starts enforcing any other collateral (including, but not limited to, the rights of any pledge granted by the relevant borrower as security for its payment obligations towards Obvion). Prior to this auction, the civil law notary will place an auction advertisement, inviting interested parties to deposit a private bid in writing at the offices of the civil law notary. In a number of cases at least one of these bids will cover the entire amount owing to Obvion. However, the bid must reflect a realistic market price. The Preliminary Relief Judge will decide whether or not the private sale can be approved. If no acceptable bid is received in response to the auction advertisement, public auction proceedings will be started.

The mortgaged property will then be sold in a public auction within approximately 60 days after the notary is instructed (approximately 185-240 days after the first arrear).

In respect of a mortgage loan without an NHG Guarantee, Obvion will be represented by a third party at this auction to ensure that the collateral will be sold for at least the minimum selling price. If nobody offers the minimum selling price, this third party appointed by Obvion will buy the property at this price for subsequent sale at a more appropriate time and price. In respect of a mortgage loan with an NHG Guarantee, Stichting WEW will be represented.

During the arrears management process Obvion has Tallyman send monthly dunning letters to the borrower, stating the amounts that are in arrears plus default interest penalties. In any case iSHS automatically sends notification (i) to the BKR after the borrower has been in arrears for 90 days and (ii) to Stichting WEW as frequent as the NHG Conditions require.

At any time during the arrears management period, depending on the willingness of the client to resolve the situation, the credit management specialist can reach agreement with the borrower on a payment arrangement. The first possibility is that the borrower pays the entire amount in a lump sum, the second is that a repayment schedule is agreed with the borrower. The aim is to minimise the repayment term while taking into account the borrower's financial means. If necessary, the credit management specialist will obtain additional information from a company specialised in 'bad debtors', such as a bailiff. The credit management specialist is responsible for the decision regarding a repayment schedule.

On the basis of the duration of the arrears and increase of the amount in arrears, the credit management specialist must submit monthly the proposed arrangement together with an explanatory statement to the manager of his team, who will then make a decision. The individual payment arrangements are recorded in Tallyman.

### **6.3.16 Management of deficits after foreclosure**

When all the collateral has been executed, beneficiary rights have been exercised and guarantees have been collected, it is established whether there is still any remaining outstanding debt.

Obvion notifies the borrower of the outstanding debt, as he will remain liable for the repayment of this amount. First Obvion will try, in cooperation with the borrower, to make payment arrangements to reduce the deficit. If this fails, Obvion will seek help from a bailiff or a firm specialised in collecting this kind of debt to use all his efforts and all the legal means at his disposal to get as much as possible of the deficit paid back by or on behalf of the borrower.

One of the possibilities at the bailiff's disposal is attachment of income. In addition to the attachment of current income, in the Netherlands it is also possible to attach all future income of a natural person above the minimum subsistence level applicable to that person.

In line with the Obvion strategy also in management of deficits, customer focus is the main driver. Depending on the willingness of the client to resolve the situation, customer focus in management of deficits results in:

- Creating clarity: what do we expect of the customer;
- Creating an outlook with a positive ending. No open ended prolonged pursuit;
- Sufficient financial resources for basic needs;
- Empathy for the situation of the customer;
- Uniform treatment for comparable customers;
- The solution is composed together with the customer.

In this way Obvion strives for maximisation of the deficit payback, without losing its customer focus.

#### **6.4 Dutch residential mortgage market**

This section 6.4 is derived from the overview which is available at the website of the Dutch Securitisation Association (<https://www.dutchsecuritisation.nl/dutch-mortgage-and-consumer-loan-markets>) regarding the Dutch residential mortgage market over the period until November 2018. The Issuer believes that this source is reliable and as far as the Issuer is aware and are able to ascertain from the Dutch Securitisation Association, no facts have been omitted which would render the information in this section 6.4 inaccurate or misleading.

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures such as mortgage loans with deferred principal repayment vehicles and interest-only mortgage loans, financial deregulation and increased competition among originators. Moreover, Loan-to-Value (LTV) ratios have been relatively high, as the Dutch tax system implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 701 billion in Q2 2018<sup>5</sup>. This represents a rise of EUR 9.3 billion compared to Q2 2017.

#### ***Tax system***

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<sup>5</sup> Statistics Netherlands, household data.



The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for almost full deductibility of mortgage interest payments from taxable income. This tax system has been around for a very long time, but financial innovation has resulted in a greater leverage of this tax benefit. From the 1990s onwards until 2001, this tax deductibility was unconditional. In 2001 and 2004, several conditions have been introduced to limit the usage of tax deductibility, including a restriction of tax deductibility to (mortgage interest payments for) the borrower's primary residence and a limited duration of the deductibility of 30 years.

A further reform of the tax system was enforced on 1 January 2013. Since this date, all new mortgage loans have to be repaid in full in 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure, has to meet the mandatory full redemption standards to allow for tax deductibility.

Another reform imposed in 2013 to reduce the tax deductibility is to lower the maximum deduction percentage. This used to be equal to the highest marginal tax bracket (52%), but since 2013 the maximum deduction is lowered by 0.5% per annum (2018: 49.5%). The new government coalition has the intention to speed up this decrease. According to their policy agenda, they will reduce the maximum deduction percentage by 3.0% per annum, starting in 2020. In 2023, the maximum deduction percentage will be 37%, which will then be equal to the second highest marginal income tax rate.

There are several housing-related taxes which are linked to the fiscal appraisal value ("WOZ") of the house, both imposed on national and local level. Moreover, a transfer tax (stamp duty) of 2% is applied when a house changes hands. Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans is still substantial.

### *Loan products*

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

Firstly, the "classical" Dutch mortgage product is an annuity loan. Annuity mortgage loans used to be the norm until the beginning of the 1990s, but they have returned as the most popular mortgage product in recent years. Reason for this return of annuity mortgage loans is the tax system. Since 2013, tax deductibility of interest payments on new loans is conditional on full amortisation of the loan within 30 years, for which only (full) annuity and linear mortgage loans qualify.

Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan origination.

Thirdly, there is still a big stock of mortgage products including deferred principal repayment vehicles. In such products, capital is accumulated over time (in a tax-friendly manner) in a linked account in order to take care of a bullet principal repayment at maturity of the loan. The principal repayment vehicle is either an insurance product or a bank savings account. The latter structure has been allowed from 2008 and was very popular until 2013. Mortgage loan products with insurance-linked principal repayment vehicles used to be the norm prior to 2008 and there is a wide range of products present in this segment of the market. Most structures combine a life-insurance product with capital accumulation and can be relatively complex. In general, however, the capital accumulation either occurs through a savings-like product (with guaranteed returns), or an investment-based product (with non-guaranteed returns).

A typical Dutch mortgage loan consists of multiple loan parts, e.g. a bank savings loan part that is combined with an interest-only loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between 5 and 15 years. Rate term fixings differ by vintage, however. More recently, there has been a bias to longer term fixings (10-20 years). Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

#### *Underwriting criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation (“Tijdelijke regeling hypothecair krediet”). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% (including all costs such as stamp duties). The new government coalition has indicated not to lower the maximum LTV further beyond 2018. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation “NIBUD” and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the “explain” clause<sup>6</sup>. In 2011, another revised and stricter version of the Code of Conduct was introduced. Moreover, adherence to the “comply” option was increasingly mandated by the Financial Markets Authority (AFM). Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is the cap of interest-only loan parts to 50% of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts. A mortgage lender may however diverge from the cap limitation if certain conditions have been met.

#### **Recent developments in the Dutch housing market**

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<sup>6</sup> Under the “explain” clause it is in exceptional cases possible to deviate from the loan-to-value rules set forth in the Code of Conduct.

The Dutch housing market has shown clear signs of recovery since the second half of 2013. Important factors are among others the economic recovery, high consumer confidence and low mortgage rates.

Existing house prices (PBK-index) in Q3 2018 rose by 2.7% compared to Q2 2018. Compared to Q2 2018 this increase was 9.3%. A new peak was reached this quarter. The average house average price level was 4% above the previous peak of 2008. The continued increase in house prices is mostly caused by an increasing supply scarcity in the market. Indeed, existing homes sales are trending down. Compared to a year ago, sales numbers declined by 7.2% in Q3 2018. The twelve month total of existing home sales now stands at 228,144, which is still well above pre-crisis levels.

### **Forced sales**

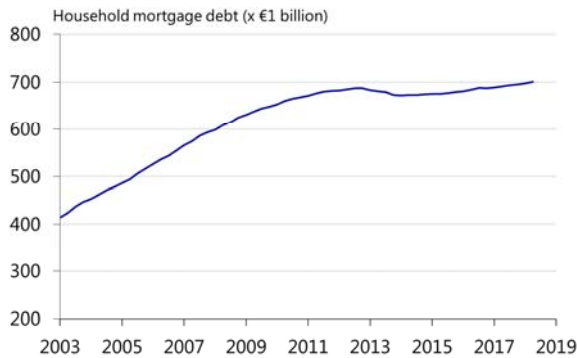
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>7</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. In Q3 2018, only 133 sales were forced, which is 0.42% of the total number of sales in this period.

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<sup>7</sup> Comparison of S&P RMBS index delinquency data.

Chart 1: Total mortgage debt



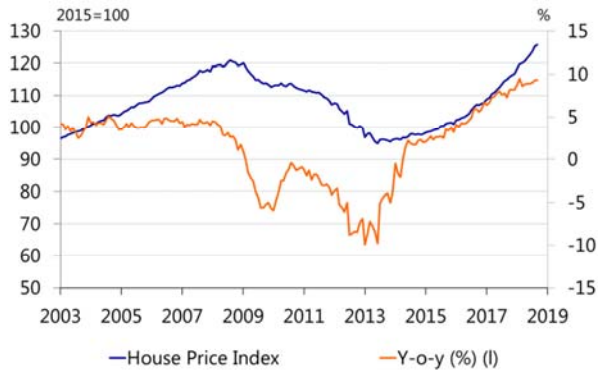
Source: Statistics Netherlands, Rabobank

Chart 2: Sales and prices



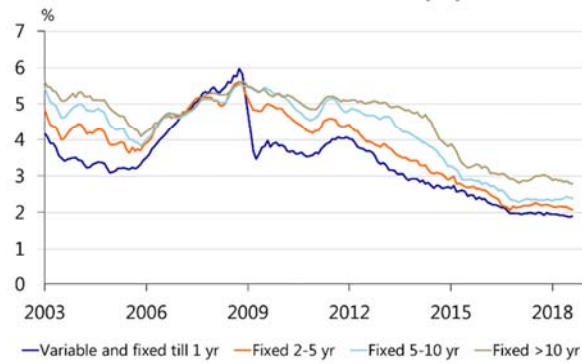
Source: Statistics Netherlands, Rabobank

Chart 3: Price index development



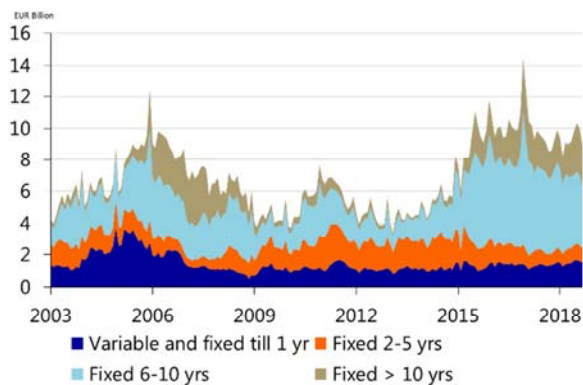
Source: Statistics Netherlands, Rabobank

Chart 4: Interest rate on new mortgage loans



Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence



Source: Delft University OTB, Rabobank

## 6.5 NHG Guarantee programme

### NHG Guarantee

In 1960, the Dutch government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 Stichting WEW, a central privatised entity, is responsible for the administration and granting of the NHG Guarantees, under a set of uniform rules. An NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, an NHG Guarantee reduces on a monthly basis by an amount which is equal to the amount of the principal portion of the monthly instalment calculated as if the mortgage loan were being repaid on a thirty year annuity basis (as of January 2013, all new mortgage loans should be repaid on a thirty year annuity or linear basis.). On 17 June 2018 Stichting WEW introduced more lenient criteria for the granting of NHG Guarantees to citizens entitled to old-age pensions. More Information on Stichting WEW and the NHG Guarantee can be found on [www.nhg.nl](http://www.nhg.nl).

### Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 1.00 per cent. (as of 1 January 2014) of the principal amount of the mortgage loan. Between 1 January 2010 and 31 December 2011 this was 0.55 per cent., between 1 January 2012 and 30 October 2012 this was 0.70 per cent. and between 1 November 2012 and 31 December 2013 this was 0.85 per cent. Besides this, the NHG scheme provides for liquidity support to Stichting WEW from the Dutch State and, in respect of guarantees issued prior to 1 January 2011, from the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50 per cent. and, only in respect of guarantees issued as from 1 January 2011, 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. In respect of guarantees issued prior to 1 January 2011 the municipalities participating in the NHG scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the above mentioned difference. Both the "keep well" agreement (*achtervangovereenkomst*) between the Dutch State and Stichting WEW and the "keep well" agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### The NHG Conditions

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG Conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to Stichting WEW to register the mortgage and establish the guarantee. Stichting WEW has, however, no obligation to pay

any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the NHG Conditions, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

In respect of mortgage loans offered as of 1 January 2014, the NHG Conditions stipulate that in determining the loss incurred by a lender after a private or a forced sale of the mortgaged property, an amount of 10 per cent. will be deducted from such loss and thus from the payment to be made by Stichting WEW to the lender. The lender will subsequently not be entitled to recover the remaining amount due under the mortgage loan from the borrower, unless the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

The specific terms and conditions for the granting of the NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents that will be subject to change from time to time (available on [www.nhg.nl](http://www.nhg.nl)).

The NHG scheme has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the BKR.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, *inter alia*, the mortgage loan must be secured by a first priority mortgage right and/or a first priority right of pledge (or a second priority mortgage right and/or a second priority right of pledge in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full reinstatement value thereof. To the extent applicable, the borrower is also required to create a first priority right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a first priority right of pledge in favour of the lender on the proceeds of the investment funds or the balance standing to the credit of the bank savings account associated with a bank savings mortgage loan (*Spaarrekening(en) Eigen Woning*). NHG Conditions dating prior to 17 June 2018 also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property for at least the amount equal to the amount of the mortgage loan that exceeds 80 per cent. of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the Mortgage and the right of pledge on the life insurance policy, the investment funds or the balance standing to the credit of the bank savings account associated with a bank savings mortgage loan (*Spaarrekening(en) Eigen Woning*) shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

Furthermore, according to the NHG Conditions interest-only mortgage loans are allowed, provided that the interest-only part does not exceed 50 per cent. of the value of the property.

An NHG Guarantee could be issued up to a maximum amount of EUR 350,000 (as of 17 September 2009 up to 30 June 2012). As of 1 July 2012 up to 30 June 2013 the maximum amount of an NHG Guarantee for mortgage loans issued as of 1 July 2012, was EUR 320,000. As of 1 July 2013 the maximum amount decreased. As a result the maximum amount of an NHG Guarantee for mortgage loans issued as of 1 July 2013, was EUR

290,000. From 1 July 2014 up to 30 June 2015 the maximum amount of an NHG Guarantee for mortgage loans issued as of 1 July 2014, was EUR 265,000. As of 1 July 2015 such maximum amount has further decreased to EUR 245,000.

From 1 January 2017 the maximum amount of an NHG Guarantee for mortgage loans is determined on the basis of the average purchase price of residential properties in the Netherlands and the applicable LTV. For 2017 the average purchase price is set at EUR 245,000 on the basis of the average purchase price of residential properties in the Netherlands. The purchase price relating to the residential property may not exceed such average purchase price of EUR 245,000. From January 2018 that amount is EUR 265,000 for loans without energy saving improvements and EUR 280,900 for loans with energy saving improvements.

### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan, the property is subject to an attachment, a forced sale is threatening and/or there are calamities, the lender informs Stichting WEW of the occurrence of any such event. Stichting WEW may approach the lender and/or the borrower in order to attempt to solve the problem or to obtain the highest possible proceeds out of the enforcement of the security. If an agreement cannot be reached, the lender reviews the situation to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission should be obtained from Stichting WEW in case of a private sale. Irrespective of its cause, a forced sale of the mortgaged property is only allowed with the prior written permission of Stichting WEW.

Within 1 month after the receipt of proceeds in relation to the private or forced sale of the property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, Stichting WEW must make payment within 2 months. If the payment is late, provided the request is valid, Stichting WEW must pay statutory interest (*wettelijke rente*) for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no payment or no full payment is made to the lender under the NHG Guarantee by Stichting WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if Stichting WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

### **Woonlastenfaciliteit**

Furthermore, the NHG Conditions contain provisions pursuant to which a borrower who is in arrears with payments under the existing mortgage loan may have the right to request the lender for a so-called *woonlastenfaciliteit* as provided for in the NHG Conditions. The aim of the *woonlastenfaciliteit* is to avoid a forced sale by means of a bridging facility (*overbruggingsfaciliteit*) to be granted by the relevant lender. The bridging facility is guaranteed by Stichting WEW. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the payment arrears are caused by a divorce, unemployment, disability or death of the partner.

## 7 PORTFOLIO DOCUMENTATION

### 7.1 Purchase, repurchase and sale

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and accept from the Seller the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto by means of a registered Deed of Assignment and Pledge as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except in special events as further described hereunder (**Assignment Notification Events**). 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 following the Closing Date and to all amounts of principal in respect of the Mortgage Loans, which were received by the Seller between the Initial Cut-Off Date and the Closing Date.

#### Purchase Price

The purchase price for the Mortgage Receivables will consist of (i) the Initial Purchase Price, which in respect of the Mortgage Receivables purchased on the Closing Date will be equal to EUR 665,774,568.70 which shall be payable on the Closing Date or, in respect of the Further Advance Receivables, Replacement Receivables and New Mortgage Receivables, on the relevant Notes Payment Date and (ii) a Deferred Purchase Price. The Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date will be paid by the Issuer by applying (i) part of the net proceeds received from the issue of the Notes (other than the Class C Notes) and (ii) the amounts received as consideration for the Participations granted to the Participants.

The Initial Purchase Price for each Mortgage Receivable purchased by the Issuer on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement will be equal to its Outstanding Principal Balance on the Initial Cut-Off Date. The Initial Purchase Price for any Replacement Receivable, New Mortgage Receivable or Further Advance Receivable will be equal to its Outstanding Principal Balance on the first day of the calendar month wherein the relevant Replacement Receivable, New Mortgage Receivable or Further Advance Receivable is purchased.

The Deferred Purchase Price for the Mortgage Receivables purchased by the Issuer pursuant to the Mortgage Receivables Purchase Agreement will be equal to the sum of all instalments on any Notes Payment Date and each such instalment will be equal to (i) any amount remaining after all payments as set forth in the Revenue Priority of Payments under (a) up to and including (r), (ii) any amount remaining after all payments as set forth in the Redemption Priority of Payments under (a) up to and including (e) and (iii), after an Enforcement Notice, the amount remaining after payments as set forth in the Post-Enforcement Priority of Payments under (a) up to and including (o) have been made on such date (see section 5.2 (*Priorities of Payments*)).

The proceeds of the Notes (other than the Class C Notes) will be applied by the Issuer to pay part of the Initial Purchase Price (see section 4.5 (*Use of proceeds*)). The sale and purchase of the Mortgage Receivables is conditional upon, *inter alia*, the issue of the Notes. Hence, the Seller can be deemed to have an interest in the issue of the Notes.



## **Purchase of Further Advance Receivables, Replacement Receivables and New Mortgage Receivables**

### *Further Advance Receivables*

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to (but excluding) the First Optional Redemption Date, the Issuer shall use the Available Principal Funds to purchase and accept assignment of any Further Advance Receivables (and relating Beneficiary Rights) resulting from Further Advances granted by the Seller to a Borrower relating to a Mortgage Loan in accordance with the underwriting criteria and procedures prevailing at that time and which may be expected from a reasonably prudent mortgage lender in the Netherlands. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivables shall be equal to the aggregate Outstanding Principal Balance of such Further Advance Receivables on the first day of the calendar month wherein the relevant Further Advance Receivables are purchased.

The purchase by the Issuer of any Further Advance Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such Further Advance Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the relevant Mortgage Loan (including the Further Advance) meets the Mortgage Loan Criteria;
- (d) each of the Additional Purchase Criteria (as described below) are met; and
- (e) the Available Principal Funds are sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables.

If either (i) the Further Advance Receivables do not meet all of the above conditions (including the Additional Purchase Criteria), or (ii) the Further Advance is granted on or following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Mortgage Loan in respect of which a Further Advance is granted and the Beneficiary Rights relating thereto.

When Further Advances are granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable and the Beneficiary Rights relating thereto, the Issuer will at the same time create a right of pledge on such Further Advance Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.

### *Replacement Receivables*

The Mortgage Receivables Purchase Agreement provides that on each Notes Payment Date up to (but excluding) the First Optional Redemption Date, the Issuer shall apply the Available Principal Funds up to an amount not exceeding the Replacement Available Amount to purchase and accept assignment of any

Replacement Receivables, to the extent offered by the Seller, and the Beneficiary Rights relating thereto. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Replacement Receivables shall be equal to the aggregate Outstanding Principal Balance of such Replacement Receivables on the first day of the calendar month wherein the relevant Replacement Receivables are purchased.

The purchase by the Issuer of any Replacement Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such Replacement Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Replacement Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the Mortgage Loan to which the Replacement Receivable relates meets the Mortgage Loan Criteria;
- (d) each of the Additional Purchase Criteria (as described below) are met; and
- (e) the purchase price payable in respect of the Replacement Receivables does not exceed the Replacement Available Amount.

When the Issuer purchases and accepts assignment of the relevant Replacement Receivable and relating Beneficiary Rights, the Issuer will at the same time create a first right of pledge on such Replacement Receivable and relating Beneficiary Rights in favour of the Security Trustee.

#### *New Mortgage Receivables*

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to (but excluding) the Revolving Period End Date, the Issuer shall apply the Available Principal Funds up to an amount not exceeding the relevant New Mortgage Receivables Available Amount to purchase and accept assignment from the Seller of any New Mortgage Receivables and the Beneficiary Rights relating thereto, if and to the extent offered by the Seller. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any New Mortgage Receivables shall be equal to the aggregate principal amount outstanding of such New Mortgage Receivables at the date of completion of the sale and purchase thereof on the relevant succeeding Notes Payment Date.

The purchase by the Issuer of any New Mortgage Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such New Mortgage Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the New Mortgage Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;

- (c) the Mortgage Loan to which the New Mortgage Receivable relates meets the Mortgage Loan Criteria;
- (d) each of the Additional Purchase Criteria (as described below) are met; and
- (e) the purchase price payable in respect of the New Mortgage Receivables does not exceed the New Mortgage Receivables Available Amount.

When the Issuer purchases and accepts assignment of the relevant New Mortgage Receivable and Beneficiary Rights relating thereto, the Issuer will at the same time create a right of pledge on such New Mortgage Receivable in favour of the Security Trustee.

#### *Additional Purchase Criteria*

Each of the following criteria (collectively the **Additional Purchase Criteria**) applies in respect of an intended purchase of Further Advance Receivables, Replacement Receivables and New Mortgage Receivables:

- (a) the weighted average Original Loan to Original Foreclosure Value Ratio of all the Mortgage Receivables, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 110 per cent.;
- (b) the weighted average Current Loan to Original Market Value Ratio of all the Mortgage Receivables, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 92 per cent.;
- (c) the weighted average Loan to Income Ratio of all Mortgage Receivables, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 4.3;
- (d) the aggregate Outstanding Principal Balance of all Interest-only Mortgage Receivables, including the Interest-only Mortgage Receivables to be purchased by the Issuer, does not exceed 43 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (e) the minimum weighted average seasoning of all the Mortgage Receivables, including the Mortgage Receivables to be purchased by the Issuer, is at least 40 months;
- (f) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 120 per cent., including the Mortgage Receivables to be purchased by the Issuer, does not exceed 25 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (g) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 110 per cent., including the Mortgage Receivables to be purchased by the Issuer, does not exceed 62 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (h) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 100 per cent., including the Mortgage Receivables to be purchased by the Issuer, does not exceed 82 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;

- (i) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 90 per cent., including the Mortgage Receivables to be purchased by the Issuer, does not exceed 92 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (j) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with a Loan to Income Ratio higher than 6, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 6 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (k) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with a Loan to Income Ratio higher than 5, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 12 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (l) the aggregate Outstanding Principal Balance of all the Mortgage Receivables with a Loan to Income Ratio higher than 4, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 52 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (m) the aggregate Outstanding Principal Balance of all Life Mortgage Receivables, Switch Mortgage Receivables and Investment Mortgage Receivables, including the Life Mortgage Receivables, Switch Mortgage Receivables and Investment Mortgage Receivables to be purchased by the Issuer, does not exceed 9 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (n) the aggregate Outstanding Principal Balance of all Mortgage Receivables with a related Construction Deposit, including the Mortgage Receivables to be purchased by the Issuer, does not exceed 12 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables;
- (o) the aggregate amount of the Construction Deposits does not exceed EUR 6,000,000;
- (p) as a result of the purchase of the relevant Mortgage Receivables the aggregate Outstanding Principal Balance of the Mortgage Receivables due from employed Borrowers is at least 75 per cent. of the aggregate Outstanding Principal Balance of all Mortgage Receivables at that time;
- (q) the Mortgage Receivables to be purchased by the Issuer will not have a legal maturity beyond September 2065;
- (r) there is no balance standing to the debit of any Principal Deficiency Ledger;
- (s) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (t) none of the Borrowers under a Replacement Mortgage Loan or a New Mortgage Loan is an employee of the Seller;
- (u) the Realised Loss Ratio does not exceed 0.25 per cent.; and
- (v) the Delinquency Ratio calculated in relation to a Notes Payment Date as calculated on the Notes Calculation Date immediately preceding such Notes Payment Date does not exceed 1.50 per cent.

## **Mandatory Repurchase**

If at any time after the Closing Date any of the representations and warranties as set out in section 7.2 (*Representations and warranties*) proves to have been untrue or incorrect, the Seller shall within 14 calendar days (or such longer period as the Issuer may agree) after 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 remedy or is not so remedied within the said period of 14 calendar days (or such longer period as the Issuer may agree), the Seller shall on the Notes Payment Date immediately following the expiration of such period or, if the relevant breach is not capable of remedy, immediately following receipt by the Seller of written notice of such breach from the Issuer or the Security Trustee, repurchase and accept, at the Seller's expense, re-assignment of the relevant Mortgage Receivable for a price equal to its Outstanding Principal Balance together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued but unpaid up to but excluding the date of repurchase and re-assignment of the relevant Mortgage Receivable.

If the Seller agrees with a Borrower to make a Further Advance prior to the occurrence of an Assignment Notification Event, the Seller shall repurchase and accept re-assignment of the Mortgage Receivable resulting from the Mortgage Loan in respect of which a Further Advance has been granted unless such Further Advance Receivables shall be purchased by and assigned to the Issuer, subject to the terms and conditions set forth above on the immediately following Notes Payment Date (see also paragraph *Purchase of Further Advance Receivables, Replacement Receivables and New Mortgage Receivables* above).

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable against a purchase price equal to its Outstanding Principal Balance together with accrued interest on the Notes Payment Date immediately following the date on which an amendment of the terms of the relevant Mortgage Loan becomes effective, in the event that (i) such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, which include the condition that such amendment does not adversely affect the position of the Issuer or the Security Trustee and that after such amendment the relevant Mortgage Loan continues to meet each of the Mortgage Loan Criteria (as set out below) and the representations and warranties contained in the Mortgage Receivables Purchase Agreement (as set out above) or (ii) the Seller does agree with the Borrower to modify the terms of a Savings Mortgage Loan or a Bank Savings Mortgage Loan into any other form of mortgage loan. However, the Seller shall not be required to repurchase such Mortgage Receivable if the relevant amendment as referred to under item (i) above is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan.

Furthermore, the Seller shall on the Notes Payment Date immediately following the date on which subject to the terms of a Switch Mortgage Loan, a switch by a Borrower of whole or part of the premiums deposited into the Switch Savings Account into an investment in one or more Switch Investment Funds becomes effective, repurchase and accept re-assignment of the relevant Mortgage Receivable against a purchase price equal to its Outstanding Principal Balance together with accrued interest.

Finally, the Seller shall on the Notes Payment Date immediately following the date on which (i) it becomes aware that a Mortgage Loan no longer has the benefit of an NHG Guarantee for the full amount, as adjusted in

accordance with the NHG Conditions, as a result of an action taken or omitted to be taken by the Seller or the Servicer or (ii) it has notified the Issuer that the Seller, while it is entitled to make a claim under the NHG Guarantee, will not make such claim, repurchase and accept re-assignment of the relevant Mortgage Receivable equal to its Outstanding Principal Balance together with accrued interest.

### **Optional repurchase**

On each Notes Payment Date, the Seller has the right, but is not obliged, to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Notes Calculation Date immediately preceding such Notes Payment Date, the aggregate Net Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the aggregate Net Outstanding Principal Balance of the Mortgage Receivables on the Closing Date. The purchase price will be at least equal to an amount sufficient to redeem the Notes (other than the Class C Notes), subject to and in accordance with the Conditions and the Redemption Priority of Payments, at their Principal Amount Outstanding plus accrued but unpaid interest thereon.

### **Assignment Notification Events**

If:

- (a) the Seller fails in any material respect to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within 10 Business Days after notice thereof; or
- (b) 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 made in relation to the Mortgage Loans and the Mortgage Receivables or under any of the Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (c) 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 dissolution (*ontbinding*) and liquidation (*vereffening*), the Seller applies for or is granted a suspension of payments (*surseance van betaling*), the Seller applies for its bankruptcy or is declared bankrupt (*failliet verklaard*) or any steps have been taken for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Transaction Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or
- (e) in case Rabobank has the majority control over the Seller and the financial data of the Seller are included in the consolidated annual accounts of Rabobank, the long-term unsecured, unsubordinated and unguaranteed debt obligations or the long-term issuer default rating (in relation to Fitch) of Rabobank, as the case may be, cease to be rated at least Baa1 by Moody's, BBB+ by S&P and/or BBB+ by Fitch; or

- (f) in case Rabobank no longer has the majority control over the Seller or the financial data of the Seller are no longer included in the consolidated annual accounts of Rabobank, unless at such time there is another entity who (i) has a long-term unsecured, unsubordinated and unguaranteed debt obligations rating or a long-term issuer default rating (in relation to Fitch), as the case may be, of at least Baa1 by Moody's, BBB+ by S&P and/or BBB+ by Fitch and (ii) has majority control of the Seller and the financial data of the Seller are included in the consolidated annual accounts of such entity,

then, (x) the Seller shall notify the Issuer and the Security Trustee thereof and (y) unless (i) in the event of the occurrence of an Assignment Notification Event referred to under (a), such failure, if capable of being remedied is so remedied to the satisfaction of the Issuer and the Security Trustee within a period of 10 Business Days after notice thereof, or (ii) in the event of the occurrence of any other Assignment Notification Event, the Security Trustee instructs otherwise, provided that each Credit Rating Agency has provided a Credit Rating Agency Confirmation in respect of such instruction, the Seller undertakes to (A) forthwith terminate (*opzeggen*) each of the Mortgages and Borrower Pledges granted by the Borrowers to the effect that such Mortgage and Borrower Pledge, no longer secures debts, if any, other than the Mortgage Receivables purchased by the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (B) forthwith notify the relevant Borrower, the relevant Insurance Companies and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto, all this substantially in accordance with the form of the relevant notification letter attached to the Mortgage Receivables Purchase Agreement and (C) make the appropriate entries in the relevant mortgage register with regard to the assignment of the Mortgage Receivables. The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such termination, notification and entry itself for which the Seller, to the extent required, pursuant to an irrevocable power of attorney granted by the Seller to the Issuer and the Security Trustee in the Mortgage Receivables Purchase Agreement.

#### **No active portfolio management on a discretionary basis**

Only Mortgage Receivables resulting from Mortgage Loans which satisfy the Mortgage Loan Criteria and the representations and warranties made by the Seller in the Mortgage Receivables Purchase Agreement and as set out in Section 7.2 will be purchased by the Issuer.

A retransfer of Mortgage Receivables by the Issuer shall only occur:

- (a) at the discretion of the Seller, in the circumstances pre-defined in the Mortgage Receivables Purchase Agreement in the event that any Mortgage Loan Criteria or representation and warranty in respect of such Mortgage Receivables is untrue or incorrect; and
- (b) upon the exercise of the Tax Call Option, the Clean-Up Call Option or the occurrence of the Optional Redemption Date.

Also, the Transaction Documents do not allow for the active selection of the Mortgage Loans or Mortgage Receivables on a discretionary basis including management of the pool for speculative purposes aiming to achieve better performance or increased investor yield.

Accordingly, based on the Issuer's understanding of the spirit of Article 20(7) of the Securitisation Regulation and EBA's Final Report Guidelines on the STS criteria for non-ABCP securitisation (EBA/GL/2018/09) of 12

December 2018, the Issuer is of the view that the Transaction Documents do not allow for active portfolio management of the Mortgage Loans comprising the pool on a discretionary basis.

## **Sale of Mortgage Receivables**

### *Optional redemption*

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all (but not only part of) the Mortgage Receivables on any Optional Redemption Date to any party, provided that the Seller has a pre-emption right pursuant to which the Issuer shall first offer the Seller to buy and repurchase the Mortgage Receivables and that the Issuer will be entitled to sell and assign the Mortgage Receivables to any third party if the Seller does not inform the Issuer within a period of 15 Business Days from the date the offer was notified to the Seller of its intention to buy and repurchase the Mortgage Receivables. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Notes (other than the Class C Notes).

The purchase price of a Mortgage Receivable shall be at least equal to its Outstanding Principal Balance together with accrued interest due but unpaid and any other amount due under the relevant Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar 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 equal to (a) the Outstanding Principal Balance together with accrued interest due but unpaid and any other amount due under the relevant Mortgage Loan, or (b) if less, an amount equal to (i) the Foreclosure Value of the relevant Mortgaged Asset or, (ii) if no valuation report less than 12 months old is available, the Indexed Foreclosure Value or (c) if higher than (b), the aggregate of (i) the principal amount reduced on a monthly basis by an amount which is equal to the monthly payments of principal as if the Mortgage Loan were being repaid on a 30 year annuity basis, (ii) accrued interest due but unpaid and (iii) any other amount due under the relevant Mortgage Loan and provided that the purchase price to be received shall be sufficient to redeem the Class A Notes, subject to and in accordance with the Conditions, at their Principal Amount Outstanding plus accrued but unpaid interest thereon.

### *Tax Call Option*

The Issuer has the right to sell and assign, on any Notes Payment Date following the exercise by it of the Tax Call Option, all (but not only part of) the Mortgage Receivables to any party, provided that the Seller has a pre-emption right pursuant to which the Issuer shall first offer the Seller to buy and repurchase the Mortgage Receivables and that the Issuer will be entitled to sell and assign the Mortgage Receivables to any third party if the Seller does not inform the Issuer within a period of 15 Business Days from the date the offer was notified to the Seller of its intention to buy and repurchase the Mortgage Receivables. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Notes (other than the Class C Notes), in accordance with and subject to the Redemption Priority of Payments.

The purchase price to be received by the Issuer in respect of the Mortgage Receivables sold shall be at least equal to an amount sufficient to redeem the Notes (other than the Class C Notes), subject to and in accordance with the Conditions and the Redemption Priority of Payments, at their Principal Amount Outstanding plus accrued but unpaid interest thereon.



## 7.2 Representations and warranties

The Seller will represent and warrant on the Closing Date and, to the extent relevant, on each relevant Notes Payment Date with respect to the Mortgage Receivables sold and assigned by it on such date to the Issuer and the Mortgage Loans under which such Mortgage Receivables arise, that:

- (a) the Mortgage Receivables are validly existing;
- (b) it has, at the time of the sale and assignment to the Issuer, full right and title (*beschikkingsbevoegdheid*) to the Mortgage Receivables, and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) it has, at the time of the sale and assignment to the Issuer, power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are, at the time of the sale and assignment to the Issuer, free and clear of any rights of pledge or other similar rights (*beperkte rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
- (e) each Mortgage Receivable is (i) secured by a first priority Mortgage (*eerste recht van hypotheek*) or, in the case of Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower priority Mortgages over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands and (ii) governed by Dutch law;
- (f) each Mortgage Loan has the benefit of an NHG Guarantee and each such NHG Guarantee connected to such Mortgage Loan (i) is granted for the full amount of the relevant Mortgage Loan, provided that in respect of Mortgage Loans offered as of 1 January 2014, in determining the loss incurred after foreclosure of the relevant mortgaged property, an amount of 10 per cent. will be deducted from such loss in accordance with the NHG Conditions (ii) to the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case), constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with their terms, (iii) all NHG Conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (iv) the Seller is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under the NHG Guarantee in respect of the Mortgage Loan should not be met in full and in a timely manner;
- (g) each Mortgaged Asset was valued by an independent qualified valuer or surveyor when the application for the relevant Mortgage Loan was made and no such valuations were older than 12 months on the date of such mortgage application by the relevant Borrower, except that no such valuation is required if the relevant Mortgage Loan is secured by a Mortgage on newly built properties (other than constructions under the Borrower's own management (*onder eigen beheer*)) and no re-valuation of the relevant Mortgaged Asset nor an increase or other amendment of the relevant Mortgage Loan requiring a re-valuation of the relevant Mortgaged Asset has taken place;

- (h) upon creation of each Mortgage and each right of pledge securing the relevant Mortgage Loan, it was granted the power under and pursuant to the mortgage deed to unilaterally terminate such Mortgage and right of pledge in whole or in part and such power to terminate has not been revoked, terminated or amended;
- (i) upon creation of each Mortgage securing the relevant Mortgage Loan, the Mortgage Conditions contained a provision to the effect that, upon assignment or pledge of the Mortgage Receivables resulting from such Mortgage Loan, in whole or in part, the Mortgage will *pro rata* follow such Mortgage Receivables as an ancillary right;
- (j) each Mortgage Receivable, and each Mortgage and Borrower Pledge, if any, securing such receivable, constitutes legal, valid, binding and enforceable obligations of the Borrower which are not subject to annulment (*vernietiging*), subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
- (k) each Mortgage Loan was originated by the Seller;
- (l) all Mortgages and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid Mortgages (*hypotheekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such Mortgages and rights of pledge and, to the extent relating to the Mortgages, have been entered into the appropriate public register, (ii) have first priority, or are first and sequentially lower priority Mortgages and (iii) were vested for a principal sum which is at least equal to the principal sum of the relevant Mortgage Loan when originated, increased with an amount in respect of interest, penalties and costs, up to an amount equal to 40 per cent. of such principal sum, therefore in total up to a maximum amount equal to 140 per cent. of at least the outstanding principal balance upon origination of the relevant Mortgage Receivables;
- (m) the particulars of each Mortgage Loan (or part thereof) as set out in schedule 1 to the relevant Deed of Assignment and Pledge are complete, true and accurate in all material respects;
- (n) each of the Mortgage Loans meets the Mortgage Loan Criteria (to the extent applicable);
- (o) the Seller only pays out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipt by the relevant Borrower relating to the construction, except for an advance of up to EUR 1,000 of the Construction Deposit which is paid out to the Borrower upon the execution of the relevant mortgage deed;
- (p) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements and meets the Code of Conduct and the Seller's underwriting policy and procedures prevailing at that time and is subject to terms and conditions customary in the Dutch mortgage market at the time of origination and not materially different or less stringent from the terms and conditions applied by (i) a prudent lender of Dutch residential mortgage loans and (ii) the Seller in respect of mortgage loans granted by it not being sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;

- (q) each of the Savings Mortgage Receivables has the benefit of a Savings Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Insurance Policies, upon the terms of the Savings Mortgage Loans and the Savings Insurance Policies, which appointment has been notified to the relevant Insurance Company, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivable;
- (r) with respect to Life Mortgage Loans, (i) there are no marketing ties between the Seller and the relevant Insurance Companies with respect to the Life Mortgage Loans, (ii) the Life Mortgage Loans and the Insurance Policies relating thereto are not sold as one single package, which means that the Borrowers of the Life Mortgage Loans do have a free choice as to the insurance company with which they will take out an Insurance Policy in relation to their Life Mortgage Loan, provided that any such insurance company elected is established in the Netherlands and (iii) there is no connection, whether from a legal or commercial view, between the Life Mortgage Loans and the relevant Life Insurance Policies other than the relevant Borrower Pledge and Beneficiary Rights;
- (s) each of the Life Mortgage Receivables has the benefit of a Life Insurance Policy or a Borrower Investment Account and in respect of a Life Mortgage Receivable which has the benefit of a Life Insurance Policy either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policy, upon the terms of the Life Mortgage Loans and the relevant Life Insurance Policy, which appointment has been notified to the relevant Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Life Mortgage Receivable;
- (t) each of the Switch Mortgage Receivables has the benefit of a Savings Investment Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Investment Insurance Policy, upon the terms of the Switch Mortgage Loans and the relevant Savings Investment Insurance Policy, which appointment has been notified to the relevant Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Switch Mortgage Receivable;
- (u) with respect to the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the financial enterprise (*financiële onderneming*), at which the Borrower maintains its Borrower Investment Account and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as securities within the meaning of the Wge, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises (*Nadere regeling gedragstoezicht financiële ondernemingen*);
- (v) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables at the time of the sale and assignment to the Issuer;
- (w) it has no other claims *vis-à-vis* the Borrowers other than the claims resulting from the relevant Mortgage Loans;

- (x) it has undertaken all reasonable efforts to (i) comply, and procure that each of its intermediaries complies, with its duty of care (*zorgplicht*) *vis-à-vis* the Borrowers applicable under Dutch law to, *inter alios*, offerors of mortgage loans, including but not limited to, *inter alia*, an investigation to the risk profile of the customer and the appropriateness of the product offered in relation to such risk profile and (ii) provide, and procure that each of its intermediaries provide, each Borrower with accurate, complete and non misleading information about the relevant Mortgage Loan and the relevant Insurance Policy linked thereto and the risks, including particularities of the product, involved;
- (y) the notarial mortgage deeds (*minuten*) relating to the Mortgage Loans are held by a civil law notary (*notaris*) in the Netherlands, while scanned copies of such deeds and of the other mortgage documents are held by the Servicer and/or its sub-contractor (if any);
- (z) to the best of its knowledge, the Borrowers are not in any material breach of any provision of the Mortgage Loans and no steps have been taken by the Seller to enforce any of the Mortgages securing the relevant Mortgage Loans;
- (aa) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the same Mortgage or, as the case may be, if a Further Advance is granted, by first and sequentially lower priority Mortgages on the same Mortgaged Asset and not merely one or more Loan Parts;
- (bb) with respect to each Mortgage Receivable resulting from a Life Mortgage Loan or, as the case may be, Savings Mortgage Loan to which an Insurance Policy is connected, a valid pledge agreement has been entered into by the Seller and the relevant Borrower and the right of pledge is valid and has been notified to the relevant Insurance Company;
- (cc) with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Borrower Investment Accounts and the right of pledge is valid and has been notified to the entity at which the Borrower Investment Accounts are held;
- (dd) with respect to each of the Mortgage Receivables resulting from a Bank Savings Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Bank Savings Accounts and the right of pledge is valid and has been notified to the Bank Savings Account Bank;
- (ee) it does, to the best of its knowledge, not classify any Borrower pursuant to and in accordance with its internal policies as a borrower that is unlikely to pay its credit obligations to it;
- (ff) the Mortgage Conditions provide that each of the assets on which a Mortgage has been vested to secure the Mortgage Receivable should, at the time of origination of the relevant Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) satisfactory to the Seller;
- (gg) the aggregate Outstanding Principal Balance of all Mortgage Receivables as at the Initial Cut-Off Date is equal to EUR 665,774,568.70;
- (hh) none of the Mortgage Loans are subject to any withholding tax in the Netherlands;

- (ii) the Mortgage Conditions do not contain a confidentiality provision which restricts the Issuer's exercise of its rights as legal owner of the Mortgage Receivables; and
- (jj) as at the relevant Cut-Off Date, the Mortgage Conditions have not been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of the Mortgage Loans.

### 7.3 Mortgage Loan Criteria

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

- (a) the Mortgage Loan includes one or more of the following loan types:
  - (i) a Life Mortgage Loan (*levenhypotheek met levensverzekering*);
  - (ii) a Savings Mortgage Loan (*spaarhypotheek*);
  - (iii) a Switch Mortgage Loan (*switchhypotheek*);
  - (iv) a Bank Savings Mortgage Loan (*bankspaarhypotheek*);
  - (v) an Investment Mortgage Loan (*levenhypotheek met beleggingsrekening*);
  - (vi) an Annuity Mortgage Loan (*annuïteiten hypotheek*);
  - (vii) an Interest-only Mortgage Loan (*aflossingsvrije hypotheek*); or
  - (viii) a Linear Mortgage Loan (*lineaire hypotheek*);
- (b) the Borrower was, at the time of origination, a resident of the Netherlands;
- (c) the Mortgage Loan is secured by a first priority Mortgage or, in the case of Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, first and sequentially lower priority rights of mortgage over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*), in each case situated in the Netherlands;
- (d) at least 1 interest payment has been made in respect of the Mortgage Loan prior to the Closing Date or, in the case of Replacement Receivables or New Mortgage Receivables purchased after the Closing Date, the relevant Notes Payment Date;
- (e) the Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*), a Self-Certified Mortgage Loan or an Equity Release Mortgage Loan;
- (f) if the Mortgage Loan is a construction mortgage with a related Construction Deposit, such Construction Deposit does not exceed EUR 50,000;
- (g) (i) pursuant to the applicable Mortgage Conditions, (x) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (y) the Mortgaged Asset is for residential use and has to be occupied by the relevant Borrower at and after the time of origination (except that in exceptional

circumstances the Seller may in accordance with its internal guidelines allow a Borrower to let the Mortgaged Asset under specific conditions and for a limited period of time) and (ii) no consent for residential letting of the Mortgaged Asset has been given by the Seller;

- (h) the interest rate on the Mortgage Loan (or, if the Mortgage Loan consists of more than one Loan Part, on each Loan Part) is a floating rate or fixed rate, subject to an interest reset from time to time;
- (i) interest payments on the Mortgage Loan are collected by means of direct debit on or about the 2<sup>nd</sup> Business Day before the end of each calendar month;
- (j) the aggregate Outstanding Principal Balance under a Mortgage Loan does not exceed the maximum guaranteed amount as was applicable pursuant to the NHG Conditions at the time of origination thereof;
- (k) the Outstanding Principal Balance under a Mortgage Loan shall not exceed 2 per cent. of the aggregate Outstanding Principal Balance of the Mortgage Receivables under or in connection with all the Mortgage Loans;
- (l) the Mortgage Loan does not have a Current Loan to Indexed Market Value Ratio higher than 100 per cent. (or, if a different percentage is required or sufficient from time to time for the Notes to comply with Article 243(2) of the CRR-Securitisation Amendment and the Seller wishes to apply such different percentage, then such different percentage);
- (m) (i) in respect of Mortgage Receivables to be purchased on the Closing Date, no amounts due under any of such Mortgage Receivables were unpaid on the Initial Cut-Off Date and (ii) in respect of Mortgage Receivables to be purchased on a Notes Payment Date, no amounts due under any of such Mortgage Receivables were unpaid on the relevant Additional Cut-Off Date;
- (n) where compulsory under the applicable Mortgage Conditions, the Mortgage Loan has an Insurance Policy attached to it;
- (o) (i) in respect of Mortgage Receivables against any Restructured Borrower to be purchased on the Closing Date, no amounts due under any of such Mortgage Receivables were unpaid by such Restructured Borrower since one year prior to the Initial Cut-Off Date and (ii) in respect of Mortgage Receivables against any Restructured Borrower to be purchased on a Notes Payment Date, no amounts due under any of such Mortgage Receivables were unpaid by such Restructured Borrower since one year prior to the relevant Additional Cut-Off Date;
- (p) the Mortgage Loans will not have a legal maturity beyond September 2065; and
- (q) the Mortgage Loan is denominated in euro and has a positive outstanding principal balance.

The same criteria apply to the selection of Further Advance Receivables, Replacement Receivables and New Mortgage Receivables.

In addition to the above, it is noted that from the Mortgage Loan Criteria it can be derived that:

- (a) no Mortgage Loan constitutes a transferable security, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council; and
- (b) no Mortgage Loan constitutes a securitisation position as defined in the Securitisation Regulation.

#### **7.4 Portfolio conditions**

See also section 7.3 (*Mortgage Loan Criteria*).

#### **7.5 Servicing Agreement**

In the Servicing Agreement, the Servicer will agree to provide administration and management services to the Issuer in relation to the Mortgage Loans and the Mortgage Receivables on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans and the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of Mortgages (see further section 6.3 (*Origination and servicing*)). The Servicer will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicer which holds a license under the Wft to act as offeror (*aanbieder*) and servicer (*bemiddelaar*) has, in accordance with the terms of the Servicing Agreement, appointed Stater Nederland B.V. as its sub-mpt provider to carry out (part of) the activities described above. The Issuer and the Security Trustee have consented to the appointment of Stater Nederland B.V. as sub-mpt provider.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or if the Servicer no longer holds a licence under the Wft. In addition, the Servicing Agreement may be terminated by the Servicer upon the expiry of not less than 6 months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and each Credit Rating Agency having provided a Credit Rating Agency Confirmation in respect of the termination. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer and such substitute servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute servicer shall have the benefit of a servicing fee at a level to be then determined. Any such substitute servicer must have experience of handling mortgage loans and mortgages of residential property in the Netherlands and hold a licence under the Wft to act as offeror (*aanbieder*) and servicer (*bemiddelaar*). 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 Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

Upon the occurrence of an Assignment Notification Event, the Servicer will use its best efforts, within 3 months of the occurrence of such event, to identify an entity that has the experience and/or capability of servicing assets similar to the Mortgage Receivables and procure that such entity would act as back-up servicer.

The Servicer does not have any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. The Notes will be solely the obligations and responsibilities of the Issuer and not of any other entity or person involved in the transaction, including, without limitation, the Servicer.

## **7.6 Sub-participation**

Under each of the Insurance Savings Participation Agreements the Issuer will grant to the relevant Insurance Savings Participant a sub-participation in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, as the case may be. Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a sub-participation in the Bank Savings Receivables.

### **Insurance Savings Participation Agreements**

In each Insurance Savings Participation Agreement the relevant Insurance Savings Participant undertakes to pay to the Issuer:

- (a) at the Closing Date or, in the case of the purchase and assignment of Replacement Receivables, New Mortgage Receivables or Further Advance Receivables to which a Savings Insurance Policy or Savings Investment Insurance Policy is connected, at the relevant Notes Payment Date, an amount equal to the aggregate Initial Insurance Savings Participations;
- (b) on each Mortgage Collection Payment Date an amount equal to the Switched Savings Participation; and
- (c) on each Mortgage Collection Payment Date an amount equal to the amounts scheduled to be received by the relevant Insurance Company during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date, as Savings Premium in respect of the relevant Savings Insurance Policies or Savings Investment Insurance Policies,

provided that in respect of each Savings Mortgage Receivable and Switch Mortgage Receivable no amounts will be paid to the extent that as a result thereof the Insurance Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable would exceed the Outstanding Principal Balance of such Savings Mortgage Receivable or Switch Mortgage Receivable at such time.

As a consequence of such payments each of the Insurance Savings Participants will acquire an Insurance Savings Participation in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, which is equal to the Initial Insurance Savings Participation increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertaking of each of the Insurance Savings Participants described above, the Issuer will undertake to pay to the relevant Insurance Savings Participant on each Mortgage Collection Payment Date an amount up to the Insurance Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables in respect of which amounts have been received during the immediately preceding



Mortgage Calculation Period (i) by means of repayment and prepayment under such Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on such Mortgage Receivables to the extent such partial prepayment does not exceed the difference between (a) the Outstanding Principal Balance of the relevant Mortgage Receivable and (b) the Insurance Savings Participation therein, (ii) in connection with a repurchase of such 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, (iii) in connection with a sale by the Issuer of such Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on such Mortgage Receivables to the extent such amounts relate to principal (the **Insurance Savings Participation Redemption Available Amount**).

### **Bank Savings Participation Agreement**

In the Bank Savings Participation Agreement, the Bank Savings Participant undertakes to pay to the Issuer:

- (a) at the Closing Date or, in the case of the purchase and assignment of Replacement Receivables, New Mortgage Receivables or Further Advance Receivables to which a Bank Savings Account is connected, at the relevant Notes Payment Date, an amount equal to the aggregate Initial Bank Savings Participations; and
- (b) on each Mortgage Collection Payment Date an amount equal to the amounts scheduled to be received by the Bank Savings Account Bank during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date, as Bank Savings Deposits in respect of the relevant Bank Savings Mortgage Loans,

provided that in respect of each Bank Savings Mortgage Receivable no amounts will be paid to the extent that as a result thereof the Bank Savings Participation in such Bank Savings Mortgage Receivable would exceed the Outstanding Principal Balance of such Bank Savings Mortgage Receivable at such time.

As a consequence of such payments the Bank Savings Participant will acquire a Bank Savings Participation in the relevant Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation increased during each Mortgage Calculation Period with the Bank Savings Participation Increase.

In consideration for the undertaking of the Bank Savings Participant described above, the Issuer will undertake to pay to the Bank Savings Participant on each Mortgage Collection Payment Date an amount up to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received during the immediately preceding Mortgage Calculation Period (i) by means of repayment and prepayment under such Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on such Mortgage Receivables to the extent such partial prepayment does not exceed the difference between (a) the Outstanding Principal Balance of the relevant Mortgage Receivable and (b) the Bank Savings Participation therein, (ii) in connection with a repurchase of such 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, (iii) in connection with a sale by the Issuer of such Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the

Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on such Mortgage Receivables to the extent such amounts relate to principal (the **Bank Savings Participation Redemption Available Amount**).

### **Reduction of Participations**

If:

- (a) (i) a Borrower invokes a right of set-off or any other defence against any person in respect of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, as the case may be, based upon a default in the performance, whether in whole or in part, by the relevant Insurance Company of its payment obligations under the relevant Savings Insurance Policy or Savings Investment Insurance Policy, as the case may be, or (ii) a Borrower invokes a right of set-off or any other defence against any person in respect of the relevant Bank Savings Mortgage Receivables as a result of the Seller or the Bank Savings Account Bank being declared bankrupt or becoming subject to a suspension of payments or emergency regulations, as the case may be, or if, for whatever reason, the Bank Savings Account Bank does not pay the amounts standing to the credit of the relevant Bank Savings Account when due and payable, whether in full or in part, under the relevant Bank Savings Mortgage Loan; or
- (b) (i) an Insurance Savings Participant fails to pay any amount due by it to the Issuer under or in connection with the relevant Insurance Savings Participation Agreement in respect of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, as the case may be or (ii) the Bank Savings Participant fails to pay any amount due by it to the Issuer under or in connection with the Bank Savings Participation Agreement in respect of the relevant Bank Savings Mortgage Receivables,

and, as a consequence thereof, the Issuer will not have received any amount which it would have received if such defence or failure to pay would not have been made in respect of such Savings Mortgage Receivables, Switch Mortgage Receivables or Bank Savings Mortgage Receivables, the Participation of the relevant Participant in respect of such Mortgage Receivables will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

### **Enforcement Notice**

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

- (a) declare that the obligations of the relevant Participant under the relevant Participation Agreement are terminated; and
- (b) declare the relevant Participation 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 case of enforcement, the Security Trustee under the relevant Savings Mortgage Receivables, Switch Mortgage Receivables or Bank Savings Mortgage Receivables.

## Termination

If one or more of the Savings Mortgage Receivables and/or Switch Mortgage Receivables and/or Bank Savings Mortgage Receivables 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 Mortgage Receivables Purchase Agreement or the Trust Deed, the Participation in such Savings Mortgage Receivables and/or Switch Mortgage Receivables and/or Bank Savings Mortgage Receivables will terminate and the Participation Redemption Available Amount in respect of such Savings Mortgage Receivables and/or Switch Mortgage Receivables and/or Bank Savings Mortgage Receivables will be paid by the Issuer to the relevant Participant. If so requested by the relevant Participant, the Issuer will use its best efforts to ensure that the transferee of the Savings Mortgage Receivables, Switch Mortgage Receivables and Bank Savings Mortgage Receivables will enter into a participation agreement with the relevant Participant in a form similar to the Participation Agreement entered into with such Participant. Furthermore, any Participation envisaged in each of the Participation Agreements shall terminate if at the close of business on the relevant calculation date the relevant Participant has received in full the Participations in respect of the relevant Savings Mortgage Receivables, Switch Mortgage Receivables or Bank Savings Mortgage Receivables.

## 8 GENERAL

1 The issue of the Notes has been authorised by a resolution of the Issuer Director passed on 12 December 2018.

2 The Notes sold have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam. The table below lists the Common Codes and the ISIN Codes for the Notes.

| Class         | Common Code | ISIN Code    |
|---------------|-------------|--------------|
| Class A Notes | 191794800   | XS1917948009 |
| Class B Notes | 191794826   | XS1917948264 |
| Class C Notes | 191794885   | XS1917948850 |

3 The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

4 Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours, as long as any Notes are outstanding:

- (a) the Prospectus;
- (b) the deed of incorporation (including the articles of association) of the Issuer;
- (c) the Mortgage Receivables Purchase Agreement (including the form of a deed of assignment and pledge attached as schedule thereto);
- (d) the Paying Agency Agreement;

- (e) the Trust Deed;
- (f) the Secured Creditors Agreement;
- (g) the Issuer Mortgage Receivables Pledge Agreement;
- (h) the Issuer Rights Pledge Agreement;
- (i) the Issuer Accounts Pledge Agreement;
- (j) the Servicing Agreement;
- (k) the Administration Agreement;
- (l) the Management Agreements;
- (m) the Participation Agreements;
- (n) the Issuer Account Agreement;
- (o) the Cash Advance Facility Agreement;
- (p) the Swap Agreement;
- (q) the Conditional Deed of Novation;
- (r) the Beneficiary Waiver Agreement;
- (s) the Master Definitions Agreement;
- (t) the Commingling Guarantee;
- (u) the Construction Deposits Guarantee; and
- (v) the deed of incorporation (including the articles of association) of the Security Trustee.

5 No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on Euronext Amsterdam, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Security Trustee.

6 The deed of incorporation (including the articles of association) of the Issuer dated 26 July 2018 are incorporated herein by reference.

Free copies of the Issuer's deed of incorporation (including the articles of association) are available at the office of the Issuer located: Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and can be obtained at: <http://cm.intertrustgroup.com>.

7 As long as the Notes (other than the Class C Notes) are outstanding, a Notes and Cash Report on the performance, including the arrears and the losses, of the transaction, together with current stratification

tables can be obtained at: <http://cm.intertrustgroup.com> and/or [www.loanbyloan.eu](http://www.loanbyloan.eu) and/or the website of the DSA: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).

- 8 The Issuer Administrator will use its best efforts to make available loan-by-loan information (i) on the Mortgage Receivables prior to the Closing Date which information can be obtained upon request from the Issuer and (ii) after the Closing Date, on a quarterly basis, which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/> within one month after the relevant Notes Payment Date, for as long as such requirement is effective, provided that (i) the Issuer Administrator has received the relevant information from the Servicer, (ii) such information is complete and correct and (iii) such information is provided in a format which enables the Issuer Administrator to use it for the purposes of the template.
- 9 The accuracy of the data included in the stratification tables in respect of the pool as selected on the Initial Cut-Off Date has been verified by an appropriate and independent party.
- 10 The administration of the Seller does not contain any information related to the environmental performance of the Mortgaged Assets and no information is publicly available related to the environmental performance of the Mortgaged Assets.
- 11 The estimated aggregate upfront costs of the transaction amount to approximately 0.1 per cent. of the proceeds of the Notes. There are no costs deducted by the Issuer from any investment made by any Noteholder in respect of the subscription or purchase of the Notes.
- 12 This Prospectus constitutes a prospectus for the purpose of the Prospectus Directive. A free copy of the Prospectus is available at the offices of the Issuer, the Arranger and the Paying Agent, or can be obtained at <http://cm.intertrustgroup.com>.
- 13 Responsibility statements

The Issuer is responsible for the information contained in this Prospectus. In addition to the Issuer, each of the Seller, the Arranger or Stater Nederland B.V. is responsible for the information as referred to in the following paragraphs. To the best of the Issuer's knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

For the information set forth in the following sections of this Prospectus: 3.4 (*Seller*), 3.5 (*Servicer*), under Retention statement in section 4.4 (*Regulatory and industry compliance*), 6.1 (*Stratification tables*), 6.2 (*Description of Mortgage Loans*), 6.3 (*Origination and servicing*), 6.4 (*Dutch residential mortgage market*), 6.5 (*NHG Guarantee programme*) and under CRR, AIFMR and DR Solvency II in this section, the Issuer has relied on information from the Seller, for which the Seller is responsible. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information set forth in these sections and paragraphs referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly. For the information set forth in paragraph Rabobank in section 3.7 (*Other parties*) of this Prospectus, the Issuer has relied on information from the Arranger,

for which the Arranger and the Seller are responsible. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information set forth in paragraph Rabobank in section 3.7 (*Other parties*) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Arranger and the Seller accept responsibility accordingly. For the information set forth in Stater Nederland B.V. in section 6.3.3 (*Stater Nederland B.V.*), the Issuer has relied on information from Stater Nederland B.V. Stater Nederland B.V. is responsible solely for the information set forth in Stater Nederland B.V. in section 6.3.3 (*Stater Nederland B.V.*) of this Prospectus and not for information set forth in any other section and consequently, Stater Nederland B.V. does not assume any liability in respect of the information contained in any paragraph or section other than the paragraph Stater Nederland B.V. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information set forth in Stater Nederland B.V. in section 6.3.3 (*Stater Nederland B.V.*) is in accordance with the facts and does not omit anything likely to affect the import of such information. Stater Nederland B.V. accepts responsibility accordingly. The information in these sections and any other information from third parties set forth in and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Manager has not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Manager as to the accuracy or completeness of the information set forth in this Prospectus or any other information provided by the Issuer, Seller or Stater Nederland B.V. or any other party.

## 14 Important information

### *Eurosystem eligibility*

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories and/or Central Securities Depositories that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend, inter alia, upon satisfaction of the Eurosystem eligibility criteria, as amended from time to time. The Class B Notes and the Class C Notes are not intended to be recognised as Eurosystem Eligible Collateral.

### *CRR, AIFMR and DR Solvency II*

The Seller has undertaken in the Subscription Agreement to the Manager and in the Mortgage Receivables Purchase Agreement to the Issuer and the Security Trustee, to retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the securitisation transaction described in this Prospectus in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR Solvency II. As at the Closing Date, such material net economic interest will be held in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the DR

Solvency II and will comprise of the entire interest in the first loss tranche of the securitisation transaction described in this Prospectus (held through the Class C Notes) and, if necessary, other tranches or claims having the same or a more severe risk profile than those sold to investors.

The Subscription Agreement and the Mortgage Receivables Purchase Agreement includes a representation and warranty and undertaking of the Seller (as originator) as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, Articles 408 and 409 of the CRR and Articles 254 and 256 paragraph (3) sub a) up to and including sub c) and sub e) of the DR Solvency II. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the DR Solvency II, which information can be obtained from the Seller upon request.

The Issuer Administrator, on behalf of the Issuer, will prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The quarterly investor reports can be obtained at: <http://cm.intertrustgroup.com> and/or [www.loanbyloan.eu](http://www.loanbyloan.eu) and/or the website of the DSA: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the DR Solvency II and none of the Issuer, Obvion (in its capacity as the Seller and the Servicer), the Issuer Administrator nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

#### *Non-consistent information*

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

#### *No offer to sell or solicitation on an offer to buy*

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in section 4.3 (Subscription and sale). 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.

#### *Investors should undertake their own independent investigation*

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, the Arranger or the Manager to any person to subscribe for or to purchase any Notes.

Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

#### *Developments and events after date of Prospectus*

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. The Issuer does not have the obligation to update this Prospectus, except when required by the listing and issuing rules of Euronext Amsterdam or any other regulation.

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

#### *Notes not registered under Securities Act*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any United States state securities laws or the securities laws of any other applicable laws. The Notes have been issued in bearer form and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States, or to, or for the account or benefit of, any U.S. person (see section 4.3 (Subscription and sale)).

#### *Notes not part of a re-securitisation*

The Notes are not part of a securitisation of one or more exposures where at least one of these exposures is a securitisation.

#### *Over-allotment*

In connection with the issue of the Notes, Rabobank, or any other duly appointed person acting for Rabobank, may over-allot or effect transactions that stabilise or maintain the market price of the Notes at a level that might not otherwise prevail. However, there is no obligation on Rabobank to undertake these actions. Any stabilisation action may be discontinued at any time but will, in accordance with the rules of Euronext Amsterdam, in any event be discontinued at the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days after the date of allotment of the Notes. Stabilisation transactions will be conducted in compliance with all applicable laws and regulations, as amended from time to time.



### *Incorporation by reference*

This Prospectus is to be read in conjunction with the deed of incorporation (including the articles of association) dated 26 July 2018, which is deemed to be incorporated herein by reference (see paragraph 6 in section 8 (General)). This Prospectus shall be read and construed on the basis that such document is incorporated in, and forms part of, this Prospectus.

### **DSA & PCS Statement**

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

## 9 GLOSSARY OF DEFINED TERMS

### 9.1 Definitions

*The defined terms set out in this section 9.1 (Definitions) of this glossary of defined terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (see section 4.4 (Regulatory and Industry Compliance) (the RMBS Standard)). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:*

- *If the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;*
- *If the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;*
- *If the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'N/A' in front of the relevant defined term;*
- *If the defined term is between square brackets in the RMBS Standard definitions list or contains wording between square brackets in the RMBS Standard definitions list, by completing the defined term and removing the square brackets if the defined term is used in this Prospectus; or*
- *If the defined term contains a [●], by completing the defined term and removing the [●].*

In addition, the principles of interpretation set out in section 9.2 (*Interpretation*) of this Glossary of Defined Terms conform to the RMBS Standard definitions list. However, certain principles of interpretation may have been added (but not deleted) in deviation of the RMBS Standard.

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

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| + | <b>Additional Cut-Off Date</b> means, in respect of a Mortgage Receivable to be purchased by the Issuer after the Closing Date, the first day of the calendar month wherein the relevant Mortgage Receivable is purchased; |
| + | <b>Additional Purchase Criteria</b> has the meaning ascribed thereto in section 7.1 (Purchase, repurchase and sale) of this Prospectus;  |
|   | <b>Administration Agreement</b> means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;   |
|   | <b>AFM</b> means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );   |
|   | <b>Agents</b> means the Paying Agent and the Reference Agent, collectively;  |

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|     | <b>AIFMR</b> means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;   |
|     | <b>All Moneys Mortgage</b> means any mortgage right ( <i>hypothekrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller; |
|     | <b>All Moneys Pledge</b> means any right of pledge ( <i>pandrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller;      |
| N/A | <b>All Moneys Security Rights;</b>   |
|     | <b>Annuity Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;   |
| N/A | <b>Annuity Mortgage Receivable;</b>  |
|     | <b>Arranger</b> means Rabobank;  |
|     | <b>Assignment Notification Event</b> means any of the events specified as such in section 7.1 ( <i>Purchase, repurchase and sale</i> ) of this Prospectus;   |
|     | <b>Available Principal Funds</b> has the meaning ascribed thereto in section 5.1 ( <i>Available funds</i> ) of this Prospectus;  |
|     | <b>Available Redemption Funds</b> has the meaning ascribed thereto in section 5.1 ( <i>Available funds</i> ) of this Prospectus;   |
|     | <b>Available Revenue Funds</b> has the meaning ascribed thereto in section 5.1 ( <i>Available funds</i> ) of this Prospectus;  |
| +   | <b>Back-Up Swap Counterparty</b> means Rabobank;   |
|     | <b>Bank Savings Account</b> means, in respect of a Bank Savings Mortgage Loan, a blocked savings account held in the name of a Borrower with the Bank Savings Account Bank;  |

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|  | <b>Bank Savings Account Bank</b> means Rabobank;   |
|  | <b>Bank Savings Deposit</b> means, in respect of a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;  |
|  | <b>Bank Savings Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;  |
|  | <b>Bank Savings Mortgage Receivable</b> means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;   |
|  | <b>Bank Savings Participant</b> means Obvion;  |
|  | <b>Bank Savings Participation</b> means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the sum of (i) the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable and (ii) each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, whereby the sum of (i) and (ii) does not exceed the Outstanding Principal Balance of such Bank Savings Mortgage Receivable;  |
|  | <b>Bank Savings Participation Agreement</b> means the bank savings participation agreement between the Issuer and the Bank Savings Participant and the Security Trustee dated the Signing Date;  |
|  | <p><b>Bank Savings Participation Increase</b> means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:</p> $P = \frac{(P \times I) + S}{\text{Participation Fraction}}$ <p>whereby:</p> <p>P = the amount received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant;</p> <p>S = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and scheduled to be received by the Issuer in respect of such Mortgage Calculation Period;</p> |
|  | <b>Bank Savings Participation Redemption Available Amount</b> has the meaning ascribed thereto in section 7.6 ( <i>Sub-participation</i> ) of this Prospectus;   |
|  | <b>Basel I</b> means the capital accord under the title "International convergence of capital measurement and capital standards" published in July 1988 by the Basel Committee;  |
|  | <b>Basel II</b> means the capital accord under the title "Basel II: International Convergence of Capital   |

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|   | Measurement and Capital Standards Revised Framework" published on 26 June 2004 by the Basel Committee;   |
|   | <b>Basel III</b> means the capital accord amending Basel II under the title "Basel III: a global regulatory framework for more resilient banks and banking systems" and "Basel III: International framework for liquidity risk measurement, standards and monitoring" first published in December 2010 by the Basel Committee;                     |
| + | <b>Basel Committee</b> means the Basel Committee on Banking Supervision;   |
|   | <b>Basic Terms Change</b> has the meaning set forth as such in Condition 14 ( <i>Meetings of Noteholders; Modification; Consents; Waiver; Removal Director</i> );  |
| + | <b>Benchmark Regulation</b> means Regulation 2016/2011 on indices used as benchmarks, applicable as of 1 January 2018;   |
| + | <b>Benchmark Regulation Requirements</b> means the requirement imposed on the administrator of a benchmark pursuant to the Benchmark Regulation, which includes a requirement for the administrators of a benchmark to be licensed by or to be registered with the competent authority as a condition to be permitted to administer the benchmark; |
|   | <b>Beneficiary Rights</b> means all rights which the Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the Seller has been appointed by the Borrower as beneficiary ( <i>begunstigde</i> ) in connection with the relevant Mortgage Receivable;   |
|   | <b>Beneficiary Waiver Agreement</b> means the beneficiary waiver agreement between, amongst others, the Seller, the Security Trustee and the Issuer dated the Signing Date;  |
|   | <b>BKR</b> means Office for Credit Registration ( <i>Bureau Krediet Registratie</i> );   |
|   | <b>Borrower</b> means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;   |
|   | <b>Borrower Insurance Pledge</b> means a right of pledge ( <i>pandrecht</i> ) created in favour of the Seller on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;  |
|   | <b>Borrower Insurance Proceeds Instruction</b> means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;   |
|   | <b>Borrower Investment Account</b> means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;   |

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|   | <b>Borrower Pledge</b> means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge;  |
| + | <b>BRRD</b> means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council; |
| + | <b>BRRD-Creditor Hierarchy Directive</b> means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy;  |
| + | <b>BRRD Implementing Act</b> means the Dutch Act of 11 November 2015 amending and supplementing, <i>inter alia</i> , the Wft to implement the provisions of the BRRD;  |
| * | <b>Business Day</b> means (i) when used in the definition of Notes Payment Date and in Condition 4(e) ( <i>Euribor</i> ), a TARGET 2 Settlement Day, provided that such day is also a day on which the banks are open for business in Amsterdam, the Netherlands and London, the United Kingdom and (ii) in any other case, a day on which banks are generally open for business in Amsterdam, the Netherlands and London, the United Kingdom;                               |
|   | <b>Cash Advance Facility</b> means the cash advance facility provided by the Cash Advance Facility Provider to the Issuer pursuant to the Cash Advance Facility Agreement;   |
| + | <b>Cash Advance Facility Account</b> means the bank account of the Issuer with the Cash Advance Facility Provider to which all drawings (including for the avoidance of doubt a Cash Advance Facility Stand-by Drawing) to be made under the Cash Advance Facility will be debited;  |
|   | <b>Cash Advance Facility Agreement</b> means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;   |
|   | <b>Cash Advance Facility Drawing</b> means a drawing under the Cash Advance Facility;  |
|   | <b>Cash Advance Facility Maximum Amount</b> means, an amount equal to the greater of (i) 2.00 per cent. of the Principal Amount Outstanding of the Notes on such date and (ii) 1.45 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date;   |
|   | <b>Cash Advance Facility Provider</b> means Rabobank;  |
|   | <b>Cash Advance Facility Stand-by Drawing</b> means the drawing by the Issuer of the entire undrawn portion under the Cash Advance Facility Agreement if a Cash Advance Facility Stand-by Drawing Event occurs;  |

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|   | <b>Cash Advance Facility Stand-by Drawing Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;   |
|   | <b>Cash Advance Facility Stand-by Drawing Event</b> means any of the events specified as such in section 5.5 ( <i>Liquidity support</i> ) of this Prospectus;  |
|   | <b>Cash Advance Facility Stand-by Drawing Period</b> means the period as from the date the Cash Advance Facility Stand-by Drawing is made until the date it is repaid;   |
|   | <b>Class A Notes</b> means the EUR 800,000,000 senior class A mortgage-backed notes 2018 due 2067;   |
|   | <b>Class B Notes</b> means the EUR 33,400,000 mezzanine class B mortgage-backed notes 2018 due 2067;   |
|   | <b>Class C Notes</b> means the EUR 8,400,000 subordinated class C notes 2018 due 2067;   |
|   | <b>Clean-Up Call Option</b> means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables which are outstanding, which right may be exercised on any Notes Payment Date on which the aggregate Net Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the sum of (i) the aggregate Net Outstanding Principal Balance of the Mortgage Receivables on the Closing Date and (ii) the aggregate principal amount of the New Mortgage Receivables outstanding on the date such New Mortgage Receivables were purchased by and assigned to the Issuer during the Pre-Funding Period; |
| + | <b>Clearing Obligation RTS</b> means Delegated Regulations (EU) 2015/2205, (EU) 2016/592 and (EU) 2016/1178 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on the clearing obligation;  |
|   | <b>Clearstream, Luxembourg</b> means Clearstream Banking S.A.;   |
|   | <b>Closing Date</b> means 20 December 2018 or such later date as may be agreed between the Issuer and the Manager;   |
| + | <b>Code</b> means U.S. Internal Revenue Code of 1986;  |
|   | <b>Code of Conduct</b> means the Mortgage Code of Conduct ( <i>Gedragscode Hypothecaire Financieringen</i> ) introduced in January 2007 by the Dutch Association of Banks ( <i>Nederlandse Vereniging van Banken</i> );  |
| + | <b>Commingling Guarantee</b> means the guarantee agreement between the Issuer, the Security Trustee, the Seller and the Commingling Guarantor dated the Signing Date;  |

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| + | <b>Commingling Guarantor</b> means Rabobank;   |
|   | <b>Common Safekeeper</b> means, in respect of the Class A Notes, Clearstream, Luxembourg and in respect of the Class B Notes and the Class C Notes, Deutsche Bank AG, London Branch;   |
| + | <b>Conditional Deed of Novation</b> means the conditional deed of novation between the Issuer, the Security Trustee, the Swap Counterparty and the Back-Up Swap Counterparty dated the Signing Date;   |
|   | <b>Conditions</b> means the terms and conditions of the Notes set out in schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;                                  |
|   | <b>Construction Deposit</b> means in respect of a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset; |
| + | <b>Construction Deposits Cash Collateral</b> means the moneys standing in the Construction Deposits Ledger;  |
| + | <b>Construction Deposits Guarantee</b> means the guarantee agreement between the Seller, the Issuer, the Security Trustee and the Construction Deposits Guarantor dated the Signing Date;  |
| + | <b>Construction Deposits Guarantor</b> means Rabobank;   |
| + | <b>Construction Deposits Ledger</b> means the ledger to which the Construction Deposits Cash Collateral will be credited;  |
| + | <b>Consumer Credit Directive</b> means Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC;  |
|   | <b>Coupons</b> means the interest coupons appertaining to the Notes in definitive form;  |
|   | <b>CRA Regulation</b> means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 462/2013 of 21 May 2013;   |
|   | <b>CRD</b> means Directive 2006/48/EC of the European Parliament and of the Council (as amended by Directive 2009/111/EC);   |
|   | <b>CRD IV</b> means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;          |



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| * | <p><b>Credit Rating Agency</b> means, at any time, a credit rating agency which has assigned a then current rating to the Notes outstanding and is established in the European Union and registered in accordance with the CRA Regulation or, if such rating agency is not established in the European Union, it is either certified in accordance with the CRA Regulation or the rating ascribed to the Notes is endorsed by a rating agency established in the European Union and registered pursuant to the CRA Regulation, which may include Fitch, Moody's, and/or S&amp;P;</p>   |
|   | <p><b>Credit Rating Agency Confirmation</b> means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:</p> <ul style="list-style-type: none"> <li>(a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "<b>confirmation</b>");</li> <li>(b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "<b>indication</b>"); or</li> <li>(c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: <ul style="list-style-type: none"> <li>(i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or</li> <li>(ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency;</li> </ul> </li> </ul> |
| * | <p><b>CRR</b> means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, together with the corrigendum thereto and EU Delegated Regulation 625/2014 supplementing Regulation 575/2013;</p>  |
| + | <p><b>CRR-Securitisation Amendment</b> means Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms;</p>   |

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| + | <b>CRR-NPL Amendment</b> means Proposal of the European Commission dated 14 March 2018 for a Regulation on amending Regulation (EU) No 575/2013 as regards minimum loss coverage for non-performing exposures;   |
|   | <b>Current Loan to Indexed Foreclosure Value Ratio</b> means the ratio calculated by dividing the outstanding principal balance of a Mortgage Receivable by the Indexed Foreclosure Value of the Mortgaged Asset;  |
| + | <b>Current Loan to Indexed Market Value Ratio</b> means the ratio calculated by dividing the Net Outstanding Principal Balance of a Mortgage Receivable by the Indexed Market Value of the Mortgaged Asset;  |
| + | <b>Current Loan to Market Value Ratio</b> means the ratio calculated by dividing the outstanding principal balance of a Mortgage Receivable by the Market Value of the Mortgaged Asset;  |
|   | <b>Cut-Off Date</b> means in respect of (i) the Mortgage Receivables purchased by the Issuer on the Closing Date, the Initial Cut-Off Date and (ii) any Further Advance Receivables, Replacement Receivables and New Mortgage Receivables purchased by the Issuer on any Notes Payment Date, the relevant Additional Cut-Off Date;           |
|   | <b>Deed of Assignment and Pledge</b> means a deed of assignment and pledge in the form set out in a schedule to the Mortgage Receivables Purchase Agreement;   |
|   | <b>Deferred Purchase Price</b> means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;  |
|   | <b>Deferred Purchase Price Instalment</b> means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;  |
|   | <b>Definitive Notes</b> means Notes in definitive bearer form in respect of any Class of Notes;  |
| + | <p><b>Delinquency Ratio</b> means on any Notes Calculation Date:</p> <p>(a) the aggregate Net Outstanding Principal Balance of all Delinquent Mortgage Receivables,</p> <p>divided by,</p> <p>(b) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables,</p> <p>each as calculated on such Notes Calculation Date;</p> |
| + | <b>Delinquent Mortgage Receivable</b> means any Mortgage Receivable in respect of which amounts are due and payable which have remained unpaid for a consecutive period exceeding 90 days;   |

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|   | <b>Directors</b> means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;  |
|   | <b>DNB</b> means the Dutch Central Bank ( <i>De Nederlandsche Bank N.V.</i> );  |
| + | <b>DR Risk Management OTC Derivatives</b> means Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty; |
| + | <b>DR Solvency II</b> means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance;  |
|   | <b>DSA</b> means the Dutch Securitisation Association;  |
| + | <b>EBA</b> means the European Banking Authority;  |
|   | <b>ECB</b> means the European Central Bank;   |
|   | <b>EMIR</b> means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;   |
|   | <b>Enforcement Notice</b> means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 ( <i>Events of Default</i> );   |
|   | <b>EONIA</b> means the Euro Overnight Index Average as published by the European Money Markets Institute;   |
| + | <b>Equity Release Mortgage Loan</b> means a residential mortgage loan where the borrower has monetised its property for either a lump sum of cash or a regular periodic income (e.g. a retirement plan) without the obligation of the borrower to pay interest and principal on such lump sum of cash in accordance with a pre-agreed payment schedule;   |
|   | <b>ESMA</b> means the European Securities and Markets Authority;  |
|   | <b>EU</b> means the European Union;   |
|   | <b>EUR, euro or €</b> means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;  |
|   | <b>Euribor</b> has the meaning ascribed thereto in Condition 4(c) ( <i>Interest on the Notes</i> );   |

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|   | <b>Euroclear</b> means Euroclear Bank SA/NV as operator of the Euroclear System;  |
|   | <b>Euronext Amsterdam</b> means Euronext in Amsterdam;  |
| + | <b>European Supervisory Authorities</b> means the EBA, the ESMA and the European Insurance and Occupational Pensions Authority;   |
|   | <b>Eurosystem Eligible Collateral</b> means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;  |
|   | <b>Events of Default</b> means any of the events specified as such in Condition 10 ( <i>Events of Default</i> );  |
| + | <b>Excess Spread</b> means, with respect to a Notes Payment Date, an amount equal to 0.50 per cent. per annum applied to the Principal Amount Outstanding of each Class of Notes (other than the Class C Notes) on the first day of the Interest Period ending on such Notes Payment Date reduced by the debit balance on the Principal Deficiency Ledger on such Notes Payment Date after application of the Available Revenue Funds;  |
|   | <b>Exchange Date</b> means the date, not earlier than 40 days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;  |
|   | <b>Extraordinary Resolution</b> means a resolution passed at a meeting duly convened and held by the Noteholders of one or more Class or Classes, as the case may be, by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least 75 per cent. of the validly cast votes;  |
|   | <b>FATCA</b> means Sections 1471 through 1474 of the Code or U.S. Treasury regulations and other authoritative guidance thereunder or any intergovernmental agreement implementing FATCA;   |
|   | <b>Final Maturity Date</b> means the Notes Payment Date falling in September 2067;  |
|   | <b>First Optional Redemption Date</b> means the Notes Payment Date falling in September 2025;   |
|   | <b>Fitch</b> means Fitch Ratings Limited, and includes any successor to its rating business;  |
| + | <b>Fitch Minimum Counterparty Rating</b> means the minimum counterparty rating of the relevant counterparty in respect of its long-term rating and short-term issuer default rating and/or other relevant rating determined to be applicable by or acceptable to Fitch on the basis of (i) in relation to the Commingling Guarantor, the Construction Deposits Guarantor, the Issuer Account Bank and the Cash Advance Facility Provider the Fitch structured finance report, |

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|   | dated 1 August 2018, entitled “Structured Finance and Covered Bonds Counterparty Rating Criteria”, as amended, supplemented or replaced from time to time or (ii) in relation to the Back-Up Swap Counterparty, the Fitch structured finance report, dated 1 August 2018, entitled “Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum”, as amended, supplemented or replaced from time to time, to support a security with the rating assigned to the Highest Rated Supported Notes by Fitch at such time;  |
| + | <b>Floating Rate of Interest</b> has the meaning ascribed thereto in Condition 4(f) ( <i>Determination of Floating Rate of Interest and calculation of the Floating Interest Amount</i> );   |
|   | <b>Foreclosure Value</b> means the foreclosure value of the Mortgaged Asset;   |
|   | <b>Further Advance</b> means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;  |
|   | <b>Further Advance Receivable</b> means the Mortgage Receivable resulting from a Further Advance;  |
|   | <b>Global Note</b> means any Temporary Global Note or Permanent Global Note;   |
| + | <b>Highest Rated Supported Notes</b> means at any time the Class of Notes then outstanding, which has the highest rating of all Notes (other than the Class C Notes) assigned by Fitch or S&P;   |
| + | <b>Index</b> means the index of increases or decreases, as the case may be, of house prices on the basis of most recent Index Data available to the Seller on (i) the Initial Cut-Off Date in respect of Mortgage Receivables under or in connection with Mortgage Loans to be purchased on the Closing Date and (ii) the relevant Additional Cut-Off Date in respect of Mortgage Receivables under or in connection with Mortgage Loans to be purchased on any Notes Payment Date;  |
| + | <b>Index Data</b> means data from any of (i) the Land Registry ( <a href="http://www.cbs.nl">www.cbs.nl</a> ), (ii) an automated valuator and (iii) another generally accepted market participant;   |
|   | <b>Indexed Foreclosure Value</b> means the value of the Mortgaged Asset calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartments prices), as provided by the NVM for the province where the Mortgaged Asset is located;  |
| + | <b>Indexed Market Value</b> means in relation to any Mortgage Receivable secured by any Mortgaged Asset, at any date (a) if the Original Market Value of such Mortgaged Asset is equal to or greater than the Price Indexed Value as at such date, the Price Indexed Value or (b) if the Original Market Value of such Mortgaged Asset is less than the Price Indexed Value as at such date, the sum of (i) the Original Market Value and (ii) 100 per cent. (or, if a different percentage is required or sufficient from time to time for the Notes to comply with Article 243(2) of the CRR-Securitisation Amendment and the Seller wishes to apply such different percentage, then such different percentage) of the positive difference between the Price Indexed Value and the |

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|   | Original Market Value;   |
|   | <b>Initial Bank Savings Participation</b> means, in respect of each Bank Savings Mortgage Receivable, the sum of the amounts scheduled to be received up to and including 1 December 2018 or, as the case may be, the last day of the calendar month immediately preceding the relevant Notes Payment Date, by the Bank Savings Account Bank from the relevant Borrower as Bank Savings Deposits and accrued interest thereon;   |
| + | <b>Initial Cut-Off Date</b> means 1 December 2018;   |
|   | <b>Initial Insurance Savings Participation</b> means, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, the sum of the amounts scheduled to be received up to and including 1 December 2018 or, as the case may be, the last day of the calendar month immediately preceding the relevant Notes Payment Date, by the relevant Insurance Company from the relevant Borrower as Savings Premiums under the Savings Insurance Policy or Savings Investment Insurance Policy and accrued interest thereon; |
|   | <b>Initial Purchase Price</b> means, in respect of any Mortgage Receivable, its Outstanding Principal Balance on (i) the Initial Cut-Off Date or (ii) in case of a Replacement Receivable, a New Mortgage Receivable and a Further Advance Receivable, the relevant Additional Cut-Off Date;   |
| + | <b>Initial Purchase Price Amount</b> means, on any Notes Calculation Date immediately preceding the relevant Notes Payment Date, the amount of the Available Principal Funds to be applied on such Notes Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amount, of any Replacement Receivables and/or, up to the New Mortgage Receivables Available Amount, of any New Mortgage Receivables;   |
|   | <b>Initial Savings Participation</b> means an Initial Bank Savings Participation and/or an Initial Insurance Savings Participation;  |
| + | <b>Insolvency Event</b> means any of the following proceedings being imposed on a company: <ul style="list-style-type: none"> <li>(a) a (<i>preliminary</i>) suspension of payments (<i>(voorlopige) surseance van betaling</i>);</li> <li>(b) bankruptcy (<i>faillissement</i>); and</li> <li>(c) special measures (<i>bijzondere voorzieningen</i>) within the meaning of chapter 3 of the Act on the financial supervision (<i>Wet op het financieel toezicht</i>);</li> </ul>  |
|   | <b>Insurance Company</b> means any insurance company established in the Netherlands;   |
|   | <b>Insurance Policy</b> means a Life Insurance Policy, Risk Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy;   |

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|  | <p><b>Insurance Savings Participant</b> means any of (i) ASR Levensverzekering N.V. with respect to Savings Mortgage Loans to which a Savings Insurance Policy of ASR Levensverzekering N.V. is connected and (ii) Obvion with respect to Switch Mortgage Loans and Savings Mortgage Loans to which a Savings Investment Insurance Policy or Savings Insurance Policy of Interpolis is connected;</p>  |
|  | <p><b>Insurance Savings Participation</b> means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the sum of (i) the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable and (ii) the Insurance Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, whereby the sum of (i) and (ii) does not exceed the Outstanding Principal Balance of such Savings Mortgage Receivable or Switch Mortgage Receivable;</p>   |
|  | <p><b>Insurance Savings Participation Agreement</b> means the relevant insurance savings participation agreement between the Issuer and each Insurance Savings Participant and the Security Trustee dated the Signing Date;</p>  |
|  | <p><b>Insurance Savings Participation Increase</b> means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:</p> $P = \frac{(P \times I) + S}{\text{Participation Fraction}}$ <p>whereby:</p> <p>P = the amount received by the Issuer pursuant to the relevant Insurance Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable or the relevant Switch Mortgage Receivable from the Insurance Savings Participant; and</p> <p>I = the amount of interest due by the Borrower on the relevant Savings Mortgage Receivable or the relevant Switch Mortgage Receivable and scheduled to be received by the Issuer in respect of such Mortgage Calculation Period;</p> |
|  | <p><b>Insurance Savings Participation Redemption Available Amount</b> has the meaning ascribed thereto in section 7.6 (<i>Sub-participation</i>) of this Prospectus;</p>   |
|  | <p><b>Interest Determination Date</b> means the day that is 2 Business Days preceding the first day of each Interest Period;</p>   |
|  | <p><b>Interest Period</b> means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in March 2019 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;</p>   |
|  | <p><b>Interest Rate</b> means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 (<i>Interest</i>);</p>  |

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|   | <b>Interest-only Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;  |
|   | <b>Interest-only Mortgage Receivable</b> means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;   |
| + | <b>Interpolis</b> means N.V. Interpolis BTL, merged into Achmea Pensioen- en Levensverzekeringen N.V.;  |
|   | <b>Investment Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account; |
|   | <b>Investment Mortgage Receivable</b> means the Mortgage Receivable resulting from an Investment Mortgage Loan;   |
|   | <b>Investor Report</b> means any of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;  |
|   | <b>ISDA</b> means the International Swaps and Derivatives Association, Inc.;  |
| + | <b>iSHS</b> means the International Stater Hypotheek System;  |
|   | <b>Issue Price</b> means 100 per cent. of the nominal amount of each Note (other than the Class A Notes) and 100.749 per cent. of the nominal amount of each Class A Note;  |
|   | <b>Issuer</b> means STRONG 2018 B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and established in Amsterdam, the Netherlands;                |
|   | <b>Issuer Account Agreement</b> means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;   |
|   | <b>Issuer Account Bank</b> means Rabobank;  |
|   | <b>Issuer Accounts</b> means any of the Issuer Collection Account, the Reserve Account, the Cash Advance Facility Stand-by Drawing Account and the Pre-Funding Account;   |
|   | <b>Issuer Accounts Pledge Agreement</b> means the issuer accounts pledge agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;   |
|   | <b>Issuer Administrator</b> means Intertrust Administrative Services B.V.;  |
|   | <b>Issuer Collection Account</b> means the bank account of the Issuer designated as such in the   |



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|     | Issuer Account Agreement;   |
|     | <b>Issuer Director</b> means Intertrust Management B.V.;  |
|     | <b>Issuer Management Agreement</b> means the issuer management agreement between the Issuer, the Issuer Director and the Security Trustee dated the Signing Date;   |
|     | <b>Issuer Mortgage Receivables Pledge Agreement</b> means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;   |
|     | <b>Issuer Rights</b> means any and all rights of the Issuer under and in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Swap Agreement, (iv) the Conditional Deed of Novation, (v) the Cash Advance Facility Agreement, (vi) the Participation Agreements, (vii) the Beneficiary Waiver Agreement, (viii) the Commingling Guarantee and (ix) the Construction Deposits Guarantee; |
|     | <b>Issuer Rights Pledge Agreement</b> means the issuer rights pledge agreement between, amongst others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;   |
| N/A | <b>Issuer Transaction Account</b> ;   |
|     | <b>Land Registry</b> means the Dutch land registry ( <i>het Kadaster</i> );   |
| +   | <b>LCR Delegated Regulation</b> means Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions;   |
|     | <b>Life Insurance Policy</b> means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;  |
|     | <b>Life Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;  |
|     | <b>Life Mortgage Receivable</b> means the Mortgage Receivable resulting from a Life Mortgage Loan;  |
|     | <b>Linear Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;  |

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| N/A | <b>Linear Mortgage Receivable;</b>   |
| +   | <b>Liquidity Coverage Ratio</b> means a ratio of a credit institution's buffer of 'liquid assets' to its 'net liquidity outflows' over a 30 calendar day stress period;  |
|     | <b>Listing Agent</b> means Rabobank;   |
|     | <b>Loan Parts</b> means one or more of the loan parts ( <i>leningdelen</i> ) of which a mortgage loan consists;  |
| +   | <b>Loan to Income Ratio</b> means the Net Outstanding Principal Balance on such date divided by the sum of the income of the relevant Borrowers;   |
|     | <b>Local Business Day</b> has the meaning ascribed thereto in Condition 5(c) ( <i>Payment</i> );   |
|     | <b>Management Agreement</b> means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;   |
|     | <b>Manager</b> means Rabobank;   |
|     | <b>Market Value</b> means (i) the market value ( <i>marktwaaarde</i> ) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus, as applicable, the purchase price of the relevant building lot, in each case as adjusted by the Seller from time to time; |
|     | <b>Master Definitions Agreement</b> means the master definitions and common terms agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;   |
|     | <b>Moody's</b> means Moody's Investors Service Ltd., and includes any successor to its rating business;  |
|     | <b>Mortgage</b> means a mortgage right ( <i>hypotheekrecht</i> ) securing the relevant Mortgage Receivables;   |
|     | <b>Mortgage Calculation Date</b> means, in respect of a Mortgage Collection Payment Date, the third Business Day prior to such Mortgage Collection Payment Date;   |
|     | <b>Mortgage Calculation Period</b> means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Initial   |

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|     | Cut-Off Date and ends on (and includes) the last day of December 2018;  |
|     | <b>Mortgage Collection Payment Date</b> means the tenth Business Day of each calendar month;  |
|     | <b>Mortgage Conditions</b> means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;   |
| +   | <b>Mortgage Credit Directive</b> means Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010;  |
| +   | <b>Mortgage Directive Implementation Act</b> means the Dutch Act of 23 March 2016 amending, <i>inter alia</i> , the Wft and the Dutch Civil Code to implement the Mortgage Directive;   |
|     | <b>Mortgage Loan Criteria</b> means the criteria relating to the Mortgage Loans set forth as such in section 7.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;  |
| N/A | <b>Mortgage Loan Services;</b>  |
|     | <b>Mortgage Loans</b> means the mortgage loans granted by the Seller to the relevant borrowers which may consist of one or more Loan Parts as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any Replacement Receivables, New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Replacement Mortgage Loans, New Mortgage Loans and/or Further Advances, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer; |
|     | <b>Mortgage Receivable</b> means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;  |
|     | <b>Mortgage Receivables Purchase Agreement</b> means the mortgage receivables purchase agreement between the Seller, the Issuer and the Security Trustee dated the Signing Date;  |
|     | <b>Mortgaged Asset</b> means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ) or (iii) a long lease ( <i>erfpachtsrecht</i> ) situated in the Netherlands on which a Mortgage is vested;  |

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|   | <b>Most Senior Class of Notes</b> means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes;   |
|   | <b>Net Foreclosure Proceeds</b> means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable; |
| + | <b>Net Outstanding Principal Balance</b> means, in relation to a Mortgage Receivable, at any moment in time, the Outstanding Principal Balance of such Mortgage Receivable less, if it is a Savings Mortgage Receivable, Switch Mortgage Receivables or a Bank Savings Mortgage Receivable, an amount equal to the Participation in respect of such Savings Mortgage Receivable, Switch Mortgage Receivables or Bank Savings Mortgage Receivable;   |
| + | <b>Net Stable Funding Ratio</b> means a ratio of a credit institution's amount of available stable funding to its amount of required stable funding over a one-year horizon;  |
| + | <b>New Mortgage Loan</b> means a mortgage loan granted by the Seller to the relevant borrower, which may consist of one or more Loan Parts as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;  |
| + | <b>New Mortgage Receivable</b> means the Mortgage Receivable resulting from a New Mortgage Loan;  |
| + | <b>New Mortgage Receivables Available Amount</b> means on any Notes Payment Date falling prior to the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Payment Date less the amounts applied towards payment of the purchase price for (i) the Further Advance Receivables (if any) and/or (ii) Replacement Receivables (if any) to be purchased by the Issuer on such Notes Payment Date.   |
|   | <b>NHG Conditions</b> means the terms and conditions ( <i>voorwaarden en normen</i> ) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;  |
|   | <b>NHG Guarantee</b> means a guarantee ( <i>borgtocht</i> ) under the NHG Conditions granted by Stichting WEW;  |
|   | <b>Non-Public Lender</b> means (i) until the competent authority publishes its interpretation of the term "public" (as referred to in article 4.1(1) of the CRR), an entity or natural person that is or qualifies as a professional market party ( <i>professionele marktpartij</i> ) as defined in the applicable law of the Netherlands, or (ii) following publication by the competent authority of its   |

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|   | interpretation of the term "public" (as referred to in article 4.1(1) of the CRR), such person which is not considered to be part of the public;   |
|   | <b>Noteholders</b> means the persons who for the time being are the holders of the Notes;  |
|   | <b>Notes</b> means the Class A Notes, the Class B Notes and the Class C Notes;   |
|   | <b>Notes and Cash Report</b> means the report which will be published quarterly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;   |
|   | <b>Notes Calculation Date</b> means, in respect of a Notes Payment Date, the 3 <sup>rd</sup> Business Day prior to such Notes Payment Date;  |
|   | <b>Notes Calculation Period</b> means, in respect of a Notes Calculation Date, the 3 successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Initial Cut-Off Date and ends on and includes the last day of February 2019; |
|   | <b>Notes Payment Date</b> means the 22 <sup>nd</sup> day of March, June, September and December of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;   |
|   | <b>NVM</b> means the Dutch Association of Real Estate Brokers and Immovable Property Experts ( <i>Nederlandse Vereniging van Makelaars en vastgoeddeskundigen</i> );   |
| + | <b>Obvion</b> means Obvion N.V.;   |
| + | <b>Obvion Portal</b> means the internet site of Obvion, where intermediaries could obtain all consumer brochures of the Obvion products as well as an extensive manual outlining Obvion's underwriting criteria, conditions and application forms;   |
|   | <b>Optional Redemption Date</b> means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;  |
| * | <b>Original Foreclosure Value</b> means the Foreclosure Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan, as adjusted by the Seller from time to time;   |
|   | <b>Original Loan to Original Foreclosure Value Ratio</b> means the ratio calculated by dividing the original principal amount of a Mortgage Receivable at the moment of origination by the Original Foreclosure Value of the Mortgaged Asset;  |

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| +   | <b>Original Loan to Original Market Value Ratio</b> means the ratio calculated by dividing the original principal amount of a Mortgage Receivable at the moment of origination by the Original Market Value of the Mortgaged Asset;  |
| *   | <b>Original Market Value</b> means the Market Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan, as adjusted by the Seller from time to time;   |
| N/A | <b>Other Claim;</b>  |
| +   | <p><b>Outstanding Principal Balance</b> means, in relation to a Mortgage Receivable, at any moment in time, an amount equal to:</p> <ul style="list-style-type: none"> <li>(i) with respect to any Mortgage Receivable, the aggregate principal balance of such Mortgage Receivable; or</li> <li>(ii) with respect to a Mortgage Receivable in respect of which a Realised Loss has occurred, zero;</li> </ul>   |
|     | <b>Parallel Debt</b> has the meaning ascribed thereto in section 4.7 ( <i>Security</i> ) of this Prospectus;   |
|     | <b>Participant</b> means the Bank Savings Participant or any of the Insurance Savings Participants;  |
|     | <b>Participation</b> means, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;   |
|     | <b>Participation Agreement</b> means any of the Bank Savings Participation Agreement or the Insurance Savings Participation Agreements;  |
|     | <b>Participation Fraction</b> means in respect of each Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Balance of such Savings Mortgage Receivable, Switch Mortgage Receivable or Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period; |
|     | <b>Participation Redemption Available Amount</b> means any of the Bank Participation Redemption Available Amount and the Insurance Savings Redemption Available Amount;  |
|     | <b>Paying Agency Agreement</b> means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent, and the Security Trustee dated the Signing Date;   |
|     | <b>Paying Agent</b> means Deutsche Bank AG, London Branch;   |

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|   | <b>PCS</b> means Prime Collateralised Securities (PCS) UK Limited;  |
|   | <b>Permanent Global Note</b> means a permanent global note in respect of a Class of Notes;  |
| * | <b>Pledge Agreements</b> means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement;   |
|   | <b>Pledge Notification Event</b> means any of the events specified in clause 7 of the Issuer Mortgage Receivables Pledge Agreement;   |
|   | <b>Portfolio and Performance Report</b> means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;   |
| + | <p><b>Portfolio Trigger Event</b> means, in respect of a Notes Payment Date, the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>(a) there is a balance standing to the debit on any of the Principal Deficiency Ledgers;</li> <li>(b) the Realised Loss Ratio exceeds 0.25%;</li> <li>(c) the Delinquency Ratio calculated in relation to a Notes Payment Date exceeds 1.50%; and</li> <li>(d) the Additional Purchase Criteria are no longer being complied with,</li> </ul> <p>each as calculated on the Notes Calculation Date immediately preceding such Notes Payment Date;</p> |
|   | <b>Post-Enforcement Priority of Payments</b> means the priority of payments set out as such in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;  |
| + | <b>Pre-Funding Account</b> means the account that the Issuer shall maintain with the Issuer Account Bank to which on the Closing Date an amount will be credited equal to the proceeds of the Notes (other than the Class C Notes) minus (i) the amount which is to be applied towards payment of part of the Initial Purchase Price for the Mortgage Receivables purported to be sold and assigned to the Issuer at the Closing Date and (ii) the initial swap payment to be paid to the Swap Counterparty in connection with the Swap Agreement.  |
| + | <b>Pre-Funding Initial Purchase Price Amount</b> means, on any Notes Calculation Date during the Pre-Funding Period, the lower of (i) an amount equal to the Initial Purchase Price of any New Mortgage Receivables calculated on such Notes Calculation Date and (ii) the amount standing to the credit of the Pre-Funding Account.  |
| + | <b>Pre-Funding Period</b> means the period as from the Closing Date up to and including the Notes Payment Date falling in March 2019.   |

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|   | <b>Prepayment Penalties</b> means any prepayment penalties ( <i>boeterente</i> ) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;  |
| + | <b>Price Indexed Value</b> means in respect of any Mortgaged Asset, at any date, the Original Market Value of such Mortgaged Asset increased or decreased by the increase or decrease in the Index since the date of the Original Market Value;   |
| + | <b>PRIIPs Delegated Regulation</b> means Commission Delegated Regulation (EU) 2017/653 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents; |
| + | <b>PRIIPs Regulation</b> means Regulation (EU) No 1286/2014 of the European Parliament and the Council of 26 November 2014 on Key Information Documents for packaged retail and insurance-based investment products;  |
|   | <b>Principal Amount Outstanding</b> has the meaning ascribed thereto in Condition 6 ( <i>Redemption</i> );  |
|   | <b>Principal Deficiency</b> means the debit balance, if any, of the relevant Principal Deficiency Ledger;   |
|   | <b>Principal Deficiency Ledger</b> means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;   |
| + | <b>Principal Obligations</b> has the meaning ascribed thereto in section 4.7 ( <i>Security</i> ) of this Prospectus;  |
|   | <b>Principal Shortfall</b> means, with respect to any Notes Payment Date, an amount equal to (i) the balance of the Principal Deficiency Ledger of the relevant Class of Notes divided by (ii) the number of Notes of the relevant Class of Notes on such Notes Payment Date;   |
|   | <b>Priority of Payments</b> means any of the Revenue Priority of Payments, Redemption Priority of Payments and the Post-Enforcement Priority of Payments;   |
| + | <b>Profit</b> has the meaning ascribed thereto in section 5.1 ( <i>Available funds</i> ) of this Prospectus;  |
|   | <b>Prospectus</b> means this prospectus dated 14 December 2018 relating to the issue of the Notes;  |



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|   | <b>Prospectus Directive</b> means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;  |
| + | <b>Qualified Investors</b> means a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive;  |
| + | <b>RA</b> means the competent resolution authority under the BRRD Implementation Act, the SRM Regulation and the BRRD respectively;   |
| + | <b>Rabobank</b> means Coöperatieve Rabobank U.A.;   |
|   | <b>Realised Loss</b> means, on any Notes Calculation Date, the sum of (a) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables, on which the Seller, the Issuer or the Security Trustee (or the Servicer on their behalf) has foreclosed and has received the proceeds (including for the avoidance of doubt the proceeds of any NHG Guarantee) in the Notes Calculation Period immediately preceding such Notes Calculation Date less the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Balance of such Mortgage Receivables, (b) with respect to Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed in the Notes Calculation Period immediately preceding such Notes Calculation Date, the amount of the aggregate Net Outstanding Principal Balance of all such Mortgage Receivables, less the purchase price received, or to be received on the immediately succeeding Notes Payment Date, in respect of such Mortgage Receivables to the extent relating to principal and (c) with respect to Mortgage Receivables which have been extinguished ( <i>teniet gegaan</i> ), in part or in full, in the Notes Calculation Period immediately preceding such Notes Calculation Date as a result of a set-off right having been invoked by the relevant Borrower or the Seller, as the case may be, the positive difference, if any, between the amount by which the Mortgage Receivables have been extinguished ( <i>teniet gegaan</i> ) and the amount received from the Seller during the Notes Calculation Period immediately preceding such Notes Calculation Date pursuant to the Mortgage Receivables Purchase Agreement in connection with such set-off; |
| + | <p><b>Realised Loss Ratio</b> means in relation to any Notes Calculation Date:</p> <p>(a) the aggregate Realised Losses in respect of all Notes Calculation Periods following the Closing Date as calculated on such Notes Calculation Date,</p> <p>divided by</p> <p>(b) the aggregate Net Outstanding Principal Balance of all Mortgage Receivables as calculated on the Closing Date;</p>  |
|   | <b>Redemption Amount</b> means the principal amount redeemable in respect of each Note as described in Condition 6(c) ( <i>Redemption</i> );  |

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|   | <b>Redemption Priority of Payments</b> means the priority of payments as set out in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;  |
|   | <b>Reference Agent</b> means Deutsche Bank AG, London Branch;  |
|   | <b>Regulation RR</b> means the regulations issued by the Securities and Exchange Commission pursuant to Section 15G of the Securities Exchange Act of 1934, as amended, and set forth at 17 C.F.R. Section 246;  |
|   | <b>Regulation S</b> means Regulation S under the Securities Act;   |
|   | <b>Relevant Implementation Date</b> means the date on which the Prospectus Directive is implemented in a Relevant Member State;  |
|   | <b>Relevant Member State</b> means each member state of the European Economic Area which has implemented the Prospectus Directive;   |
| + | <p><b>Remaining Pre-Funding Amount</b> means:</p> <p>(a) on any Notes Calculation Date immediately preceding the last Notes Payment Date of the Pre-Funding Period, an amount equal to (i) the amount standing to the credit of the Pre-Funding Account minus (ii) the Pre-Funding Initial Purchase Price Amount, each as calculated on such Notes Calculation Date; and</p> <p>(b) on any Notes Calculation Date other than the Notes Calculation Date immediately preceding the last Notes Payment Date of the Pre-Funding Period, zero.</p>   |
| + | <b>Replacement Available Amount</b> means, on any Notes Payment Date falling prior to the First Optional Redemption Date, an amount equal to the aggregate Outstanding Principal Balance of all Mortgage Receivables which have been repurchased by and re-assigned to the Seller during the immediately preceding Notes Calculation Period as a result of any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables having been untrue or incorrect;  |
| + | <b>Replacement Mortgage Loan</b> means a mortgage loan granted by the Seller to the relevant borrower, which may consist of one or more Loan Parts as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge and which replaces one or more Mortgage Loans of which the Mortgage Receivables have been repurchased by and re-assigned to the Seller during any Notes Calculation Period as a result of any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables having been untrue or incorrect; |
| + | <b>Replacement Receivable</b> means the Mortgage Receivable resulting from a Replacement Mortgage Loan;  |

**Requisite Credit Rating** means:

- (a) with respect to Moody's:
  - (i) in respect of the Commingling Guarantor, a rating for the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity at least (x) A1 (if such entity is not assigned a short-term rating by Moody's) or (y) A2 (if such entity is also assigned a short-term rating of at least Prime-1) by Moody's;
  - (ii) in respect of the Back-Up Swap Counterparty, a long-term counterparty risk assessment of at least (i) "A2(cr)" or (ii) "A3(cr)" (if such entity's short-term counterparty risk assessment is at least "Prime-1(cr)" ) by Moody's; and
  - (iii) in respect of the Construction Deposits Guarantor, the Issuer Account Bank and the Cash Advance Facility Provider, a rating for the short-term unsecured, unsubordinated and unguaranteed debt obligations of such entity of at least Prime-1 by Moody's,or such other rating from time to time notified by Moody's; and
- (b) with respect to Fitch, a long-term rating and short-term issuer default rating of an entity which is at least equal to the relevant Fitch Minimum Counterparty Rating to support a security with the rating assigned to the Highest Rated Supported Notes by Fitch at such time (or, in the event that any Notes (other than the Class C Notes) are downgraded by Fitch as a result of a downgrade of such entity, the rating as was assigned to the Highest Rated Supported Notes by Fitch immediately prior to such downgrade) or such other rating from time to time notified by Fitch, which Fitch Minimum Counterparty Rating at the Closing Date for (i) each of the the Back-Up Swap Counterparty, the Construction Deposits Guarantor, the Issuer Account Bank and the Cash Advance Facility Provider is (x) A with respect to the long-term rating of such entity or (y) F1 with respect to the short-term issuer default rating of such entity, and (ii) the Commingling Guarantor is (A) BBB with respect to the long-term rating of such entity or (B) F2 with respect to the short-term issuer default rating of such entity; and
- (c) with respect to S&P, a rating assigned to the long-term and/or short-term unsecured, unsubordinated and unguaranteed debt obligations of an entity which is at least equal to the relevant S&P Minimum Counterparty Rating to support a security with the rating assigned to the Highest Rated Supported Notes by S&P at such time (or, in the event that any Notes are downgraded by S&P as a result of a downgrade of such entity, the rating as was assigned to the Highest Rated Supported Notes by S&P immediately prior to such downgrade) or such other rating from time to time notified by S&P, which S&P Minimum Counterparty Rating at the Closing Date for each of the Commingling Guarantor, the Back-Up Swap Counterparty, the Construction Deposits Guarantor, the Issuer Account Bank and the Cash Advance Facility Provider is (x) A with respect to the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity (if the short-term, unsecured and unsubordinated debt obligations of such entity are

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|   | also rated at least as high as A-1 by S&P) or (y) A+ by S&P with respect to the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity (if the short-term, unsecured and unsubordinated debt obligations of such entity are not rated, or are rated below A-1 by S&P);  |
|   | <b>Reserve Account</b> means the bank account of the Issuer, designated as such in the Issuer Account Agreement;  |
|   | <b>Reserve Account Target Level</b> means on any Notes Calculation Date a level equal to EUR 8,400,000 or zero, on the Notes Calculation Date immediately preceding the Notes Payment Date on which the Notes have been or are to be redeemed in full;  |
| + | <p><b>Reserved Amount</b> means, on any Notes Calculation Date immediately preceding:</p> <p>(a) a Notes Payment Date falling prior to the Revolving Period End Date, an amount equal to the Available Principal Funds calculated on such Notes Calculation Date minus the sum of (i) the Initial Purchase Price Amount calculated on such Notes Calculation Date and (ii) the Remaining Pre-Funding Amount calculated on such Notes Calculation Date; and</p> <p>(b) a Notes Payment Date falling on or after the Revolving Period End Date, zero.</p>   |
| + | <b>Restructured Borrower</b> means any Borrower who has undergone a distressed debt-restructuring process in accordance with the Seller's internal policies in the last three years prior to (i) the Initial Cut-Off Date in respect of Mortgage Receivables that will be purchased on the Closing Date and (ii) the relevant Additional Cut-Off Date in respect of Mortgage Receivables that will be purchased on a Notes Payment Date;  |
|   | <b>Revenue Priority of Payments</b> means the priority of payments set out as such in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;   |
| + | <b>Revenue Shortfall Ledger</b> means the revenue shortfall ledger referred to in the Administration Agreement comprising sub-ledgers for each Class of Notes (other than the Class A Notes) on which any shortfall in aggregate amount of interest payable on a Class of Notes is recorded;  |
| + | <b>Revolving Period End Date</b> means the earlier of (i) the date on which an Event of Default in respect of the Issuer has occurred which is continuing, (ii) the date on which an Insolvency Event in respect of Obvion has occurred which is continuing, (iii) the date on which a Portfolio Trigger Event has occurred, (iv) the date on which the appointment of Obvion as Servicer is terminated (other than a voluntary termination by Obvion as Servicer in accordance with the terms and conditions of the Servicing Agreement), (v) the third successive Notes Payment Date on which the Reserved Amount is higher than EUR 1,000,000 and (vi) the First Optional Redemption Date; |

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|   | <b>Risk Insurance Policy</b> means the risk insurance ( <i>risicoverzekering</i> ) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;   |
| + | <b>Risk Retention U.S. Persons</b> means "U.S. persons" as defined in the U.S. Risk Retention Rules;   |
|   | <b>RMBS Standard</b> means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;   |
|   | <b>S&amp;P</b> means Standard & Poor's Credit Market Services Europe Limited, and includes any successor to its rating business;   |
| + | <b>S&amp;P Minimum Counterparty Rating</b> means the minimum counterparty rating that S&P requires the relevant counterparty to have in respect of its long-term and/or short-term unsecured, unsubordinated and unguaranteed debt obligations set out in the S&P structured finance report, dated 25 June 2013, titled "Counterparty Risk Framework Methodology And Assumptions", as amended, supplemented or replaced from time to time to support a security with the rating assigned to the Highest Rated Supported Notes by S&P at such time; |
|   | <b>Savings Insurance Company</b> means any of ASR Levensverzekering N.V. and Interpolis;   |
|   | <b>Savings Insurance Policy</b> means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;   |
|   | <b>Savings Investment Insurance Policy</b> means an insurance policy taken out by any Borrower, in connection with a Switch Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;   |
|   | <b>Savings Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company;  |
|   | <b>Savings Mortgage Receivable</b> means the Mortgage Receivable resulting from a Savings Mortgage Loan;   |
|   | <b>Savings Premium</b> means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the relevant Savings Insurance Company on the basis of the Savings Insurance Policy or the Savings Investment Insurance Policy;  |
|   | <b>Secured Creditors</b> means Rabobank as initial Noteholder, the Directors, the Servicer, the Issuer Administrator, the Paying Agent, the Reference Agent, the Participants, the Cash Advance Facility Provider, the Swap Counterparty, the Back-Up Swap Counterparty, the   |

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|   | Noteholders and the Seller;  |
|   | <b>Secured Creditors Agreement</b> means the secured creditors agreement between the Security Trustee, the Secured Creditors and the Issuer dated the Signing Date;  |
|   | <b>Securities Act</b> means the United States Securities Act of 1933 (as amended) and the rules and regulations promulgated thereunder;  |
| + | <b>Securitisation Regulation</b> means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No 1060/2009 and (EU) No 648/2012; |
|   | <b>Security</b> means any and all security interest created pursuant to the Pledge Agreements;   |
|   | <b>Security Trustee</b> means Stichting Security Trustee STRONG 2018, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;   |
|   | <b>Security Trustee Director</b> means Amsterdamsch Trustee's Kantoor B.V.;  |
|   | <b>Security Trustee Management Agreement</b> means the security trustee management agreement between the Security Trustee, the Security Trustee Director and the Issuer dated the Signing Date;  |
| + | <b>Self-Certified Mortgage Loan</b> means a mortgage loan marketed and underwritten on the premise that the applicant and/or intermediary representing him was made aware prior to the Seller's underwriting assessment commencing that income could be self-certified.  |
|   | <b>Seller</b> means Obvion;  |
| * | <b>Seller Collection Accounts</b> means the bank accounts maintained by the Seller to which payments made by the relevant Borrowers under or in connection with the Mortgage Loans will be paid;   |
| + | <b>Seller Group</b> means the Seller together with (i) its holding company, (ii) its subsidiaries, and (iii) any other affiliated company as set out in the published accounts of any such company.  |
|   | <b>Servicer</b> means Obvion;  |
|   | <b>Servicing Agreement</b> means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;   |
| + | <b>Settlement Amount</b> has the meaning ascribed thereto in the Swap Agreement;   |

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| + | <b>SFI</b> means structured finance instrument within the meaning of Commission Delegated Regulation (EU) 2015/3 of 30 September 2014;   |
|   | <b>Shareholder</b> means Stichting Holding STRONG 2018, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;   |
|   | <b>Shareholder Director</b> means Intertrust Management B.V.;  |
|   | <b>Shareholder Management Agreement</b> means the shareholder management agreement between the Shareholder, the Shareholder Director and the Security Trustee dated the Signing Date;  |
|   | <b>Signing Date</b> means 14 December 2018 or such later date as may be agreed between the Issuer and the Manager;   |
|   | <b>Solvency II</b> means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of Insurance and Reinsurance;  |
| + | <b>SRM Regulation</b> means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010;  |
| + | <b>STS-securitisation</b> means a simple, transparent and standardised securitisation established and structured in accordance with the requirements of the Securitisation Regulation;   |
|   | <b>Stichting WEW</b> means Stichting Waarborgfonds Eigen Woningen;   |
| + | <b>Sub-MPT Provider</b> means Stater Nederland B.V. or any subsequent sub-agent of the Servicer;   |
| + | <b>Subordinated Cash Advance Facility Amount</b> means in the event a Cash Advance Facility Stand-by Drawing is made, the sum of (i) an amount equal to the positive difference between (x) the interest due and payable to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement over that part of the balance standing to the debit of the Cash Advance Facility Account which equals such Cash Advance Facility Stand-by Drawing and (y) the interest received from the Issuer Account Bank over the balance standing to the credit of the Cash Advance Facility Stand-by Drawing Account and (ii) any gross-up amounts or additional amounts due under the Cash Advance Facility and payable under (n) of the Revenue Priority of Payments; |
|   | <b>Subscription Agreement</b> means the subscription agreement relating to the Notes between the Manager, the Issuer and the Seller dated the Signing Date;  |

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|   | <b>Swap Agreement</b> means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) between the Issuer, the Swap Counterparty and the Security Trustee dated the Signing Date;  |
|   | <b>Swap Collateral</b> means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed; |
|   | <b>Swap Counterparty</b> means Obvion;  |
| + | <b>Swap Counterparty Default Payment</b> means any termination payment due or payable by the Issuer to the Swap Counterparty as a result of the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (each as defined in the Swap Agreement) relating to the credit rating of the Back-Up Swap Counterparty;         |
| + | <b>Switch Investment Fund</b> means a certain investment fund selected by the Borrower in relation to a Switch Mortgage Loan;   |
|   | <b>Switch Mortgage Loan</b> means any Mortgage Loan or part thereof that is in the form of a switch mortgage loan offered by the Seller, under which loan the Borrower does not pay principal towards redemption of the Outstanding Principal Balance prior to the maturity but instead takes out a Savings Investment Insurance Policy;  |
|   | <b>Switch Mortgage Receivable</b> means a Mortgage Receivable resulting from a Switch Mortgage Loan;  |
| + | <b>Switch Savings Account</b> means an account held in the name of Interpolis with the Seller in relation to Switch Mortgage Loans;   |
| + | <b>Switched Savings Participation</b> means, with respect to each Mortgage Collection Payment Date, amounts switched under the Savings Investment Insurance Policies from investments in one or more Switch Investment Funds into investments being made in the form of a deposit into the Switch Savings Account during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date;       |
|   | <b>TARGET 2</b> means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;  |
|   | <b>TARGET 2 Settlement Day</b> means any day on which TARGET 2 is open for the settlement of payments in euro;  |



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| + | <b>Tax Call Option</b> means the option of the Issuer, to redeem all (but not only some) of the Notes, in accordance with Condition 6(h) ( <i>Redemption for tax reasons</i> );  |
|   | <b>Temporary Global Note</b> means a temporary global note in respect of a Class of Notes;   |
|   | <b>Trade Register</b> means the trade register ( <i>Handelsregister</i> ) of the Chamber of Commerce in the Netherlands;   |
|   | <b>Transaction Documents</b> means (i) the Mortgage Receivables Purchase Agreement, (ii) each Deed of Assignment and Pledge, (iii) the Servicing Agreement, (iv) the Issuer Mortgage Receivables Pledge Agreement, (v) the Issuer Accounts Pledge Agreement, (vi) the Issuer Rights Pledge Agreement, (vii) the Trust Deed, (viii) the Subscription Agreement, (ix) the Paying Agency Agreement, (x) the Issuer Account Agreement, (xi) the Conditional Deed of Novation, (xii) the Swap Agreement, (xiii) the Participation Agreements, (xiv) the Beneficiary Waiver Agreement, (xv) the Management Agreements, (xvi) the Administration Agreement, (xvii) the Secured Creditors Agreement, (xviii) the Master Definitions Agreement, (xix) the Cash Advance Facility Agreement, (xx) the Commingling Guarantee, (xxi) the Construction Deposits Guarantee and (xxii) the Notes and any further documents relating to the transaction envisaged in the above mentioned documents; |
|   | <b>Trust Deed</b> means the trust deed between, amongst others, the Issuer and the Security Trustee dated the Signing Date;  |
| + | <b>UCITS</b> means undertakings for the collective investment in transferrable securities;   |
| + | <b>UCITS Directive</b> means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as lastly amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions;  |
| + | <b>U.S. Risk Retention Rules</b> means Regulation RR implementing the risk retention requirements of the U.S. Securities Exchange Act of 1934, as amended;   |
|   | <b>Wft</b> means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and its subordinate and implementing decrees and regulations as amended from time to time;  |
|   | <b>Wge</b> means Dutch Securities Giro Transfer Act ( <i>Wet giraal effectenverkeer</i> );   |
|   | <b>WOZ</b> means the Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ) as amended from time to time; and  |

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| + | <b>Written Resolution</b> has the meaning ascribed thereto in Condition 14 ( <i>Meetings of Noteholders; Modification; Consents; Waiver; Removal Director</i> ). |
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## 9.2 Interpretation

**9.2.1** The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed thereto under applicable law.

**9.2.2** Any reference in this Prospectus to:

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes or the Class C Notes, as applicable;

a "**Class A**", "**Class B**" or "**Class C**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Revenue Shortfall Ledger or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, Revenue Shortfall Ledger or a Redemption Amount pertaining to, as applicable, the relevant Class of Notes;

a "**Code**" shall be construed as a reference to such code as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

"**€**", "**EUR**" and "**euro**" shall be construed as a reference 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);

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" or "**directive**" or "**regulation**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, by-law, order, any regulatory technical standards and any implementing technical standards, official statement of practice or guidance or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, by-law, order, any regulatory technical standards and any implementing technical standards, official statement of practice or guidance or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments ((*voorlopige*) *surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of *hoofdsom* or, if the context so requires, *pro resto hoofdsom* and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or otherwise replaced such party (by way of novation or otherwise), under or in connection with a Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and any subsequent successors in accordance with their respective interests.

**9.2.3** In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

**9.2.4** Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

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**SERVICER**

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**SECURITY TRUSTEE**

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**PAYING AGENT**

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United Kingdom

**REFERENCE AGENT**

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United Kingdom

**COMMON SAFEKEEPER**

*In respect of the Class A Notes*

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Luxembourg

*In respect of the Notes (other than the Class A Notes)*

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