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**PROSPECTUS DATED 17 JUNE 2016**

**ARENA NHG 2016-I B.V.**

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

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
<b>Principal Amount</b>	€142,800,000	€257,200,000	€100,000,000	€113,400,000	€9,200,000
<b>Issue Price</b>	100%	100%	100%	100%	100%
<b>Interest rate until First Optional Redemption Date</b>	Three-month EURIBOR + 0.240% per annum, with a minimum of 0 per cent. per annum.	Three-month EURIBOR + 0.330% per annum, with a minimum of 0 per cent. per annum.	0.273% per annum	0.00%	0.00%
<b>Interest rate after First Optional Redemption Date</b>	One-month EURIBOR up to a maximum rate of 5 per cent. per annum (the <b>EURIBOR Agreed Rate</b> ) + 0.240% per annum, with a minimum of 0 per cent. per annum.	One-month EURIBOR up to the EURIBOR Agreed Rate + 0.330% per annum, with a minimum of 0 per cent. per annum.	One-month EURIBOR up to the EURIBOR Agreed Rate + 0.430% per annum, with a minimum of 0 per cent. per annum.	0.00%	0.00%
<b>Class A Excess Consideration after First Optional Redemption Date</b>	<p>On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments or the Redemption Priority of Payments, on a <i>pro rata</i> and <i>pari passu</i> basis and in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time, be entitled to a step-up consideration equal to in respect of each Sub-Class of Class A Note the relevant Principal Amount Outstanding of such Sub-Class of Class A Note multiplied by the applicable margin set out below (the <b>Class A Step-up Consideration</b>). Furthermore, if one-month EURIBOR exceeds the EURIBOR Agreed Rate, on each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments or the Redemption Priority of Payments, on a <i>pro rata</i> and <i>pari passu</i> basis and in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time, be entitled to an amount equal to in respect of each Sub-Class of Class A Note the relevant Principal Amount Outstanding of such Sub-Class of Class A Note multiplied by the relevant one-month EURIBOR rate to the extent it exceeds the EURIBOR Agreed Rate (the <b>EURIBOR Excess Consideration</b>). The Class A Step-up Consideration and the EURIBOR Excess Consideration are together referred to as the <b>Class A Excess Consideration</b>.</p> <p>The Class A Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make 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 and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount.</p>				
<b>Class A Step-up Consideration</b>	0.240% per annum	0.330% per annum	0.430% per annum		
<b>Class A Additional Amounts after First Optional Redemption Date</b>	<p>On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the respective Principal Amounts Outstanding thereof and until such Class A Notes have been fully redeemed, be entitled to the Available Revenue Funds less any amount drawn under the Reserve Account pursuant to item (vii) of the Revenue Available Amount, remaining after amounts payable under the items (a) to (i) (inclusive) of the Post-First Optional Redemption Date Revenue Priority of Payments have been fully satisfied on such Notes Payment Date (the <b>Class A Additional Amounts</b>).</p> <p>The Class A Additional Amounts will be paid on a <i>pro rata</i> and <i>pari passu</i> basis in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments (the <b>Class A Additional Amount Payments</b>).</p>				
<b>Rating (Fitch, Moody's)</b>	AAAsf/Aaa(sf)	AAAsf/Aaa(sf)	AAAsf/Aaa(sf)	Not Rated	Not Rated
<b>First Optional Redemption Date</b>	June 2021	June 2021	June 2021	June 2021	Not Applicable
<b>Final Maturity</b>	June 2048	June 2048	June 2048	June 2048	June 2048

Date					
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<b>Seller</b>	Delta Lloyd Bank N.V. ( <b>Delta Lloyd Bank</b> ). Delta Lloyd Bank is a wholly owned subsidiary of Delta Lloyd N.V.
<b>Originator</b>	Amstelhuys N.V. ( <b>Amstelhuys</b> ). Amstelhuys is a wholly owned subsidiary of Delta Lloyd N.V.
<b>Closing Date</b>	The Issuer will issue the Notes in the Classes set out above on the Closing Date.
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest received from a portfolio solely comprising of mortgage loans with the benefit of an NHG Guarantee originated by the Originator and secured over residential properties located in the Netherlands. The Originator has assigned, from time to time, legal title of the Mortgage Receivables to the Seller prior to the Closing Date. Legal title of the Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date. See section 6.2 ( <i>Description of Mortgage Loans</i> ) for more details.
<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 € 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 Class A Notes will carry the respective rates of interest as set out above, payable in arrear on each Notes Payment Date. The Class B Notes and the Class C Notes do not carry interest. See further section 4.1 ( <i>Terms and Conditions of the Notes</i> ), Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Payments of principal on the Notes will be made in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. 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 of the Notes. See further section 4.1 ( <i>Terms and Conditions of the Notes</i> ), Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale</b>	The Managers have agreed to purchase on the Closing Date, subject to certain conditions precedent being satisfied, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes. Delta Lloyd Bank has agreed to purchase on the Closing Date all of the Class B Notes and the Class C Notes.
<b>Credit Rating Agencies</b>	Each of the Credit Rating Agencies 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>	<p>Credit ratings will be assigned to the Class A Notes as set out above, on or before the Closing Date. The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest, but for the avoidance of doubt, <b>not</b> the Class A Excess Consideration and the Class A Additional Amounts, due to the Class A 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 credit ratings assigned by Moody's address the likelihood of a default on contractually promised payments, but for the avoidance of doubt, <b>not</b> the Class A Excess Consideration and the Class A Additional Amounts, and the expected financial loss suffered in the event of default. The Class B Notes and the Class C Notes are not rated. The credit ratings do not address the likelihood of payment of the Class A Excess Consideration and the Class A Additional Amounts.</p> <p><b>The assignment of credit ratings to the Class A Notes is not a recommendation to invest in the Class A Notes. Any such credit rating 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 Class A Notes.</b></p>
<b>Listing</b>	Application has been made to Euronext Amsterdam for the Class A1 Notes, the Class A2 Notes and the Class A3 Notes to be admitted to the official list and trading on its regulated market. The Class B Notes and the Class C Notes will not be listed. The Class A Notes are expected to be listed on the Closing Date. 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 Euroclear or Clearstream, Luxembourg as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon, among other things, satisfaction of the Eurosystem eligibility criteria.
<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 right to payment of the Class A Excess Consideration, the Class A Additional Amount and principal on the Class B Notes and the Class C Notes will be subordinated and may be limited as more fully described in section 4.1 ( <i>Terms and Conditions of the Notes</i> ) (see further the risk factors titled “ <i>Part of the amounts payable in respect of the Class A Notes after the First Optional Redemption Date is subordinated to certain other payments</i> ” and “ <i>Subordination</i> ” in section 2 of this Prospectus).
<b>Retention undertaking</b>	<p>The Seller has undertaken in the Notes Purchase Agreement to each of the Managers 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% in the securitisation transaction as described in this Prospectus in accordance with Section 405 of the CRR, Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation. As at the Closing Date, such material net economic interest will be held in accordance with Section 405 of the CRR, Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation and will comprise of an interest in the first loss tranche within the meaning of Section 405(1)(d) of the CRR, Section 51(1)(d) of the AIFM Regulation and Section 254(2)(d) of the Solvency II Regulation and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. The Notes Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in Section 52 (a) up to including (d) of the AIFM Regulation, Sections 408 and 409 of the CRR and Section 254 and 256 paragraph (3) sub (a) up to and including sub (c) and sub (e) of the Solvency II Regulation. Such retention requirement will be satisfied at the Closing Date by the Seller as it will be initially holding the Retained Notes which represent a (first loss) economic interest in the securitisation well in excess of the required 5%. 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 Section 405 up to and including 409 of the CRR, Section 51 and 52 of the AIFM Regulation and Section 254 and 256 of the Solvency II Regulation, which information can be obtained from the Seller upon request. The Issuer Administrator on behalf of the Issuer will prepare investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with the retention of the material net economic interest by the Seller. The investor reports can be obtained at the website of the Dutch Securitisation Association (the <b>DSA</b>): <a href="http://www.dutchsecuritisation.nl">www.dutchsecuritisation.nl</a> and at the website of the Issuer: <a href="http://www.intertrustgroup.com">www.intertrustgroup.com</a>. See section 4.4 (Regulatory and Industry Compliance) for more detail. For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), see the risk factor entitled “<i>Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes</i>”. Each prospective Noteholder should ensure that it complies with the CRR, the AIFM Regulation and the Solvency II Regulation to the extent they apply to it.</p>
<b>Volcker Rule</b>	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 regulations adopted under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the U.S. 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 all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) 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.

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

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

*Arranger:*  
**ABN AMRO**

*Manager*  
**ABN AMRO**

*Manager*  
**Rabobank**

*Manager*  
**Société Générale  
Corporate & Investment  
Banking**

## RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller and Stater Nederland B.V. (**Stater**) are responsible for the information referred to in the respective paragraphs below.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRR, AIFM Regulation and Solvency II Regulation in section 1.4 (*Notes*), 1.6 (*Portfolio Information*), 3.4 (*Seller / Originator*), 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*) and 6.5 (*NHG Guarantee Programme*) and all the confirmations and undertakings for and in respect of the retained interest and, as applicable, the making available of certain information to investors pursuant to Section 51 of the AIFM Regulation, Section 405 and Section 409 of the CRR and Section 256 of the Solvency II Regulation respectively. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

Stater is responsible solely for the information contained in section 3.5 (*Stater Nederland B.V.*) of this Prospectus and not for the information contained in any other section and consequently, Stater does not assume any liability in respect of the information contained in any other section other than section 3.5 (*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 contained in section 3.5 (*Stater Nederland B.V.*) is in accordance with the facts and does not omit anything likely to effect the import of such information. Stater accepts responsibility accordingly.

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The most recent available information from Independent Sources has been included in this Prospectus and has been identified where appropriate. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of the Group (as defined in section 3.4 (*Seller / Originator*)), as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed. The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case).

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

## CONTENTS

Clause		Page
1.	TRANSACTION OVERVIEW .....	8
1.1	Structure Diagram.....	11
1.2	Risk Factors .....	12
1.3	Principal Parties .....	13
1.4	Notes .....	15
1.5	Credit Structure.....	20
1.6	Portfolio Information .....	22
1.7	Portfolio Documentation.....	25
1.8	General.....	31
2.	RISK FACTORS .....	32
3.	PRINCIPAL PARTIES .....	66
3.1	Issuer .....	66
3.2	Shareholder .....	68
3.3	Security Trustee .....	69
3.4	Seller / Originator .....	70
3.5	Stater Nederland B.V. ....	74
3.6	Administrator .....	75
3.7	Other Parties .....	76
4.	THE NOTES .....	78
4.1	Terms and Conditions of the Notes .....	78
4.2	Form.....	97
4.3	Subscription and Sale.....	100
4.4	Regulatory and Industry Compliance .....	104
4.5	Use of Proceeds .....	106
4.6	Taxation in the Netherlands .....	107
4.7	Security .....	109
5.	CREDIT STRUCTURE .....	112
5.1	Available Funds .....	112
5.2	Priority of Payments .....	115
5.3	Loss allocation .....	121
5.4	Hedging.....	122
5.5	Liquidity Support.....	125
5.6	Issuer Transaction Accounts .....	126
5.7	Administration Agreement.....	129
6.	PORTFOLIO INFORMATION .....	130
6.1	Stratification Tables .....	130
6.2	Description of Mortgage Loans .....	139
6.3	Origination and Servicing .....	145
6.4	Dutch Residential Mortgage Market.....	149
6.5	NHG Guarantee Programme .....	153
7.	PORTFOLIO DOCUMENTATION .....	157
7.1	Purchase, Repurchase and Sale.....	157
7.2	Representations and Warranties.....	162
7.3	Mortgage Loan Criteria .....	167
7.4	Portfolio Conditions.....	169
7.5	Servicing Agreement .....	170
7.6	Sub-Participation .....	172
8.	GENERAL .....	176
9.	GLOSSARY OF DEFINED TERMS .....	179
10.	REGISTERED OFFICES.....	200

## 1. TRANSACTION OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus and the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes. If a claim relating to the information contained in this Prospectus is brought before a competent court, the plaintiff investor may, subject to the legal requirement of the relevant Member State of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability with respect to this overview will only attach to the Issuer if this overview is misleading, incorrect or inconsistent when read in such manner as indicated above.*

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (*Definitions*) of section 9 (*Glossary of Defined Terms*) set out in this Prospectus.

The principles of interpretation set out in paragraph 2 (*Interpretation*) of section 9 (*Glossary of Defined Terms*) in this Prospectus shall apply to this Prospectus.

### *Incorporation by reference*

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated by reference herein (see section 8 (*General*) below). This Prospectus shall be read and construed on the basis that such document is incorporated in, and forms part of, this Prospectus.

### **Important information**

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE AFM, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN CERTAIN TRANSACTIONS PERMITTED BY U.S. TAX REGULATIONS AND REGULATION S UNDER THE SECURITIES ACT (SEE SECTION 4.3 (*SUBSCRIPTION AND SALE*)). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING ON ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

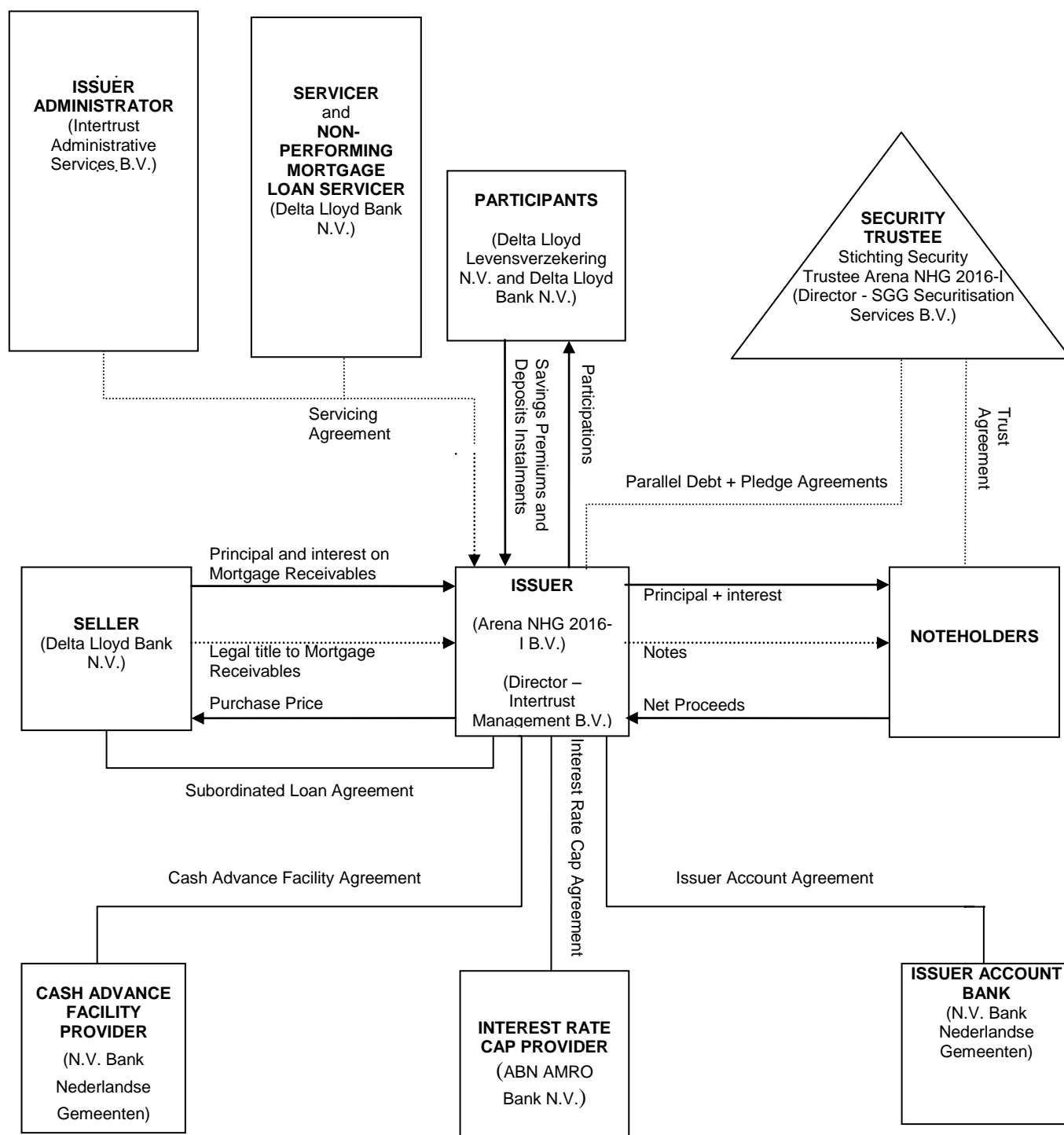
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FORECASTS AND ESTIMATES IN THIS PROSPECTUS ARE FORWARD LOOKING STATEMENTS. SUCH PROJECTIONS ARE SPECULATIVE IN NATURE AND IT CAN BE EXPECTED THAT SOME OR ALL OF THE ASSUMPTIONS UNDERLYING THE PROJECTIONS WILL NOT PROVE TO BE CORRECT OR WILL VARY FROM ACTUAL RESULTS. CONSEQUENTLY, THE ACTUAL RESULT MIGHT DIFFER FROM THE PROJECTIONS AND SUCH DIFFERENCES MIGHT BE SIGNIFICANT.

## 1.1 Structure Diagram

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



## 1.2 Risk Factors

There are certain factors which prospective Noteholders should take into account and which could affect the ability of the Issuer to fulfil its obligations under the Notes. These risk factors relate to, *inter alia*, the Notes. One of these risk factors concerns the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities and mitigants, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see section 2 (*Risk Factors*)).

### 1.3 Principal Parties

<b>Issuer</b>		Arena NHG 2016-I B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands.
<b>Shareholder</b>		Stichting Holding Arena NHG 2016-I, organised under the laws of the Netherlands as a foundation ( <i>stichting</i> ) and established in Amsterdam, the Netherlands.
<b>Security Trustee</b>		Stichting Security Trustee Arena NHG 2016-I, organised under the laws of the Netherlands as a foundation ( <i>stichting</i> ) and established in Amsterdam, the Netherlands.
<b>Seller</b>		Delta Lloyd Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ). Delta Lloyd Bank N.V. is a wholly owned subsidiary of Delta Lloyd N.V.
<b>Originator</b>		Amstelhuys N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ). Amstelhuys N.V. is a wholly owned subsidiary of Delta Lloyd N.V.
<b>Servicer</b>		Delta Lloyd Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ). The Servicer will delegate certain of the services to Stater Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), as its Sub-MPT Provider to provide certain services.
<b>Non-performing Loan Servicer</b>	<b>Mortgage</b>	Delta Lloyd Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Issuer Administrator</b>		Intertrust Administrative Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands.
<b>Cash Advance Provider</b>	<b>Facility</b>	N.V. Bank Nederlandse Gemeenten, incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Interest Rate Cap Provider</b>		ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Issuer Account Bank</b>		N.V. Bank Nederlandse Gemeenten, incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Directors</b>		Intertrust Management B.V., the sole director of the Issuer and of the Shareholder and SGG Securitisation Services B.V., the sole director of the Security Trustee, both incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the

Netherlands.

<b>Principal Paying Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Paying Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Reference Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Listing Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Common Service Provider</b>	Bank of America National Association, London Branch, a national banking association organised and existing under the laws of the United States of America, acting through its London branch.
<b>Common Safekeeper</b>	Euroclear in respect of the Class A Notes and Bank of America National Association, London Branch in respect of the Class B Notes and the Class C Notes.
<b>Savings Insurance Company</b>	Delta Lloyd Levensverzekering N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Bank Savings Participant</b>	Delta Lloyd Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Subordinated Loan Provider</b>	Delta Lloyd Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).

## 1.4 Notes

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
<b>Principal Amount at Closing</b>	€142,800,000	€257,200,000	€100,000,000	€113,400,000	€9,200,000
<b>Subordinated to:</b>	N/A	N/A	N/A	the Class A Notes	The Class A and Class B Notes
<b>Issue Price</b>	100%	100%	100%	100%	100%
<b>Rating (Fitch, Moody's)</b>	AAAsf/Aaa(sf)	AAAsf/Aaa(sf)	AAAsf/Aaa(sf)	Not rated	Not rated
<b>Issue Date</b>	21 June 2016.				
<b>Listing</b>	Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to the official list and trading on its regulated market.			N/A	N/A
<b>Denomination</b>	€100,000.				
<b>Form</b>	Bearer form and in case of Definitive Notes serially numbered with coupons attached.				
<b>Status and ranking</b>	<p>The Notes rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among Notes of the same Class in respect of the Security proceeds and payments of principal. As to interest the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among all Notes of such Classes in respect of the Security. See further section 4.1 (<i>Terms and Conditions of the Notes</i>) below.</p> <p>The Class A Excess Consideration payable to the Class A Noteholders will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make 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 and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount and may be limited as more fully described in section 4.1 (<i>Terms and Conditions of the Notes</i>).</p> <p>The right to payment of principal on the Class B Notes will be subordinated to principal, interest amounts, and after the First Optional Redemption Date, the Class A Excess Consideration and the Class A Additional Amounts, payable in respect of the Class A Notes if applicable, and may be limited as more fully described in section 4.1 (<i>Terms and Conditions of the Notes</i>).</p> <p>The right to payment of principal on the Class C Notes will be subordinated to interest amounts in respect of the Class A Notes and, upon enforcement, principal amounts in respect of the Class B Notes, and after the First Optional Redemption Date, the Class A Excess Consideration and the Class A Additional Amounts, payable in respect of the Class A Notes if applicable, and may be limited as more fully described in section 4.1 (<i>Terms and Conditions of the Notes</i>).</p> <p>The Class C Noteholders do not have the right to receive any amount pursuant to the Redemption Priority of Payments but will receive payments in accordance with the applicable Revenue Priority of Payments.</p>				

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
<b>Interest rate up to but excluding First Optional Redemption Date</b>	Three-month EURIBOR + 0.240% per annum, with a minimum of 0 per cent. per annum.	Three-month EURIBOR + 0.330% per annum, with a minimum of 0 per cent. per annum	0.273% per annum	0.00%	0.00%
<b>Interest rate after First Optional Redemption Date</b>	One-month EURIBOR up to the EURIBOR Agreed Rate + 0.240% per annum, with a minimum of 0 per cent. per annum.	One-month EURIBOR up to the EURIBOR Agreed Rate + 0.330% per annum, with a minimum of 0 per cent. per annum.	One-month EURIBOR up to the EURIBOR Agreed Rate + 0.430% per annum, with a minimum of 0 per cent. per annum.	0.00%	0.00%
<b>Class A Excess Consideration after First Optional Redemption Date</b>	<p>On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments or the Redemption Priority of Payments, on a <i>pro rata</i> and <i>pari passu</i> basis and in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, be entitled to a step-up consideration equal to in respect of each Sub-Class of Class A Note the relevant Principal Amount Outstanding of such Sub-Class of Class A Note multiplied by the applicable margin set out below (the <b>Class A Step-up Consideration</b>). Furthermore, if one-month EURIBOR exceeds the EURIBOR Agreed Rate, on each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments or the Redemption Priority of Payments, on a <i>pro rata</i> and <i>pari passu</i> basis and in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time, be entitled to an amount equal to in respect of each Sub-Class of Class A Note the relevant Principal Amount Outstanding of such Sub-Class of Class A Note multiplied by the relevant one-month EURIBOR rate to the extent it exceeds the EURIBOR Agreed Rate (the <b>EURIBOR Excess Consideration</b>). The Class A Step-up Consideration and the EURIBOR Excess Consideration are together referred to as the <b>Class A Excess Consideration</b>.</p> <p>The Class A Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make 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 and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount.</p>				
<b>Class A Step-up Consideration</b>	0.240% per annum	0.330% per annum	0.430% per annum		
<b>Class A Additional Amounts after First Optional Redemption Date</b>	<p>On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders, in accordance with the respective Principal Amounts Outstanding thereof and until such Class A Notes have been fully redeemed, will be entitled to the Available Revenue Funds less any amount drawn under the Reserve Account pursuant to item (vii) of the Revenue Available Amount, remaining after amounts payable under the items (a) to (i)</p>				

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
	(inclusive) in the Post-First Optional Redemption Date Revenue Priority of Payments have been fully satisfied on such Notes Payment Date (the <b>Class A Additional Amounts</b> ).  The Class A Additional Amounts will be paid on a <i>pro rata</i> and <i>pari passu</i> basis in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments (the <b>Class A Additional Amount Payments</b> ).				
<b>Interest Periods and accrual</b>	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 September 2016. The interest payable on the Class A1 Notes and the Class A2 Notes will be calculated on the basis of the actual days elapsed in an Interest Period divided by a year of 360 days or, in the case of interest payable on the Class A3 Notes on any Notes Payment Date prior to the First Optional Redemption Date, on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.				
<b>First Optional Redemption Date</b>	The Notes Payment Date falling in June 2021.				
<b>Optional Redemption</b>	Unless previously redeemed in full, on the Notes Payment Date falling in June 2021 and on each Notes Payment Date thereafter (each an <b>Optional Redemption Date</b> ) up to and including the Optional Redemption Date falling in November 2021, the Issuer may, at its option and subject to Condition 9(b), redeem all (but not some only) of the Mortgage-Backed Notes at their Principal Amount Outstanding on such date in accordance with Condition 6(e).  As of and including the Optional Redemption Date falling in December 2021 and on each Optional Redemption Date thereafter, the Issuer may, at its option and subject to Condition 9(b), redeem all (but not some only) of the Class A Notes or, if so instructed, shall sell the Mortgage Receivables for a price below their Outstanding Principal Amount and may, to the extent funds are available, apply such amounts towards redemption of the Class B Notes at their Principal Amount Outstanding on such date in accordance with Condition 6(e). To the extent any such funds are available, any such funds shall be applied to the Class B Noteholders on a <i>pro rata</i> and <i>pari passu</i> basis.				
<b>Mandatory Redemption</b>	Subject to the Conditions, the Issuer will be obliged to apply the Available Principal Funds to redeem, whether in full or in part, at their respective Principal Amount Outstanding, the Notes on each Notes Payment Date on a <i>pro rata</i> basis within a Class or Sub-Class, as applicable. The Notes will be redeemed in the following order:  (i) <i>first</i> , the Class A1 Notes, until fully redeemed, thereafter the Class A2 Notes, until fully redeemed, thereafter the Class A3 Notes, until fully redeemed; and thereafter  (ii) <i>second</i> , the Class B Notes, until fully redeemed.  The Class C Notes are subject to redemption in accordance with Condition 6(c) ( <i>Redemption – Redemption of Class C Notes</i> ) and subject to Condition 9(b) ( <i>Subordination and Limited Recourse – Principal</i> ).				

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
<b>Other Redemption provisions</b>	<p>Redemption for tax reasons applies to the Mortgage-Backed Notes if the Issuer is or will become obliged to make any withholding of or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any tax change after the Closing Date. See Condition 6(f) (<i>Redemption – Redemption for tax reasons</i>) and Condition 9(b) (<i>Subordination and Limited Recourse – Principal</i>). See also the paragraph <i>Sale of Mortgage Receivables</i> in section 7.1 (<i>Purchase, Repurchase and Sale</i>) below.</p> <p>Redemption following exercise by the Seller of the Regulatory Call and/or the Clean-up Call Option.</p> <p>See Condition 6(b) (<i>Redemption – Mandatory redemption of the Mortgage-Backed Notes</i>) and Condition 9(b) (<i>Subordination and Limited Recourse-Principal</i>).</p>				
<b>Notes Payment Dates</b>	<p>Up to and including the First Optional Redemption Date, quarterly in arrear on the 17th day of March, June, September and December of each year, subject to adjustment for non-Business Days and commencing on September 2016. After the First Optional Redemption Date, monthly in arrear on the 17<sup>th</sup> day of each month, subject to adjustment for non-Business Days (see Condition 4 (<i>Interest – Interest Periods and Notes Payment Dates</i>)).</p>				
<b>Retention and disclosure requirements under the CRR, AIFM Regulation and Solvency II Regulation</b>	<p>The Seller shall at all times comply with Section 405 of the CRR, and Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation (see section 4.4 (<i>Regulatory and Industry Compliance</i>)).</p>				
<b>Final Maturity Date</b>	<p>The Notes Payment Date falling in June 2048 (redemption of the Notes to take place at their respective Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 9(b)).</p>				
<b>Observations Class A Notes</b>	<p>To the extent that the Available Principal Funds or the Available Interest Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes and/or the Class A3 Notes in full or pay interest (which, for the avoidance of doubt, does not include the Class A Excess Consideration or the Class A Additional Amounts) as applicable when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes and the Class A3 Notes do not purport to provide credit enhancement to the Class A1 Notes. The Class A3 Notes do not purport to provide credit enhancement to the Class A2 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to redeem the Class A Notes in full, such loss will be borne, <i>pro rata</i> in accordance with the respective amounts outstanding thereunder and <i>pari passu</i>, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes and the Class A3 Notes bearing a greater loss than that borne by the Class A1 Notes. If the Class A1 Notes and the Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Class A3 Notes bearing a greater loss than that borne by the Class A1 Notes and the Class A2 Notes.</p>				
<b>Events of Default</b>	<p>As fully set out in Condition 10, which broadly include:</p> <p>(i) Non-payment by the Issuer of principal or interest in respect of the Class A Notes;</p> <p>(ii) Breach of contractual obligations by the Issuer under the Transaction Documents which is materially prejudicial to the interests of the then Most Senior Class of Notes; and</p> <p>(iii) Bankruptcy or (preliminary) suspension of payments of the Issuer.</p> <p><b>Non-payment of Class A Excess Consideration or Class A Additional Amounts will not cause an Event of</b></p>				

	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B Notes	Class C Notes
	<b>Default.</b>				
<b>Withholding Tax</b>	All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders.				
<b>Method of payment</b>	For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common safekeeper for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders (see section 4.2 ( <i>Form</i> ) below).				
<b>Security for the Notes, limited recourse and non-petition</b>	<p>The Notes will be secured (indirectly):</p> <p>(i) by a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables, including all rights ancillary thereto and (b) the Beneficiary Rights; and</p> <p>(ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights.</p> <p>After delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, <i>inter alia</i>, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge created by the Pledge Agreements and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made in accordance with the applicable Post-Enforcement Priority of Payments. See further sections 5 (<i>Credit Structure</i>) and 4.7 (<i>Security</i>).</p>				
<b>Parallel Debt Agreement</b>	On the Closing Date the Issuer, the Security Trustee and the Secured Creditors other than the Noteholders will enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee an amount equal to the aggregate amount, from time to time due by it to the Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.				
<b>Paying Agency Agreement</b>	On the Closing Date the Issuer and the Security Trustee will enter into the Paying Agency Agreement with the Principal Paying Agent and the Paying Agent (together the <b>Paying Agents</b> ) and the Reference Agent pursuant to which the Paying Agent shall undertake, <i>inter alia</i> , to perform certain payment services on behalf of the Issuer towards the Noteholders.				
<b>Use of proceeds of the Notes</b>	<p>The Issuer will use part of the net proceeds from the issue of the Mortgage-Backed Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables to be purchased by the Issuer on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.</p> <p>An amount equal to the Aggregate Construction Deposit Amount will be withheld from the Initial Purchase Price by the Issuer and be deposited on the Construction Deposit Account. See section 7.1 (<i>Purchase, Repurchase and Sale</i>) below.</p> <p>The Issuer will credit the net proceeds from the issue of the Class C Notes to the Reserve Account. See section 5 (<i>Credit Structure</i>) below.</p>				
<b>Settlement</b>	Euroclear and/or Clearstream, Luxembourg				
<b>Selling restrictions</b>	There are selling restrictions in relation to the European Economic Area, the Netherlands, Italy, France, the United Kingdom, Japan and the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See section 4.3 ( <i>Subscription and Sale</i> ).				

## 1.5 Credit Structure

<b>Available Funds</b>	<p>The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement (if any), the Participation Agreements (if any), the Interest Rate Cap Agreement (if any) and the Issuer Account Agreement (if any), to make payments of, <i>inter alia</i>, principal and interest, if any, due in respect of the Notes.</p>
<b>Priorities of Payments</b>	<p>The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see section 5 (<i>Credit Structure</i>) below) and the right to payment of principal on the Class B Notes will be subordinated to principal, interest amounts and after the First Optional Redemption Date the Class A Excess Consideration and the Class A Additional Amounts, if applicable, payable in respect of the Class A Notes. The right to payment of principal on the Class C Notes will be subordinated to interest amounts in respect of the Class A Notes and, upon enforcement, principal amounts in respect of the Class B Notes and after the First Optional Redemption Date if applicable, the Class A Excess Consideration and the Class A Additional Amounts payable in respect of the Class A Notes and may be limited as more fully described in section 4.1 (<i>Terms and Conditions of the Notes</i>).</p> <p>The Class A2 Notes and the Class A3 Notes do not purport to provide credit enhancement to the Class A1 Notes. The Class A3 Notes do not purport to provide credit enhancement to the Class A2 Notes.</p>
<b>Cash Advance Facility</b>	<p>On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further section 5 (<i>Credit Structure</i>).</p>
<b>Originator Collection Account</b>	<p>The Originator maintains the Originator Collection Account with ING Bank N.V.</p> <p>The Originator has outsourced the administration of the Originator Collection Account to Stater Nederland B.V.</p>
<b>Issuer Transaction Accounts</b>	<p>The Issuer shall maintain with the Issuer Account Bank the following accounts:</p> <ul style="list-style-type: none"><li>(i) the Issuer Collection Account, to which on each Mortgage Collection Payment Date all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be transferred;</li><li>(ii) the Reserve Account on which the Reserve Fund will be deposited;</li><li>(iii) the Cash Advance Facility Standby-Drawing Account;</li><li>(iv) the Construction Deposit Account, which will only be debited for (i) payments to the Seller in accordance with the Mortgage Receivables Purchase Agreement and (ii) a transfer to the Issuer</li></ul>

Collection Account in case the Issuer has no obligation to pay any such part of the Initial Purchase Price; and

- (v) until the First Optional Redemption Date, the Interest Rate Cap Collateral Account to which, if applicable, collateral relating to the Interest Rate Cap Agreement will be transferred.

#### **Issuer Account Agreement**

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Signing Date. The Issuer Account Bank will agree to pay a guaranteed rate of interest determined by reference to (i) EONIA minus a margin on the balances standing from time to time to the credit of the Issuer Collection Account and the Cash Advance Facility Stand-by Drawing Account, (ii) before the First Optional Redemption Date (x) three-month EURIBOR minus a margin on the balance standing from time to time to the credit of the Construction Deposit Account and the Reserve Account and as of the First Optional Redemption Date (y) one-month EURIBOR minus a margin on the balance standing from time to time to the credit of the Construction Deposit Account and the Reserve Account and (iii) until the First Optional Redemption Date, EONIA minus a margin on the balances standing from time to time to the credit of the Interest Rate Cap Collateral Account. Should the interest rate fall below zero and the Issuer would be required to make interest payments to the Issuer Account Bank; such payments may be made on other dates than the Notes Payment Dates. The Issuer will undertake pursuant to the Trust Agreement not to withdraw or apply amounts from the Issuer Transaction Accounts other than in accordance with the Trust Agreement.

#### **Administration, calculation and cash management**

Under the terms of the Servicing 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 pursuant to the Conditions in connection with the Notes.

#### **Interest Rate Cap Agreement**

On the Closing Date, the Issuer will enter into the Interest Rate Cap Agreement with the Interest Rate Cap Provider. The Interest Rate Cap Agreement, effective from, and including, the Closing Date to, and including, the First Optional Redemption Date, requires the Interest Rate Cap Provider, against payment of the Initial Interest Rate Cap Payment on the Closing Date, to make payments to the Issuer on a quarterly basis to the extent three-month EURIBOR for any Interest Period exceeds the cap strike rate of 3.5 per cent. (**Cap Strike Rate**) in accordance with the notional amount payment schedule as included in section 5.4 (*Hedging*) of this Prospectus.

Any payments received by the Issuer from the Interest Rate Cap Provider (excluding, for the avoidance of doubt, any Interest Rate Cap Collateral) will be part of the Available Revenue Funds.

#### **Subordinated Agreement**

##### **Loan**

On the Closing Date, the Issuer will enter into the Subordinated Loan Agreement with the Subordinated Loan Provider and the Security Trustee for an amount of euro 2,500,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes including, but not limited to, the Initial Interest Rate Cap Payment to be paid on the Closing Date.

## 1.6 Portfolio Information

### Key Characteristics of the Mortgage Receivables per the Cut-Off Date

The numerical information set out below relates to the Final Pool which was selected on the Cut-Off Date and may not necessarily correspond to that of the Mortgage Loans from which the Mortgage Receivables result that are actually sold on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

1. Key characteristics	
Cut-off date	31/05/2016
Principal balance (EUR)	628,615,804
Value of saving deposits (EUR)	15,216,005
Net principal balance (EUR)	613,399,799
Construction deposits (EUR)	7,441,400
Net principal balance excl. construction and saving deposits (EUR)	605,958,399
Number of loans	3,996
Number of loanparts	6,705
Average principal balance (borrower) (EUR)	153,503
Weighted average current interest rate (%)	3.41
Weighted average remaining fixed rate period (yrs)	11.29
Weighted average maturity (yrs)	25.72
Weighted average seasoning (yrs)	3.49
Weighted average LTMV (CLTOMV) (%)	85.06
Weighted average LTMV (CLTOMV) (indexed) (%)	85.51
Weighted average LTFV (CLTOFV) (%)	96.65
Weighted average LTFV (CLTOFV) (indexed) (%)	97.14

### Mortgage Receivables

The Mortgage Receivables will result from Mortgage Loans secured by first-ranking mortgage rights or, in the case of Mortgage Loans secured on the same Mortgaged Asset, first and sequentially lower ranking mortgage rights over the Mortgaged Assets, situated in the Netherlands and entered into by the Originator and the relevant Borrowers which meet criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date. Prior to the Closing Date, the Originator has from time to time sold and transferred the legal title to the Mortgage Receivables to the Seller, each by means of a private deed of assignment which is registered with the Dutch tax authorities, without notification of the assignments to the Borrowers (*stille cessie*) (**Assignment 1**). On the Closing Date, the Seller will transfer the legal title to the Mortgage Receivables to the Issuer, each by means of a private deed of assignment which is registered on the Closing Date with the Dutch tax authorities, without notification of the assignment to the Borrowers (**Assignment 2**). Notification of Assignment 1 will always coincide with notification of Assignment 2 and vice versa as agreed in the Mortgage Receivables Purchase Agreement, unless the Issuer or Security Trustee, as applicable, approves otherwise.

The Mortgage Loans will consist of (i) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*), (ii) Savings Mortgage Loans (*spaarhypotheken*), (iii) Bank Savings Mortgage Loans (*bankspaarhypotheken*), (iv) Linear Mortgage Loans (*lineaire hypotheken*), (v) Annuity Mortgage Loans (*annuïteitenhypotheken*), (vi) Investment

Mortgage Loans (*beleggingshypotheken*) and (vii) Life Mortgage Loans (*levenhypotheken*) or combinations of any of these types of mortgage loans (*combinatiehypotheken*).

The Mortgage Receivables have the characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

## **Mortgage Loans**

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking Mortgage which was vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts (*leningdelen*), each of which normally constitutes a different mortgage type agreed with the relevant Borrower. If a Mortgage Loan consists of one or more of such Loan Parts, the Originator has sold and assigned to the Seller and the Seller has purchased and accepted the assignment of all, but not some, the Mortgage Receivables of all Loan Parts of such Mortgage Loan. On the Closing Date, the Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, the Mortgage Receivables of all Loan Parts of such Mortgage Loan.

See for a description of the various Mortgage Loan types section 6.2 (*Description of Mortgage Loans*).

## **Beneficiary Rights**

The Originator has, to the extent legally possible, assigned the Beneficiary Rights to the Seller, which entitle the Seller to receive the final payout (*einduitkering*) under the relevant Insurance Policies, to be applied towards redemption of the relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign, to the extent legally possible and required, such Beneficiary Rights to the Issuer and the Issuer will accept such assignment. In addition, pursuant to the Beneficiary Waiver Agreement, the parties thereto, including the Originator, will agree to take certain additional action to appoint the Issuer or the Security Trustee as the first beneficiary and to ensure the final payment is received by the Issuer or Security Trustee.

## **NHG Guarantees**

The Mortgage Loans have the benefit of an NHG Guarantee. See further sections 6.2 (*Description of Mortgage Loans*) and 6.5 (*NHG Guarantee Programme*).

## **Construction Deposits**

Pursuant to the Mortgage Conditions, a Borrower has the right to request that a part of the Mortgage Loan will be withheld and will be applied towards construction of or improvements to the Mortgaged Asset. Such amounts including any interest accrued thereon will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Deposits on the Cut-Off Date is euro 7,441,399.91.

Pursuant to the Mortgage Conditions, Construction Deposits have to be paid out within 12 months (for refurbishments) or 24 months (for newly built properties) after the relevant Mortgage Loan has been granted to the relevant Borrower. However, the Originator may agree with a Borrower to extend the relevant period for a maximum of 6 months. After such period, any remaining Construction Deposits will be set off against the relevant Mortgage Receivable up to the amount of such Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to

pay the remaining part of the relevant Initial Purchase Price and the relevant balance standing to the credit of the Construction Deposit Account will be transferred to the Issuer Collection Account, and form part of the Available Principal Funds.

If any of the events set forth in items (d) and (e) of the definition of Assignment Notification Events has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. See further section 7.1 (*Purchase, Repurchase and Sale*).

## 1.7 Portfolio Documentation

<b>Mortgage Receivables Purchase Agreement</b>	Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase on the Signing Date and accept the assignment of the Mortgage Receivables on the Closing Date, together with, to the extent legally possible, the Beneficiary Rights of the Seller which entitle the holder of the Beneficiary Rights to receive the final payout ( <i>einduitkering</i> ) under the relevant Insurance Policies, which payment is to be applied towards redemption of the Mortgage Receivables.
<b>Repurchase of Mortgage Receivables</b>	<p>In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept re-assignment of any Mortgage Receivable:</p> <ul style="list-style-type: none"><li>(a) if in respect of such Mortgage Receivable any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect, on the Mortgage Collection Payment Date immediately following the expiration of the relevant remedy period (as provided in the Mortgage Receivables Purchase Agreement);</li><li>(b) on the Mortgage Collection Payment Date immediately following the date on which the Originator agrees with a Borrower to grant a Further Advance in respect of such Mortgage Receivable;</li><li>(c) on the immediately succeeding Mortgage Collection Payment Date after the Originator agrees with a Borrower to switch the Mortgage Loan from which such Mortgage Receivable arises, from a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element or a Bank Savings Mortgage Loan into (a part of) any type of Mortgage Loan other than a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element or a Bank Savings Mortgage Loan, as applicable; or</li><li>(d) on the Mortgage Collection Payment Date immediately following the date on which the Originator agrees with the Borrower under the relevant Mortgage Loan, to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring of renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the relevant Borrower under the Mortgage Loan, the Seller shall not repurchase the Mortgage Receivable;</li><li>(e) if (a) prior to foreclosure the relevant Mortgage Loan no longer has the benefit of the NHG Guarantee or if (b) following foreclosure of the relevant Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each</li></ul>

time as a result of action taken or omitted to be taken by the Originator, the Seller, the Servicer or the Non-performing Mortgage Loan Servicer on (i) the Mortgage Collection Payment Date immediately following the date on which the Originator, the Seller, the Servicer or the Non-performing Mortgage Loan Servicer has become aware or has been notified hereof or (ii) if such Mortgage Collection Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Collection Payment Date following such date; and

- (f) following the First Optional Redemption Date only, on each such Mortgage Collection Payment Date immediately following the date on which the interest rate of a Mortgage Receivable has been reset by the Originator or the Seller, as the case may be, at a rate lower than the Post-FORD Mortgage Interest Rate.

The purchase price for the relevant Mortgage Receivable to be repurchased in any such event payable by the Seller will be at least equal to (i) the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest, accrued up to (but excluding) the date of repurchase and re-assignment of the repurchased Mortgage Receivable and (ii) reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) save that in the event of a repurchase set forth in item (e)(b) above, the purchase price shall be equal to the amount that was not reimbursed under the NHG Guarantee as a result of an action taken or omitted to be taken by the Originator, the Seller or the Servicer. The proceeds of such repurchase and re-assignment shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

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

Under the terms of the Trust Agreement, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Mortgage-Backed Notes or as of the Optional Redemption Date falling in December 2021, the Class A Notes and, to the extent funds are available, the Class B Notes (to the extent any such funds are available, any such funds shall be paid to the Class B Noteholders on a *pro rata* and *pari passu* basis) (see *Condition 6(e) (Redemption – Optional Redemption)* in section 4.1 (*Terms and Conditions of the Notes*) below).

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that in accordance with Condition 6(e) the purchase price of such Mortgage Receivables shall:

- (a) until and including the Optional Redemption Date falling in November 2021 be:
  - (i) sufficient, taking into account the Reserve Fund, to redeem
    - (A) the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, Class A Excess Consideration due as reflected

in any Class A Excess Consideration Deficiency Ledger and

(B) the other Classes of Mortgage-Backed Notes at their Principal Amount Outstanding less the relevant Principal Shortfall plus accrued interest and costs, and

(ii) equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables under which amounts which are due have remained unpaid for a period exceeding 90 days or in respect of which an instruction has been given to a civil law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of

(A) the sum of the relevant Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions in respect of such Mortgage Receivable up to the relevant Optional Redemption Date and

(B) an amount equal to the sum of (x) the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value and (y) the amount of other collateral (including amounts claimable under the NHG Guarantee in respect of the Mortgage Receivables) including the relevant Participation, if any and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and re-assignment and

(b) as of the Optional Redemption Date falling in December 2021 be

(i) sufficient, taking into account the Reserve Fund, to redeem the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, Class A Excess Consideration due as reflected in any Class A Excess Consideration Deficiency Ledger or

(ii) such lower purchase price as acceptable to the Class A Noteholders and sanctioned in a Meeting of Class A Noteholders. Any Reserve Fund may be applied by the Issuer in accordance with the Redemption Priority of Payments to compensate the Class A Noteholders on a *pro rata* and *pari passu* basis for any difference between

- (A) the Principal Amount Outstanding plus accrued interest due, costs, accrued Class A Excess Consideration due and any shortfall reflected in any Class A Excess Consideration Deficiency Ledger and
- (B) the lower purchase price as sanctioned in the Meeting of Class A Noteholders.

If the Mortgage Receivables are purchased by a third party, any costs, fees and expenses incurred by the Issuer in effecting and completing the sale and assignment of the Mortgage Receivables, if any, will be for the account of such party, as to be agreed with such party.

### **Sale of Mortgage Receivables**

The Issuer may not dispose of any Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Agreement and in connection with a repurchase obligation of the Seller as provided in the Mortgage Receivables Purchase Agreement. If the Issuer decides to offer for sale the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days from such offer inform the Issuer whether or not it wishes to repurchase the Mortgage Receivables. After such period, the Issuer may offer such Mortgage Receivables for sale to any third party. The proceeds of any sale and assignment by the Issuer (whether to the Seller or a third party), shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes in accordance with Condition 6 and subject to Condition 9(b).

### **Sale of Mortgage Receivables if the Regulatory Call Option is exercised**

On each Notes Payment Date following the occurrence of a Regulatory Change, the Seller has the option (but not the obligation) to exercise the Regulatory Call Option and repurchase the Mortgage Receivables. The purchase price of the Mortgage Receivables will be calculated as described under (x) in the paragraph *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale and assignment shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

### **Sale of Mortgage Receivables upon the occurrence of a Tax Change**

On any Notes Payment Date following the occurrence of a Tax Change the Issuer has the option (but not the obligation) to redeem the Notes in accordance with Condition 6(f) and subject to Condition 9(b). The purchase price of Mortgage Receivables sold in connection with the redemption, will be calculated in the same manner as described under (x) in the paragraph *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale and assignment shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(f) and subject to Condition 9(b).

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

On each Notes Payment Date, the Seller has the option (but not the obligation) to exercise the Clean-up Call Option. The purchase price of the Mortgage Receivables will be calculated as described under (x) in the paragraph *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale and assignment

shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

### **Clean-up Call Option**

The Seller has the option (but not the obligation) 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 Principal Amount Outstanding of the Mortgage-Backed Notes (in the case of a Principal Shortfall in respect of any Class of Mortgage-Backed Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes on the Closing Date.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Clean-up Call Option. The proceeds of such sale and assignment shall be applied by the Issuer towards redemption of the Mortgage-Backed Notes subject to and in accordance with Condition 6(b) and subject to Condition 9(b). The purchase price will be as described in section 7.1 (*Purchase, Repurchase and Sale*).

### **Insurance Savings Participation Agreement**

Under the terms of the Insurance Savings Participation Agreement with the Savings Insurance Company, the Savings Insurance Company will acquire on the Closing Date participations in each Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element equal to amounts of Savings Premium paid by the relevant Borrower to the Savings Insurance Company in respect of the Savings Insurance Policy or Savings Investment Insurance Policy, as the case may be, relating to the relevant Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element. In the Insurance Savings Participation Agreement, the Savings Insurance Company will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium on the relevant Savings Insurance Policies or Savings Investment Insurance Policies. In return, the Savings Insurance Company is entitled to receive the Insurance Savings Participation Redemption Available Amount from the Issuer. The amount of the Insurance Savings Participation consists of (a) the Initial Insurance Savings Participation, being on the Closing Date an amount equal to euro 7,114,386.17 increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Savings Insurance Company and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in each Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element. See further section 7.6 (*Sub-Participation*).

### **Bank Savings Participation Agreement**

Under the terms of the Bank Savings Participation Agreement, the Bank Savings Participant will on the Closing Date acquire participations in the Bank Savings Mortgage Receivables in consideration for the undertaking of the Bank Savings Participant to pay to the Issuer all amounts received 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 Bank Savings Participation, being on the Closing Date an amount equal to euro 8,101,618.93 increased on a monthly basis with (b) the sum of (i) the Bank Savings Deposit Instalments received by the Bank Savings Participant in relation to the Bank Savings Mortgage Receivables and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the Bank Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Bank Savings Mortgage Receivable. See section 7.6 (*Sub-Participation*).

## **Servicing Agreement**

Under the terms of the Servicing Agreement, the Servicer will agree (i) to provide to the Issuer administration and management services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Receivables and, in its capacity as Non-performing Mortgage Loan Servicer, the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section 6.3 (*Origination and Servicing*)); and (ii) to communicate with the relevant Borrowers in respect of the Mortgage Loans.

## **1.8 General**

### **Management Agreements**

Each of the Issuer, the Seller, the Security Trustee and the Shareholder have entered into Management Agreements with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee or the Shareholder, respectively, and to perform certain services in connection therewith.

### **Governing Law**

The Transaction Documents (which also include the Notes), other than the Interest Rate Cap Agreement, and any non-contractual obligations arising out of or in relation to the Transaction Documents will be governed by and construed in accordance with the laws of the Netherlands. The Interest Rate Cap Agreement, and any non-contractual obligations arising out of or in relation to the Interest Rate Cap Agreement, will be governed by and construed in accordance with English law.

## **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. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material enough and the Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **RISK FACTORS REGARDING THE NOTES**

#### **The Notes will be the obligations of the Issuer only**

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the transaction parties (other than the Issuer). No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **The Issuer has limited resources available to meet its payment obligations**

The ability of the Issuer to meet its obligations in full to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on:

- (a) receipts of payments under the Mortgage Receivables;
- (b) the proceeds of the sale of any Mortgage Receivables;
- (c) receipts under the Participation Agreements;
- (d) amounts standing to the credit of the Reserve Account;
- (e) receipts under the Cash Advance Facility Agreement;
- (f) receipts under the Interest Rate Cap Agreement other than Interest Rate Cap Collateral; and
- (g) receipts of interest in respect of the balances standing to the credit of the Issuer Transaction Accounts.

The Issuer does not have other resources available. There can be no assurance that the Issuer will have sufficient funds to meet its payment obligations. If such funds are insufficient, the Issuer may not be able to repay the Noteholders in full.

#### **Noteholders have limited recourse against the Issuer**

Each of the Noteholders will only have recourse against the Issuer through the Security Trustee in accordance with the relevant Priority of Payments set out in this Prospectus and the Trust Agreement. In case the Security has been fully enforced and the proceeds are insufficient to pay in full all amounts whatsoever due in respect of a Class of Notes, the Noteholders of such Class will have no further claim against the Issuer or the Security Trustee in respect of such amounts.

## Credit Risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by any of the Servicer and the Non-performing Mortgage Loan Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. 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 holders of any Class against all risks of losses.

## Interest Rate Risk

The Issuer is exposed to the risk that the interest received in respect of the Mortgage Receivables is not sufficient to pay the interest on the Class A Notes which risk may for example materialise if, after interest rate resets in respect of certain Mortgage Receivables, the weighted average interest rate on the Mortgage Receivables falls below the interest rate payable on the Class A Notes.

In respect of the Class A1 Notes and the Class A2 Notes, this risk is partly mitigated and hedged under the Interest Rate Cap Agreement up to the First Optional Redemption Date. The interest rate risk in respect of the Class A3 Notes is not mitigated or hedged.

Pursuant to the Interest Rate Cap Agreement, the Interest Rate Cap Provider is obliged to make payments to the Issuer on a quarterly basis to the extent the relevant EURIBOR for any Interest Period exceeds the Cap Strike Rate. A failure by the Interest Rate Cap Provider to make timely payments of amounts due under the Interest Rate Cap Agreement will constitute a default thereunder. The Interest Rate Cap Provider will be obliged to make payments under the Interest Rate Cap Agreement only to the extent that the Issuer pays the Initial Interest Rate Cap Payment. To the extent that the Interest Rate Cap Provider defaults on its obligations under the Interest Rate Cap Agreement to make payments to the Issuer, the Issuer will be exposed in the situation the relevant EURIBOR exceeds the Cap Strike Rate. Unless one or more comparable interest rate caps are entered into, the Issuer may have insufficient funds to make payments due on the Class A Notes.

Any payments received by the Issuer from the Interest Rate Cap Provider (excluding any Interest Rate Cap Collateral) will be part of the Available Revenue Funds.

The Cap Notional Amount under the Interest Rate Cap Agreement equals on the Closing Date, the outstanding amount of the Class A1 Notes and the Class A2 Notes and is amortising over time. The amortisation is based on a four per cent. amortisation rate of the Final Pool. Historically, amortisation rates have been above four per cent. per year. However, there can be no assurance that the amortisation will not be below four per cent. per year. If this is the case, the Issuer may not have sufficient funds to meet its payment obligations.

The Interest Rate Cap Agreement is only effective up to and including the First Optional Redemption Date. As a consequence, the risk that the interest received in respect of the Mortgage Receivables is not sufficient to pay the interest on the Class A1 Notes and the Class A2 Notes is no longer (partly) mitigated by the Interest Rate Cap Agreement as of the First Optional Redemption Date. However, after the First Optional Redemption Date part of the amounts payable in respect of the Class A Notes is subordinated to certain other payments. See further paragraph *“Part of the amounts payable in respect of the Class A Notes after the First Optional Redemption Date is subordinated to certain other payments”* below.

### **Part of the amounts payable in respect of the Class A Notes after the First Optional Redemption Date is subordinated to certain other payments**

Interest on the Class A Notes for each Interest Period after the First Optional Redemption Date will accrue at a floating rate equal to the sum of the one-month EURIBOR up to the EURIBOR Agreed Rate plus the applicable margin for each Sub-Class of the Class A Notes.

In addition thereto, the Class A Noteholders will in accordance with the relevant Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the respective amounts outstanding of the Class A1 Notes, Class A2 Notes and Class A3 Notes at such time, be entitled to the Class A Excess Consideration and the Class A Additional Amounts, if available.

#### *Class A Excess Consideration*

The Class A Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make 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 and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount.

After the First Optional Redemption Date, on any Notes Payment Date after redemption in full of the Class A Notes and payment of interest due or accrued but unpaid in respect of the Class A Notes, an amount equal to the lower of (a) the remaining part of the Available Principal Funds (if any) and (b) the Class A Excess Consideration due on the Class A Notes on such Notes Payment Date after application of the Available Revenue Funds (a **Class A Excess Consideration Revenue Shortfall**), shall be applied by the Issuer in accordance with the Redemption Priority of Payments towards satisfaction of the Class A Excess Consideration due on such Notes Payment Date to the holders of the Class A Notes on a *pro rata* and *pari passu* basis and be distributed to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time. The Issuer shall debit the relevant Principal Deficiency Ledger with an amount equal to the Class A Excess Consideration Revenue Shortfall.

As a consequence of the subordination there is an increased risk that the Available Revenue Funds will not be sufficient to pay the amounts of Class A Excess Consideration due, if any, on a Notes Payment Date. The Issuer, or the Issuer Administrator on its behalf, will maintain three ledgers which will reflect the Class A Excess Consideration which cannot be distributed on the Class A1 Notes, the Class A2 Notes and the Class A3 Notes respectively (such ledgers, the **Class A Excess Consideration Deficiency Ledgers**). In the event that on any Notes Payment Date the Issuer has insufficient funds available to pay in full the amounts of Class A Excess Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class A Excess Consideration due on such Notes Payment Date to the holders of the Class A Notes on a *pro rata* and *pari passu* basis and in accordance with the respective amount of Class A Excess Consideration to be distributed to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time. The Issuer shall credit the applicable Class A Excess Consideration Deficiency Ledgers with an amount equal to the amount by which the aggregate amount of Class A Excess Consideration paid on the Class A Notes on any Notes Payment Date falls short of the aggregate amount of Class A Excess Consideration payable on the Class A Notes on that Notes Payment Date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and Condition 10 and the balance of the Class A Excess Consideration Deficiency Ledgers shall be aggregated with the amount of Class A Excess Consideration due on the next succeeding Notes Payment Date.

#### *Class A Additional Amounts*

On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the respective amounts outstanding of the Class A1 Notes, Class A2 Notes and Class A3 Notes, be entitled to the Class A Additional Amounts. However no guarantee can be given that there will be any funds available to pay such Class A Additional Amounts on such Notes Payment Date. In the event that on any Notes Payment Date the Issuer has no funds available to pay any Class A Additional Amounts there is no obligation to pay such Class A Additional Amounts and such Class A Additional Amounts will not accrue and/or be payable on the next succeeding Notes Payment Date.

Non-payment of Class A Excess Consideration and/or Class A Additional Amounts will not cause an Event of Default. The credit ratings assigned by the Credit Rating Agencies do not address the likelihood of any payment of the Class A Excess Consideration and the Class A Additional Amounts.

## **Liquidity Risk**

The Issuer runs the risk of a shortfall of funds on any Notes Payment Date as a result of payments being made late by Borrowers. This risk may adversely affect the Issuer's ability to make payments on the Notes. This risk is mitigated to some extent by the provision of liquidity pursuant to the Cash Advance Facility Agreement and the Reserve Account. There can be no assurance that this mitigation will protect the Noteholder in full against this risk. See section 5 (*Credit Structure*). Repayment of drawn amounts under the Cash Advance Facility Agreement ranks higher than payments under the Notes, subject to certain exceptions.

## **Considerations relating to yield and prepayments of the Mortgage Loans**

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Mortgage Loans (including full and partial prepayments, foreclosure proceeds and repurchases by the Seller under the Mortgage Receivables Purchase Agreement) and the price paid by the holders of the Notes of each Class. The yield to maturity of the Notes of any Class may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility) and local and regional economic conditions. No certainty can be given as to the level of prepayment that the Mortgage Loans may experience. A variation in the level of prepayments by the Borrowers could result in an average life of the Notes which is shorter or longer than anticipated.

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

There can be no assurance that the Issuer will redeem the Mortgage-Backed Notes on the First Optional Redemption Date or on any subsequent Optional Redemption Date pursuant to Condition 6(e). The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available for example through a sale of Mortgage Receivables. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in the paragraph Sale of Mortgage Receivables in section 7.1 (*Purchase, Repurchase and Sale*) below and must be an amount which is not less than the aggregate of (a) the Principal Amount Outstanding of the Mortgage-Backed Notes, for the Optional Redemption Dates up to and including the Optional Redemption Date falling in November 2021, or (b) as of the Optional Redemption Date falling in December 2021 be (i) sufficient, taking into account the Reserve Fund, to redeem the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, Class A Excess Consideration due as reflected in any Class A Excess Consideration Deficiency Ledger or (ii) such lower purchase price as acceptable to the Class A Noteholders and sanctioned in a Meeting of Class A Noteholders. However, there is no assurance that such a purchase of the Mortgage Receivables at such or any other price will take place.

As a consequence hereof, as of the Optional Redemption Date falling in December 2021, there is a risk that the Class B Notes will not be redeemed in part or in full on an Optional Redemption Date but will be discharged in full in accordance with the Conditions and the Class B Noteholders may receive by way of principal repayment on the Class B Notes an amount less than the Principal Amount Outstanding of their Class B Notes less the relevant Principal Shortfall and thus suffer a loss.

## **Risk of early redemption as a result of Clean-up Call Option, Regulatory Call Option and Redemption upon a Tax Change**

Should the Seller exercise its Clean-up Call Option or its Regulatory Call Option on any Notes Payment Date, the Issuer will redeem the Mortgage-Backed Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b) on such Notes Payment Date, whether falling before or after the First Optional Redemption Date. The Issuer will have the option to redeem the Mortgage-Backed Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to Condition 9(b). If the Issuer exercises any of such options, the Mortgage-Backed Notes will be redeemed prior to the Final Maturity Date.

The Class C Notes will only be subject to redemption in accordance with and subject to Condition 6(c) and Condition 9(b).

## **Subordination**

The Classes of Notes, other than the Class A Notes, are subordinated, meaning that Noteholders of any Classes of Notes with a lower payment priority bear a greater risk than any Class of Notes with a higher payment priority than such Class of Notes. To the extent set forth in Condition 9, payments on any Class of Notes are subordinated to payments of higher ranking Classes of Notes as more fully described herein under section 5 (*Credit Structure*) and section 4.1 (*Terms and Conditions of the Notes*) below.

The Class A Notes comprise the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* in accordance with the respective amounts outstanding thereunder without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes, then to the Class A2 Notes and then to the Class A3 Notes. To the extent that the Available Principal Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes and/or the Class A3 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes and the Class A3 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. The Class A3 Notes do not purport to provide credit enhancement to the Class A2 Notes. If, on any date, the security for the obligations of the Issuer towards the Noteholders (the **Security**) is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* in accordance with the respective amounts outstanding thereunder, and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes and the Class A3 Notes bearing a greater loss than that borne by the Class A1 Notes. If the Class A1 Notes and Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Class A3 Notes bearing a greater loss than that borne by the Class A1 Notes and the Class A2 Notes.

The right to payment of principal on the Class B Notes will be subordinated to principal, interest amounts, and after the First Optional Redemption Date if applicable, the Class A Excess Consideration and the Class A Additional Amounts, payable in respect of the Class A Notes and may be limited as more fully described in section 4.1 (*Terms and Conditions of the Notes*). Consequently, there is an increased risk that the Class B Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and thus suffer a loss.

The right to payment of principal on the Class C Notes will be subordinated to interest amounts in respect of the Class A Notes and, upon enforcement, principal amounts in respect of the Class B Notes, and after the First Optional Redemption Date if applicable, the Class A Excess Consideration and the Class A Additional Amounts, payable in respect of the Class A Notes and may be limited as more fully described in section 4.1 (*Terms and Conditions of the Notes*). The Class C Noteholders do not have the right to receive any amount pursuant to the Redemption Priority of Payments but will receive payments in accordance with the applicable Revenue Priority of Payments.

If, upon default by the Borrowers, the Issuer does not receive the full amount due in respect of such Mortgage Loans from the Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9. On any Notes Payment Date, any such losses on the Mortgage Loans will be allocated as described in section 5 (*Credit Structure*) below.

## **Absence of secondary market and lack of liquidity in the secondary market may adversely affect the market value of the Notes**

There is not, at present, any active and/or liquid secondary market for any Class of Notes. There can be no assurance that such market will develop, or if a secondary market will develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue. A decrease in liquidity of the Notes

may cause an increase in the volatility associated with the price of the Notes. Investors may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The secondary market for mortgage-backed securities has experienced and is still experiencing significant disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity.

Limited liquidity in the secondary market has had and may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. These market conditions may continue or worsen in the future.

In addition, potential investors 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 countries in the Eurozone. 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. Any investor in the Notes must be prepared to hold its Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes. An investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to an investor.

#### **Risks of weaker economic conditions in certain geographic regions in the Netherlands may ultimately result in losses to the Noteholders**

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 may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within the Netherlands is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon the sale of the Mortgaged Assets. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes.

#### **Counterparties may default**

Counterparties to the Issuer under the Transaction Documents may not properly perform their obligations under the Transaction Documents, including the Seller, which may result in the Issuer not being able to meet its obligations under the Notes.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties might have an adverse effect on the ratings of the Class A Notes.

#### **Noteholders may have exposure on the Security Trustee**

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of the bankruptcy (*faillissement*) or (preliminary) suspension of payments (*surseance van betaling*) of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Creditors therefore have a credit risk on the Security Trustee. This credit risk has been mitigated by setting the Security Trustee up as a bankruptcy remote entity, however there remains a risk that the Security Trustee is declared bankrupt

or is subjected to (preliminary) suspension of payments and as a consequence the Noteholders may not receive (full) payment from the Security Trustee in case the Security is enforced.

### **The Security Trustee may agree to modifications without the Noteholders' prior consent**

Pursuant to the terms of the Trust Agreement, 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 or is made to correct a manifest error, (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 and any consent, to the transfer of rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided the Security Trustee (a) has notified the Credit Rating Agencies and (b) the Credit Rating Agencies have provided a Credit Rating Agency Confirmation in connection with such modification, authorisation, waiver or consent and (iii) any modification of the relevant Transaction Documents (including the Interest Rate Cap Agreement) in order to enable the Issuer and/or the Interest Rate Cap Provider to comply with any requirements which apply to it under EMIR, subject to receipt by the Security Trustee of a certificate of the Issuer or the Interest Rate Cap Provider certifying to the Security Trustee that the amendments requested by the Issuer or the Interest Rate Cap Provider, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Interest Rate Cap Provider, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any additional liability or (b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the Transaction Documents and/or the Conditions. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders and the other Secured Creditors, to (a) the entering into a Transaction Document by the Issuer with a successor (including by way of novation) of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to any such successor, provided that (i) the Security Trustee has notified the Credit Rating Agencies and (ii) the Credit Rating Agencies have provided a Credit Rating Agency Confirmation in connection with such transfer or contracting and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement.

### **Implementation of and/or changes to Basel III and Solvency II may affect the regulatory capital requirements and/or the liquidity associated with a holding of the Notes for certain investors**

In Basel III, the Basel Committee on Banking Supervision (the **Basel Committee**) has made significant amendments to Basel II which aim at a substantial strengthening of capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a maximum leverage ratio for financial institutions. The changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding and liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**, respectively). Member States are required to implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measures will not apply in full until January 2019, the new Liquidity Coverage Ratio since January 2015 and the Net Stable Funding Ratio from January 2018). The European authorities have indicated that they support Basel III in general. The capital rules of Basel III have been implemented through a directive and a regulation adopted on 26 June 2013 by the Council of the European Union (collectively referred to as **CRD IV**), which replaced the directives 2006/48/EC and 2006/49/EC, as amended by directive 2009/111/EC. CRD IV entered into force on 1 January 2014, with full implementation by January 2019. However, CRD IV allows individual Member States to implement a stricter definition and/or level of capital

more quickly than is envisaged under Basel III. On 1 August 2014, CRD IV was implemented in Dutch legislation.

In December 2013, the Basel Committee has issued a second consultative document on revisions to the securitisation framework, including draft standards text. The second consultative document follows the first consultative document published in December 2012. The major changes in the second consultative document in relation to the first consultative document include (i) changes to the hierarchy of approaches and (ii) changes to calibration and other clarifications (including the proposal of the Basel Committee to set a 15 per cent. risk-weight floor for all approaches, instead of the 20 per cent. floor originally proposed). Comments on the consultative document and the proposed standards text were due on 21 March 2014.

In December 2014, the Basel Committee has published a final document presenting the revised securitisation framework (the **Final Document**) to address a number of shortcomings in the Basel II securitisation framework and to strengthen the capital standards for securitisation exposures held in the banking book. No significant changes were made to the hierarchy of approaches relative to the hierarchy proposed in the second consultative document. The main changes in the Final Document in relation to the second consultative document include (i) the incorporation of tranche maturity as an additional risk driver and the application of a haircut in order to smooth the impact of maturity on capital charges when legal maturity is used, (ii) the reduction of the risk weights for longer-maturity tranches assigned under the securitisation external ratings-based approach and (iii) the abandonment to include a granularity adjustment in respect of credit ratings.

Furthermore, pursuant to the directive of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (**Solvency II**), more stringent rules apply for European insurance companies since January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*). On 18 January 2015, the Solvency II Regulation entered into force. The implementing rules set out more detailed requirements for individual insurance undertakings as well as for groups, based on the provisions set out in Solvency II.

Basel II, Basel III and Solvency II even to a greater extent, 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 Basel II, Basel III 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 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 Managers nor the Security Trustee 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 by their own regulator of Basel II, Basel III or Solvency II (whether or not in its current form or otherwise).

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

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on 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 Managers, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

Investors should, *inter alia*, be aware of the EU risk retention, transparency and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms,

insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. 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 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 a penal capital charge on the notes acquired by the relevant investor or an obligation to deduct the positions from the regulatory own funds. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Seller 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, please see the statements set out in section 4.4 (*Regulatory and Industry Compliance*) and section 8 (*General*) for more details. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements.

It should be noted that on 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by BCBS (the **CRR Amendment Regulation**) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the **STS Regulation**). The STS Regulation also aims to create common foundation criteria for identifying “STS securitisations”. There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the transaction will be designated as an “STS securitisation” under the STS Regulation at any point in the future.

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. The matters described above and any changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

### **Applicability of risk retention and due diligence requirements**

Investors should also be aware of Section 17 of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (**AIFMD**), as supplemented by Section 5 of Commission Delegated Regulation (EU) No 231/2013 (**AIFM Regulation**), which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFM Regulation provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

As at the Closing Date, the Seller undertakes to comply with Article 405 of the CRR, Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation by holding an interest in the first loss tranche within the meaning of Section 405(1)(d) of the CRR, Section 51(1)(d) of the AIFM Regulation and Section 254(2)(d) of the Solvency II Regulation and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. In addition, the Seller shall provide Noteholders with all relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR, the AIFM Regulation and the Solvency II Regulation, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and to ensure that the Noteholders have readily available access to all materially relevant data. The Seller has been advised that it may be classified as ‘originator’ within the meaning of Section 405-410 of the CRR, Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation and may satisfy the requirement to retain a 5% or higher net economic interest in the transaction. For the purpose of this risk factor, all such requirements, together with Part 5 of the CRR, Section 5 of Chapter III of the AIFM Regulation and Chapter VIII of Title I of the Solvency II Regulation, are referred to as the **Securitisation Retention Requirements**.

There remains considerable uncertainty with respect to the Securitisation Retention Requirements and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the Securitisation Retention Requirements should seek guidance from their regulator. Similar requirements to those set out in the Securitisation Retention Requirements are expected to be implemented for other EU regulated investors (such as investment firms and certain hedge fund managers) in the future.

The Securitisation Retention Requirements and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes may for some or all investors negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

### **European Market Infrastructure Regulation**

The Issuer will be entering into the Interest Rate Cap Agreement which is an interest rate swap transaction.

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 (**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 that are entered into on or after the effective date for the clearing obligation for that counterparty pair (the **Clearing Start Date**). In addition, some market participants will have to, from the relevant Clearing Start Date, clear relevant transactions entered into during a given period leading up to the relevant Clearing Start Date, a requirement known as “frontloading”.

Contracts which are declared subject to the clearing obligation will have to be cleared through an authorised or recognised central counterparty (**CCP**) when they trade with each other or with equivalent third country entities unless an exemption applies. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment CCPs have been authorised to offer services and activities in the European Union in accordance with EMIR and following the entry into force on 21 December 2015 of the delegated regulation (the **IRS Clearing RTS**) relating to the introduction of the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY (**G4 IRS Contracts**), there is now a concrete timeframe for the first classes of transactions subject to mandatory clearing and frontloading. The IRS Clearing RTS include a further categorisation of in-scope counterparties by splitting in-scope counterparty types into Category 1, 2, 3 and 4. This further categorisation impacts the relevant

Clearing Start Date. The clearing obligation for this first wave of contracts will start from 21 June 2016 for Category 1 counterparties, 21 December 2016 for Category 2 counterparties, 21 June 2017 for Category 3 counterparties and 21 December 2018 for Category 4 counterparties.

The Interest Rate Cap Agreement will likely qualify as an OTC derivative having a conditional notional amount. However, OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Interest Rate Cap Agreement. EMIR also contains requirements with respect to margining, which are expected to be phased in from 1 September 2016. Various regulatory and implementing technical standards have now come into force, but certain critical technical standards have not yet been finalised or come into force, including those addressing the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. The Interest Rate Cap Provider undertakes that it shall ensure that the details of the Interest Rate Cap Transaction will be reported to the trade repository.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer. In addition, there is a risk that the Issuer's position in derivatives according to EMIR exceeds the clearing threshold and/or is included in the classes of OTC derivatives that are subject to the clearing obligation and, consequently, the Interest Rate Cap Agreement may become subject to clearing- and margining requirements. This could lead to higher costs or complications in the event that the Issuer is required to enter into a replacement interest rate cap agreement or when the Interest Rate Cap Agreement is amended.

Pursuant to Section 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the transaction under the Interest Rate Cap Agreement 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.

#### **In certain circumstances, the Issuer and the Noteholders may be subject to U.S. withholding tax under FATCA**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (including individuals and entities) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). Based on its activities, the Issuer meets the definition of an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017.

The United States and the Netherlands have signed an intergovernmental agreement to facilitate the implementation of FATCA (a **U.S.-Netherlands IGA**). Pursuant to the U.S.-Netherlands IGA, a Netherlands FFI that is treated as a **Reporting FI** is not subject to withholding under FATCA on any payments it receives and is not required to withhold under FATCA from payments it makes. However a Reporting FI is required to report to the Netherlands tax authorities certain information in respect of its account holders and investors (including individuals and entities), which enables the Netherlands tax authorities to automatically exchange information regarding accountholders that qualify as U.S. persons with the United States according to the terms of the U.S.-Netherlands IGA.

Under the U.S.-Netherlands IGA, the Issuer expects to be treated as a Reporting FI and has to register as such with the IRS, and does not anticipate that it will be obliged to deduct FATCA Withholding from

payments on the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. I.e., the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in limited circumstances.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding.

**FATCA is particularly complex and its application is not fully certain at this time. The above description is based in part on regulations, official guidance and the U.S.-Netherlands IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### **The Class A Notes may not be eligible as collateral for Eurosystem monetary policy**

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 ICSDs as common safekeeper, however this does not mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem.

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

The Notes are complex financial instruments. 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 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 risk 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

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.

### **Risk related to the ECB Purchase Programme**

In September 2014, the ECB initiated an asset purchase programme whereby it envisaged to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme commenced in March 2015 and encompasses the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. In March 2016 the ECB announced that the combined monthly purchases under the asset purchase programme are to increase as of 1 April 2016 to EUR 80 billion and that it will include investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area in the list of assets eligible for regular purchases under a new corporate sector purchase programme. These programmes are intended to be carried out until at least March 2017. It remains to be seen what the effect of these purchase programmes will be on the volatility in the financial markets and economy generally. 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.

### **Notes in global form**

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such Principal Amount Outstanding of that Class of Notes. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective Principal Amount Outstanding of such Notes held by them shall be conclusive for all purposes. Therefore for payment of principal and interest, investors must look solely at the holder of the relevant Global Note.

### **Conflict between Noteholders**

The Trust Agreement contains provisions requiring the Security Trustee to have regard to the interests of holders of the highest ranking Class of Notes in case of a conflict between two or more Classes. Therefore, the rights of Noteholders of a Class of Notes ranking subordinated to the Class A Notes are subordinated to the rights of Noteholders of Classes of Notes ranking higher than the Class of Notes of such Noteholder.

The Seller will purchase and initially hold the Retained Notes, subject to certain conditions precedent being satisfied, and on terms set out in the Notes Purchase Agreement. The Seller is entitled to exercise the voting rights in respect of any Notes it holds, which may be prejudicial to other Noteholders.

### **Structural/legal risk relating to the underlying assets**

There is a risk that the Issuer will not have the (full) benefit of the security over the Mortgaged Assets, the Borrower Insurance Pledges, an NHG Guarantee and/or the Beneficiary Rights. There is a risk a Borrower sets off amounts due to it by the Seller or the Originator against its payment obligation under the Mortgage Loan. If a Borrower successfully invokes a right of set-off, the Seller is obliged to reimburse the Issuer for

such shortfalls. However, there is a risk that the Seller does not comply with such obligation. In case of a default by an Insurance Company under an Insurance Policy, there is a risk that the Issuer does not benefit from the Insurance Policy and/or that the Issuer may not be able to collect the Mortgage Receivables, whether in part or in full, as a result of set-off or defences invoked by the Borrower. Should these risks materialise, the ability of the Issuer to perform its obligations under the Notes could be adversely affected. For a general discussion of these legal considerations see further the paragraphs *Risk that the Issuer does not have the benefit of the Security Rights, Risks related to Insurance Policies and Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*.

### **Changes of law**

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

### **No Gross-up for taxes**

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature are imposed by or on behalf of the Netherlands or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer or the Paying Agents (as applicable) 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 compensate the Noteholders for such withholding or deduction.

### **Credit ratings may not reflect all risks**

The ratings of the Class A Notes addresses the assessment made by the Credit Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date. For the avoidance of doubt, the Credit Rating Agencies do not address the payment of the Class A Excess Consideration and the Class A Additional Amounts.

A rating or an outlook on such rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, the circumstances in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties (including a reduction in the credit rating of the Interest Rate Cap Provider or any entity belonging to the same group as the Seller) might have an adverse effect on the ratings of the Class A Notes.

The Class B Notes and the Class C Notes will not be rated.

### **Risk that the rating of the Class A Notes changes**

The ratings to be assigned to the Class A Notes by the Credit Rating Agencies are based, *inter alia*, on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Credit Rating Agencies. 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 if, in any of the Credit Rating Agencies' judgement, circumstances so warrant.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES**

### **Risks of losses associated with declining values of Mortgaged Assets**

The security created in favour of the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. Currently the Dutch housing market is experiencing declining values of Mortgaged Assets. In addition, a forced sale of the Mortgaged Assets may, compared to a private sale, result in a lower value of the Mortgaged Assets. A decline in value may result in losses to the Noteholders if such security is required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

### **Loan to Foreclosure Value Ratio**

The appraisal foreclosure value (*executiewaarde*) of the Mortgaged Assets on which a mortgage right is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant Mortgaged Assets. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Receivable 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 estimated foreclosure value of such Mortgaged Asset.

### **Transfer of legal title to Mortgage Receivables - commingling risk *vis-à-vis* the Originator and the Seller**

Prior to the Closing Date Assignment 1 has taken place and accordingly the Originator has from time to time transferred the legal title to the Mortgage Receivables to the Seller by way of undisclosed assignments (*stille cessie*) and on the Closing Date Assignment 2 will take place and accordingly the Seller will transfer legal title to the Mortgage Receivables to the Issuer by way of undisclosed assignment (*stille cessie*). Each assignment under Assignment 1 has been effected by means of a private deed of assignment which has been registered with the relevant tax authorities, without notification of the assignments to the Borrowers (*stille cessie*). Assignment 2 will be effected by means of a private deed of assignment which will be registered with the relevant tax authorities, without notification of the assignment to the Borrowers being required. Until notification to the Borrowers of Assignment 1, the Borrowers under the Mortgage Loans can only validly pay (*bevrijdend betalen*) to the Originator. Upon notification to the Borrowers of Assignment 1 but prior to notification of Assignment 2, the Borrowers can only validly pay to the Seller. Assignment 2 (and Assignment 1, as the case may be) will only be notified to the Borrowers upon the occurrence of an Assignment Notification Event. In accordance with Assignment 1, the Originator and the Seller have agreed that the Originator and the Seller can only notify the Borrowers of Assignment 1 under limited circumstances. To further mitigate the risk of notification of Assignment 1 only, the Originator and the Seller have covenanted to the Issuer in the Mortgage Receivables Purchase Agreement that the Originator or the Seller, shall not notify the Borrowers of Assignment 1 without the prior written consent of the Issuer or the Security Trustee, as applicable. Furthermore, the Mortgage Receivables Purchase Agreement provides that notification of Assignment 1 must always coincide with notification of Assignment 2.

Consequently, all payments by the Borrowers will be paid to and received by the Originator or, following notification of both Assignment 1 and Assignment 2, the Issuer, unless the Security Trustee agrees otherwise.

All amounts of principal, interest, prepayment penalties and interest penalties so received by the Originator in respect of the Mortgage Receivables will be transferred to the Issuer Collection Account by the Servicer pursuant to the Servicing Agreement.

Consequently, the Issuer has a credit risk on both the Originator and, after notification of Assignment 1 only, the Seller in respect of payments made under the Mortgage Receivables. In case of a bankruptcy of the Originator or of the Seller or in case the Originator or the Seller becomes subject to emergency regulations or

suspension of payments prior to making such payments, the Issuer has no proprietary right or right of preference in respect of such amounts.

If a Borrower makes a payment to the Originator or, after notification of Assignment 1 only (i.e. not of Assignment 2), to the Seller (for the purposes of this paragraph each an **Assignor**) *prior* to receipt of notification by either party of the assignment by such Assignor, but *after* such Assignor having been declared bankrupt or subjected to suspension of payments or after emergency regulations having been declared in respect of such Assignor, such paid amount will form part of the bankruptcy estate of such Assignor. Based on the Explanatory Notes to Section 3:94 Dutch Civil Code, in such case the Issuer as legal owner of the Mortgage Receivables will have a non-preferred estate claim (*concurrente boedelschuld*) in respect of such amounts which means that the Issuer will have the right to receive such amounts from the estate of the relevant Assignor after deduction of general bankruptcy costs, without having to wait for the (provisional) notice of distribution (*uitdelingslijst*) to become final. If a Borrower makes a payment to an Assignor under the Mortgage Receivables assigned by such Assignor *prior* to notification to the Borrowers of the assignment by such Assignor *and prior* to bankruptcy, suspension of payments or emergency regulations involving such Assignor, the Seller (in case the Assignor is the Originator) or the Issuer (in case the Assignor is the Seller) has a non-preferred claim (*concurrente vordering*) against the Assignor, both prior and after its bankruptcy in respect of such amounts. If a Borrower makes a payment to the Originator prior to notification of Assignment 1 which payment the Originator has passed on to the Seller, the Issuer will have a non-preferred claim (*concurrente vordering*) against the Seller both before and after bankruptcy or moratorium of in respect of the Seller.

Notification of the assignments can validly be made after commencement of bankruptcy proceedings, suspension of payments or emergency regulations proceedings but Borrowers can pay with discharging effect to the relevant Assignor until such notification has taken place. The Issuer will have the right to notify the Borrowers, among others, upon the commencement of such proceedings in respect of the Originator or the Seller. Upon such notification of both Assignment 1 and Assignment 2, the Borrowers may only validly discharge their payment obligations under the Mortgage Loans by paying to the Issuer.

### **Risk that the Issuer does not have the benefit of the Security Rights**

Under Dutch law, as a rule mortgages and pledges are "accessory rights" (*afhankelijke rechten*) and as such automatically follow the receivables they secure. This means that upon assignment of a receivable, the assignee automatically gets the benefit of any security right which secures such receivable, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

The Mortgages and Borrower Pledges securing the Mortgage Receivables qualify as All Moneys Security Rights securing all present and future receivables of the Originator, in general (*bankzekerheden*) in case of the Mortgage Loans originated after 8 September 2005 or, in respect of Mortgage Loans originated prior to such date, under any and all present and future credit agreements up to a certain maximum (*kredietzekerheden*).

In the past, uncertainty existed in Dutch legal literature as to whether a transfer or pledge of a receivable secured by All Moneys Security Rights results in a transfer of the All Moneys Security Rights, or a share therein, to the assignee.

The Supreme Court (HR 16 September 1988, *NJ* 1989, 10) confirmed that, like any other mortgage or pledge, an All Moneys Security Right is in principle an accessory right and that in principle, the assignee will also become entitled to such All Moneys Security Right by operation of law. In its decision, the Supreme Court ruled that the main rule is that any mortgage right will, as an accessory right, automatically transfer together with the receivable it secures. The exception to this rule is when the mortgage was stipulated as a strictly personal right. The Supreme Court held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivable means that it exclusively vests the mortgage as a strictly personal right, in deviation of the main rule. The wording of the relevant mortgage deed constitutes *prima facie* evidence of whether the intention of the parties was to create the relevant

mortgage as a personal right, although it is not inconceivable that evidence to the contrary is brought forward.

The Seller represents and warrants in the Mortgage Receivables Purchase Agreement that (a) the mortgage deeds in respect of the Mortgage Loans originated by the Originator prior to 8 September 2005, (i) contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment and (ii) do not contain, nor any other agreements between the Originator and the relevant Borrower in respect of the relevant Mortgage Receivables contain, any explicit provision on the issue whether (x) the rights of pledge follows the receivable upon its assignment or pledge and (y) the mortgage right follows the receivable upon its pledge and (b) the mortgage deeds in respect of the Mortgage Loans originated by the Originator after 8 September 2005, contain the provision that the mortgage right and the rights of pledge will partially follow, *pro rata*, the receivable upon its assignment and pledge.

The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, the All Moneys Security Rights (partially) follow the Mortgage Receivables as an accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

Should the All Moneys Security Right not (partially) follow the Mortgage Receivables upon their assignment, the Issuer, or the Security Trustee as the case may be, would not have the benefit of the Mortgaged Assets and would thus have an unsecured claim against the Borrowers in respect of the Mortgage Receivables. This could materially affect the recourse ability of the Issuer under the Mortgage Loans and its ability of the Issuer to meet its payment obligations under the Notes if the Borrowers were to default.

#### **Risk related to co-owned All Moneys Security Rights by the Originator, the Seller, the Issuer and the Security Trustee**

If the All Moneys Security Rights have indeed (partially) followed the Mortgage Receivables upon their assignment, the Security Rights would be co-owned by the Issuer and the Originator and would secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any Other Claim and certain risks relating to the enforcement and distribution of foreclosure proceeds apply as discussed below.

#### ***Ability to enforce***

If the All Moneys Security Rights are co-owned, the rules applicable to co-ownership (*gemeenschap*) apply. In the Mortgage Receivables Purchase Agreement the Originator, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-owned rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the co-owned rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the co-owned rights (without consent of the others). It is, however, uncertain whether the foreclosure of the security rights will be considered as day-to-day management, and, consequently, whether the consent of the Originator, or the Originator's bankruptcy trustee (in case of bankruptcy) or administrator in case of (preliminary) suspension of payments or emergency regulations) may be required for such foreclosure. The Issuer has been advised that, if the Originator has no Other Claims, there is no reason to assume such consent would be withheld.

#### ***Allocation of foreclosure proceeds***

The Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that on the Cut-Off Date the Originator had no Other Claims and it will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been redeemed in accordance with the Conditions and the Issuer has no further obligations under any of the other Transaction Documents, it will repurchase and accept re-assignment of a Mortgage Receivable, if the Originator obtains an Other Claim which is secured by the same All Moneys Security Rights as the Mortgage Receivable, including resulting from a Further Advance. If the Originator has no Other Claim at the time of foreclosure of the All Moneys Security Rights, the full foreclosure proceeds will de facto be available to satisfy the Mortgage Receivable. There is, however, a risk that the Seller will not comply with the repurchase obligation referred to above, in which case the All Moneys Security Rights would secure both the Mortgage Receivables and any Other Claim the Originator might have at the time of foreclosure. To address that risk, the Originator, the Issuer and/or the Security

Trustee (as applicable) will agree in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-owned security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the Mortgage Receivables, increased with interest and costs, if any, and the Originator's share will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable against the Originator or, in case of bankruptcy, (preliminary) suspension of payments or emergency regulations, the Originator's bankruptcy trustee or administrator. The arrangement may also not be effective against the Borrower, in particular in respect of the Mortgage Receivables originated after 8 September 2005, as the form of mortgage deed used stipulates that the shares of the Originator and any assignee respectively will be *pro rata* the size of the claim they have against the Borrower.

### ***Compensation for breach***

The Seller, the Issuer and the Security Trustee will also agree that the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result of a breach by the Originator of its obligations in respect of this arrangement (including enforcing the All Moneys Security Rights notwithstanding the above arrangement) or if such arrangement is dissolved, declared void, nullified or ineffective for any reason in respect of the Seller. 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.

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

The Life Mortgage Loans have the benefit of Life Insurance Policies and Savings Mortgage Loans and Life Mortgage Loans with a Savings Element have the benefit of Savings Insurance Policies and Savings Investment Insurance Policies, respectively. Investors should be aware that the Issuer may not (i) benefit from the Insurance Policies and/or (ii) be able to recover any amounts from the Borrower in case the relevant Insurance Company defaults in its obligations as further described in the paragraphs below. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right securing such claim. In such case the rights of the Security Trustee will be similarly affected.

### **Risk that the Borrower Pledges will not be effective**

The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment (*afkoopsom*) under the Insurance Policies which have been pledged to the Originator under the Mortgage Loans, will be regarded by a Dutch court as a future right. Under Dutch law the pledge of a future right is not effective if the pledgor is declared bankrupt or is granted a suspension of payments or been made subject to a debt restructuring scheme pursuant to the Dutch Bankruptcy Act (*Failissementswet*), prior to the moment such right coming into existence. Consequently, it is uncertain whether such right of pledge will prove to be effective in case of insolvency of the Originator and/or the Seller. The same uncertainty applies to any Borrower Pledge on the rights of the relevant Borrower in connection with the Investment Accounts to the extent the rights of the Borrower qualify as future claims, such as options (*opties*), in respect of Investment Mortgage Loans.

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

In addition to the Borrower Insurance Pledge, either:

- (a) the Originator was made beneficiary of the Beneficiary Rights; or
- (b) the Borrower Insurance Proceeds Instruction was given by the third party beneficiary in favour of the Originator.

## ***Beneficiary Rights***

As explained below, it is uncertain whether the Issuer will have the benefit of the Beneficiary Rights. In respect of the Beneficiary Rights of the Originator, under Dutch law it is uncertain whether the Beneficiary Rights have followed the Mortgage Receivables upon assignment thereof to the Seller and whether they will follow the Mortgage Receivables, upon assignment by the Seller to the Issuer. To the extent legally possible, the Beneficiary Rights (a) have been assigned by the Originator to the Seller prior to the Closing Date and (b) will be assigned on the Closing Date by the Seller to the Issuer. Subsequently, the Issuer will grant a pledge over the Beneficiary Rights to the Security Trustee. The assignment and pledge of the Beneficiary Rights will only be completed upon notification to the Insurance Company, which is not expected to occur prior to the occurrence of an Assignment Notification Event. However, the Issuer has been advised that it is uncertain whether these assignments and pledge will be effective.

For the situation that the transfers of the Beneficiary Rights are ineffective, the Issuer and the Security Trustee will enter into the Beneficiary Waiver Agreement with the Originator, the Seller and the Savings Insurance Company under which the Originator and the Seller will:

- (a) subject to the condition precedent (*opschortende voorwaarde*) of the occurrence of an Assignment Notification Event, waive its respective rights as beneficiary under the Insurance Policies with the Savings Insurance Company and appoint as first beneficiary (i) the Issuer subject to the dissolving condition (*ontbindende voorwaarde*) 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/or appointment will be effective; and
- (b) together with the Savings Insurance Company (but only in respect of Insurance Policies with the Savings Insurance Company) in the Beneficiary Waiver Agreement undertake that they will use their best efforts upon the occurrence of an Assignment Notification Event to obtain the co-operation from all relevant parties, in particular the Borrowers, (a) to terminate the appointment of the Originator as beneficiary under the Insurance Policies and (b) to appoint as first beneficiary under the Insurance Policies up to the relevant Outstanding Principal Amount of the relevant Mortgage Receivable (i) the Issuer subject to the dissolving condition of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event.

It is noted that all receivables under the relevant Insurance Policies have been pledged and notification thereof has been made to the relevant Insurance Company. To the extent the waiver is effective but the appointment is not and the Borrower consequently will have become the beneficiary, the Borrower's rights will in principle (see above) be covered by the Borrower Insurance Pledge.

## ***Borrower Insurance Proceeds Instruction***

For the scenario in which a Borrower Insurance Proceeds Instruction has been given, the Originator and the Savings Insurance Company (but only in respect of Insurance Policies with the Savings Insurance Company) will in the Beneficiary Waiver Agreement undertake to use their best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Originator and to issue such instruction up to the relevant Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (i) the Issuer subject to the dissolving condition of a Pledge Assignment Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Assignment Notification Event, and to obtain the co-operation from all relevant Borrowers and the relevant beneficiary where required.

The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved, including the relevant Life Insurance Company and the Borrowers. It is uncertain whether such co-operation will be forthcoming.

If all of the above measures are ineffective, any proceeds under the Insurance Policies will be payable to the Originator or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up

to the amount of any claims the Originator may have on the relevant Borrower. If the proceeds are paid to the Originator, the Originator will pay such amount to the Seller and the Seller will, pursuant to the Mortgage Receivables Purchase Agreement, be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. There is a risk that the Seller is not able to make such payment to the Issuer which would affect the ability of the Issuer to perform its payment obligations under the Notes. If the proceeds are paid to the Originator and the Seller does not pay an amount equal to such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy, (preliminary) suspension of payments or emergency regulations of the Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Originator or another beneficiary, as the case may be. See risk factor *Risk of set-off or defences in case of insolvency of any of the Insurance Companies* below, which may adversely affect the payment of the Notes.

### **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. As a result of a successful invocation of a right of set-off, the Mortgage Receivable would, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

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. Parties may contractually limit such statutory set-off right. The conditions applicable to the Mortgage Loans contractually prohibit set-off by the Borrowers. However, under Dutch law it is uncertain whether such prohibition (or waiver) included in general conditions will be enforceable. Should such prohibition (or waiver) be unenforceable, the Borrowers will have the statutory set-off rights described below in this paragraph.

A distinction should be made between (statutory) set-off prior to notification of assignment and set-off thereafter.

Prior to notification of Assignment 1 and Assignment 2, subject to the statutory requirements being met, each Borrower will be entitled to set off amounts it owes in respect of the Mortgage Loan with amounts the Originator owes to such Borrower under the Mortgage Loan or another legal relationship. The Seller has represented in the Mortgage Receivables Purchase Agreement that the Originator did not offer and will not offer any current (savings) accounts or savings deposits to the Borrowers, except for the Aggregate Construction Deposit Amount.

If a Borrower is notified of Assignment 1 but not of Assignment 2, the Borrower will be entitled to invoke set-off of a counterclaim against the Originator against the obligation to pay under the Mortgage Loan to the Seller, provided that (i) the legal requirements for set-off are met and (ii) either (a) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Loan or (b) the counterclaim of the Borrower does not result from the same legal relationship but has been originated (*opgekomen*) and become due and payable (*opeisbaar*) prior to notification to the relevant Borrower of Assignment 1. The question whether a court will conclude that the Mortgage Loan and the counterclaim of the Borrower result from the same legal relationship will depend on all relevant facts and circumstances involved. If the relevant Mortgage Receivable and the counterclaim of the Borrower would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and become due and payable (*opeisbaar*) prior to notification of Assignment 1, provided that all other requirements for set-off have been met. In this respect the Seller will represent that the Originator did not offer and will not offer any current (savings) accounts or savings deposits to the Borrowers, except for the Aggregate Construction Deposit Amount.

Upon notification of Assignment 1 but not of Assignment 2, as a result of the fact that the authority to collect (*inningsbevoegdheid*) passes to the Seller, a Borrower will also have the right to invoke set-off against the

Seller in respect of a counterclaim the Borrower may have arising from legal relationships with the Seller, including any claims relating to bank deposits which the Borrower has placed at the Seller, subject to the statutory requirements set out in Section 6:127 Dutch Civil Code having been met (in addition to counterclaims against the Originator as set out above). The Mortgage Receivables Purchase Agreement will provide that notification of Assignment 1 must always coincide with notification of Assignment 2.

The Issuer has been advised that *after* notification of Assignment 1 and Assignment 2, a Borrower will have the same set-off rights against the Issuer as such Borrower has against the Originator or, if notification of Assignment 2 happens at a later stage than notification of Assignment 1, as against the Seller, provided that the conditions for set-off have been met as discussed in the previous paragraphs. The Seller has represented in the Mortgage Receivables Purchase Agreement that other than in respect of any Bank Savings Mortgage Loan, any current account or savings deposit of the Borrower held with the Seller and the relevant Mortgage Loan are offered in such manner that it should be clear to the Borrower that (i) the current account or savings deposit is held with the Seller, (ii) the relevant Mortgage Loan is granted by the Originator, (iii) the Seller and the Originator are different legal entities and (iv) the conditions pertaining to the Bank Savings Mortgage Loans and the current accounts or saving deposits do not contain contractual provisions entitling the Borrower to set off claims under these legal relationships against each other. The Issuer has been advised that any set-off rights of the Borrower of amounts owed by him under the Mortgage Receivable, against a counterclaim which the Borrower has against the Seller, would not become possible if notification of Assignment 2 is made at the same time as notification of Assignment 1. However, as there is no case law available on this point, the risk cannot entirely be excluded that such set-off can take place. To mitigate the risk that the notification of Assignment 1 and Assignment 2 is not made at the same time, the Seller has covenanted to the Issuer in the Mortgage Receivables Purchase Agreement that it shall not notify the Borrowers of Assignment 1 without the prior written consent of the Issuer or the Security Trustee. However there can be no assurance that notification of both assignments will take place at the same time and even if one single notification is made of both Assignment 1 and Assignment 2 (at the same time), there is, given the absence of supreme court case law at this point, a remote risk that Borrowers will be afforded set-off rights against the Issuer and/or the Security Trustee following such notification with counterclaims against the Seller. In respect of the potential set-off risks regarding Bank Savings Mortgage Loans, see the paragraph entitled "*Risk of set-off or defences with respect to Mortgage Receivables resulting from Bank Savings Mortgage Loans*".

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

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Originator or Seller, as the case may be, against the relevant Mortgage Receivable the Seller will pay to the Issuer an amount equal to the amount so set off. 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. Furthermore, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that, except for the Aggregate Construction Deposit Amount, the Originator did not offer and will not offer any current (savings) accounts or savings deposits to the Borrowers.

Specific set-off issues relating to Life Mortgage Loans, Savings Mortgage Loans, Investment Mortgage Loans and Bank Savings Mortgage Loans, will be discussed in the following paragraphs.

## **Set-off risks or defences relating to counterclaims under Life Mortgage Loans, Savings Mortgage Loans, Investment Mortgage Loans and Bank Savings Mortgage Loans**

### ***Life Mortgage Loans and Savings Mortgage Loans***

#### *General*

As described above in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*, in order for a Borrower to have a successful claim on the grounds of set-off, a Borrower would (i) first need to successfully argue that the waiver of its set-off right is invalid and (ii) would then need to successfully argue that the Dutch law requirements for set-off have been met. As described above, one of these requirements is that the Borrower should have a claim against the same counterparty. However, the Insurance Policies are contracts between any of the Insurance Companies and the Borrowers on the one hand and the Mortgage Receivables are originally claims of the Originator on the relevant Borrower on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Borrower was led to believe that he was not entering into two separate relationships but one interrelated relationship. The Borrower's defence in such case is likely to focus on information provided by or on behalf of the Originator which may have led the Borrower to (erroneously) believe that he was not entering into two relationships.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences *vis-à-vis* the Originator, the Seller, the Issuer and/or the Security Trustee. The Borrowers will have all defences afforded by Dutch law to debtors in general. Such defence would be based upon interpretation of the mortgage documentation and the promotional materials. Borrowers could argue 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 (*vernietiging*) or dissolution (*ontbinding*) of the Mortgage Loans or possibly suspension of their obligations thereunder. The Borrowers could also argue that it was the intention of the parties involved or that they could at least rightfully interpret the mortgage documentation and the promotional materials in such manner 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. Also, Borrowers could argue that it is contrary to principles of reasonableness and fairness (*redelijkheid en billijkheid*) for the Borrower to be obliged to repay the Mortgage Receivable to the extent that it has failed to receive the proceeds of the Insurance Policy. The Borrower could also base a defence on "error" (*dwalings*), i.e. that the Mortgage Loan and the Insurance Policies would be entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds the Mortgage Receivable. In such case the Borrower would still be obliged to repay the amount lent out to him. The Borrower would invoke the same defences purporting that the lost proceeds would be deducted from the amount that the Borrower would need to repay.

#### *Risk of set-off or defences in case of insolvency of any of the Insurance Companies*

In respect of Life Mortgage Loans, Savings Mortgage Loans or Life Mortgage Loans with a Savings Element, the intention is that at maturity the principal proceeds of the Insurance Policy can be used to repay the Mortgage Loan in whole or in part following payout by the Insurance Company. It is possible that any of the Insurance Companies does not (fully) pay out the proceeds (e.g. in case it is declared bankrupt or has become subject to emergency regulations). If the Borrower is then requested to repay the Mortgage Loan in full, the Borrower may try to invoke set-off rights and defences purporting to establish that an amount equal to the lost proceeds is deducted from the Mortgage Receivable it owes to the Issuer. A successful claim could lead to losses under the Notes.

#### *Set-off or defences regarding Life Mortgage Loans*

In respect of Life Mortgage Loans with Life Insurance Policies taken out by a Borrower with a Life Insurance Company, the Issuer has been advised that if (i) there is no connection, whether from a legal or a commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy other than a Borrower Insurance Pledge granted on the rights under such policy in favour of the Originator and (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name and (iii) the

Borrowers are free to enter into a life insurance policy with any insurance company and (iv) none of the Life Insurance Companies is a group entity (within the meaning of Section 2:24b of the Dutch Civil Code) of the Originator, it is unlikely that a court would honour set-off defences of the Borrowers. However, should any of the aforementioned elements under (i) up to and including (iv) not be met, the Issuer has been advised that the risk will be higher.

In respect of Life Mortgage Loans between the Originator and a Borrower with a Life Insurance Policy between the Savings Insurance Company and such Borrower, whereby the elements set out above, other than item (iv), are met, the Issuer has been advised that the possibility cannot be disregarded (*kan niet worden uitgesloten*) that the courts will honour set-off or defences of Borrowers if the Borrowers will not be able to recover their claims under their Life Insurance Policies. However, it should be noted that this will depend on the factual circumstances at the time of origination of such Life Mortgage Loans (excluding the Life Mortgage Loans with a Savings Element). If the Life Mortgage Loans to which Life Insurance Policies with the Savings Insurance Company is connected are marketed as a package offered as one product under one name and without clear distinction being made between the Originator as provider of the Life Mortgage Loans and the Savings Insurance Company being Delta Lloyd Levensverzekering (a group company of the Originator) as insurer under the Life Insurance Policies, which may, as the Issuer has been informed, be the case, the Issuer has been advised that the possibility can certainly not be disregarded (*kan zeker niet worden uitgesloten*) that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of the Savings Insurance Company the Borrowers will not be able to recover their claims under their Life Insurance Policies, however, this will depend on the factual circumstances at the time of origination of such Life Mortgage Loans.

#### *Set-off or defences regarding Savings Mortgage Loans and Life Mortgage Loans with a Savings Element*

In respect of Savings Mortgage Loans and Life Mortgage Loans with a Savings Element between the Originator and a Borrower, the Issuer has been advised that in view, *inter alia*, of the close connection between the Savings Mortgage Loan or Life Mortgage Loan with a Savings Element and the Savings Insurance Policy or Savings Investment Insurance Policy, as the case may be, there is a considerable risk (*een aanmerkelijk risico*) that such a set-off or defence would be successful. In view hereof, on the Closing Date, the Insurance Savings Participation Agreement will be entered into between the Issuer, the Security Trustee, and the Savings Insurance Company. All Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element will be subject to the Insurance Savings Participation Agreement.

Moreover, the Insurance Savings Participation Agreement will provide that if (i) in respect of a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element, a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of such Savings Mortgage Loan or Life Mortgage Loan with a Savings Element or if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Savings Investment Insurance Policy and (ii) the Seller fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, and, as a consequence thereof, the Issuer will not have received any amount which was outstanding prior to such event in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, the Insurance Savings Participation of the Savings Insurance Company in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such defence or default to pay. The amount of the Insurance Savings Participation is equal to the amount of Savings Premiums received by the Issuer plus the accrued yield on such amount (see section 7.6 (*Participation Agreements*) below), provided that the Savings Insurance Company will have paid all Savings Premiums received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the relevant Insurance Savings Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the relevant Insurance Savings Participation.

For the avoidance of doubt, the Insurance Savings Participation Agreement does not apply to Life Mortgage Loans to which a Life Insurance Policy with a Unit-Linked Alternative is connected.

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

The Seller has represented that under the Investment Mortgage Loans, the securities are purchased by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Securities Giro Act (*Wet Giraal Effectenverkeer*, the **Wge**) or, if they do not qualify to be held in accordance with 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 Wft*). However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under the paragraph *Risk of set-off or defences in case of insolvency of any of the Insurance Companies* below and the paragraph *Risks related to offering of Investment Mortgage Loans and Life Insurance Policies*.

### ***Risk of set-off or defences with respect to Mortgage Receivables resulting from Bank Savings Mortgage Loans***

Each Bank Savings Mortgage Loan has the benefit of the balance standing to the credit of the relevant Bank Savings Account which is held with the Bank Savings Participant. In respect of the balances standing to the credit of the Bank Savings Account, it is the intention that at the maturity of the relevant Bank Savings Mortgage Loan, such balances will be used to repay the relevant Bank Savings Mortgage Loan, whether in full or in part. If the Bank Savings Participant is no longer able to meet its obligations in respect of the relevant Bank Savings Account, for example as a result of bankruptcy, this could result in the balance standing to the credit of the relevant Bank Savings Account either not, or only partly, being available for application in reduction of the Mortgage Receivable resulting from the relevant Bank Savings Mortgage Loan. This may lead to the Borrower trying to invoke set-off rights and defences against the Originator, the Seller, the Issuer or the Security Trustee, as the case may be, which may result in the Mortgage Receivables being, fully or partially, extinguished (*tenietgaan*) or not being recovered for other reasons, which could lead to losses under the Notes.

The analysis for such set-off or defences by Borrowers is similar to the risk described in the paragraph *Risk of set-off or defences in case of insolvency of any of the Insurance Companies* above under the paragraph *Set-off or defences regarding Savings Mortgage Loans and Life Mortgage Loans with a Savings Element* and, consequently, in our opinion there is a considerable risk (*een aanmerkelijk risico*) that such a set-off or defence would be successful. In view hereof, on the Closing Date, the Bank Savings Participation Agreement will be entered into, which will be materially in the same form as the Insurance Savings Participation Agreement, except that the Bank Savings Participation Agreement is entered into between the Issuer, the Security Trustee and the Bank Savings Participant (see also section 7.6 (*Participation Agreements*) below). Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the relevant Bank Savings Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the relevant Bank Savings Participation.

In respect of Bank Savings Mortgage Loans, it is noted that, pursuant to an amendment to the Wft effective as of 1 January 2014, amounts standing to a bank savings account will, if certain conditions are met, by operation of law be set off against the related Bank Savings Mortgage Loan, irrespective of whether the Bank Savings Mortgage Loan is owed to the Bank Savings Participant or a third party such as an Originator or the Issuer if (i) the deposit guarantee scheme is activated in respect of the Bank Savings Participant by DNB or (ii) the Bank Savings Participant is subjected to emergency regulations (*noodregeling*) or (iii) declared bankrupt (*failliet*). In these three limited circumstances set-off between the Bank Savings Mortgage Loan and the Bank Savings Deposit will by operation of law occur irrespective of whether the mutuality requirement for set-off is complied with or not. As a result of such set-off the Issuer may not have sufficient funds to meet its obligations and consequently this could lead to losses under the Notes.

## Risks related to investment advice

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

## Risks related to Construction Deposits

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Deposit to be paid out if certain conditions are met. The Aggregate Construction Deposit Amount on (the opening of business of) the Cut-Off Date is euro 7,441,399.91. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer is entitled to withhold from the Initial Purchase Price an amount equal to such Aggregate Construction Deposit Amount. Such amount will be deposited on the Construction Deposit Account. On each Mortgage Collection Payment Date the Issuer will release from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the Aggregate Construction Deposit Amount and the balance standing to the credit of the Construction Deposit Account and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Deposits have to be paid out within 12 months (for refurbishments) or 24 months (for newly built properties) after the relevant Mortgage Loan has been granted. However, the Originator may agree with a Borrower to extend the relevant period for a maximum of 6 months. After such period, any remaining Construction Deposits will be set off against the relevant Mortgage Receivable up to the amount of such Construction Deposit. The Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in such case and any balance standing to the credit of the Construction Deposit Account will be transferred to the Issuer Collection Account and form part of the Available Principal Funds.

If any of the events set forth in items (d) and (e) of the definition of the Assignment Notification Events has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. See section 7.1 (*Purchase, Repurchase and Sale*) below.

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

## Risk related to the value of investments under Investment Mortgage Loans or Life Insurance Policies

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

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

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

With respect to these risks, the Seller has informed the Issuer as follows. Unit-linked insurance products (such as part of the Life Insurance Policies) have been the subject of debate and alleged claims of mis-selling since 2006. Unit-linked insurance products were developed and launched in the 1990s at a time when equity markets were strong. Unit-linked insurance products have proven to be popular during periods of equity market appreciation, since this appreciation benefits the policyholder. However, as markets began to decline in 2006, unit-linked insurance products became less attractive compared with traditional life insurance products as only the actual returns on equity investments were available to be passed on to policyholders and such returns were declining. In some cases the value of a policy could be partly influenced by the level of costs and/or the structure of the products. Together with declining markets this situation resulted in a small number of non-accruing unit-linked insurance policies (a unit-linked insurance policy where the future increase of value is less than the future contribution payments). In September 2006, a large group of policyholders and consumer organisations started a public debate regarding the (perceived) lack of transparency of the structure of these contracts, particularly in respect of the costs of certain products, as well as certain aspects of the nature of the products (possible “defective products” claims).

Following this public debate, the Group (ABN AMRO Levensverzekering N.V. and Delta Lloyd Levensverzekering) entered into agreements in 2008 and 2010 with consumer and investor interest groups (a.o. Stichting Verliespolis, Vereniging van Effectenbezitters and Vereniging Eigen Huis). The agreements include a settlement on standardised charges for individual, privately held unit-linked insurance products purchased in the past. The recommendations from the Dutch Financial Services Ombudsman, Mr. J. W. Wabeke (the **Wabeke recommendation**), was taken into account for determining the compensation. An arrangement was also made for customers in “distressed” situations. At the end of 2012, the Group added the compensation directly into the policies and it is therefore included in the Group’s insurance liabilities, a method which was recommended by the Dutch Ministry of Finance (*Ministerie van Financiën*).

The Group has informed its customers about their unit-linked insurance policies through advisers and its intermediaries, so they can make well-considered decisions about whether or not to adjust their policies. In the event that the advisers and intermediaries are not able to advise a customer or a customer no longer has an adviser, the Group itself provides advice to this customer. If customers want to change their policies, the Group will support them in adjusting their policies. The Group has been actively contacting its customers for them to take action in this regard. The Group refers to the process of contacting customers and informing

them of their options as the “activation” of customers. The activation of customers was imposed by the Dutch Ministry of Finance through legislation. The corresponding targets were imposed by the AFM. With respect to the activation of customers with a non-accruing policy, the AFM imposed a target of activating 100% of its customers by 21 August 2015. The Group did not fully reach this target as it achieved an activation percentage that was slightly below 100%. Therefore, by 21 August 2015 the Group was not fully compliant with the target imposed by the AFM as set out in the Further Regulations on the Supervision of the Conduct of Financial Undertakings (*Nadere Regeling gedragstoezicht financiële ondernemingen Wft*), but it continues its efforts to reach the remaining customers with non-accruing policies to achieve the target of 100%. With respect to the activation of customers with a mortgage-linked policy, the AFM imposed a target of activating 80% of customers by 21 August 2015. The target of activating 80% of the customers with a mortgage-linked policy by 21 August 2015 was achieved, as the activation percentage was already above that percentage by the end of 2014. By year end 2016, according to the target imposed by the AFM, 100% of customers with mortgage-linked policies need to be activated. The AFM published the activation scores reached by insurers in its report of 28 October 2015. The Group continues its efforts to reach the last remaining customers with mortgage-linked policies. Additionally, the Group is now focusing on the activation of customers with deferred annuity policies (a pension related unit-linked insurance policy).

On 29 April 2015, the Court of Justice of the European Union (the **Court of Justice**) rendered a long awaited judgement regarding questions referred to the Court of Justice by the District Court of Rotterdam (the **District Court**) in a dispute that arose between an insurance company not related to the Savings Insurance Company, the Seller, the Originator or any other member of the Group) and a policyholder. The dispute concerned information that this insurance company was obligated to provide to the policyholder. The questions referred to the Court of Justice included whether the provisions of the EU Third Life Assurance Directive precluded an insurance company, on the basis of general principles of domestic law such as the ‘open and/or unwritten rules’, from being required to send to policyholders certain information additional to that listed in the directive. In its judgement of 29 April 2015, the Court of Justice ruled that Member States may require information, additional to that listed in the directive, to be provided by an insurance company. However, if additional information is required, the basis must be such, in accordance with the principle of legal certainty, that it enables insurance companies to identify with sufficient foreseeability what additional information they must provide and which the policyholder may expect. When the basis of an obligation to provide additional information is formed by ‘open and/or unwritten rules’, it is for the court of the Member State to assess whether the ‘open and/or unwritten rules’ at issue meet the requirement that it is sufficiently foreseeable for insurers and what additional information they are required to provide.

The parties to the dispute that was heard by the District Court have reached a settlement. As a result, the assessment noted above will not now be made by this court. Therefore, such assessment will have to be made by a court in another individual case. It is to be expected that a decision by such court could be appealed and ultimately be brought before the Dutch Supreme Court (*Hoge Raad*) to rule on this matter in highest instance.

Such proceedings could take several years and the outcome thereof is uncertain. Since there are many different types of unit-linked policies and the information provided to clients on these policies varies by customer, it is inherently difficult to predict the impact of any court ruling in an individual case (or a decision of the Court of Appeals or Dutch Supreme Court, if any) on the insurance business as a whole, including the impact on the Group’s unit-linked portfolio. An adverse outcome of any such court ruling could have a material adverse effect on the Group’s business, reputation, results of operations, solvency, financial condition and prospects. Over time, the regulatory requirements and expectations of various stakeholders, including customers, regulators and the public at large, as well as standards and market practice, have developed and changed, increasing customer protection. As a result, policyholders and consumer protection organisations may in the future initiate proceedings against the Group alleging that products sold in the past fail to meet current requirements and expectations. In any such proceedings, it cannot be excluded that the relevant court, legislator, regulator, governmental authority or other decision-making body will apply current norms, requirements, expectations, standards and market practices, with a retroactive effect, to products sold, issued or advised on by the Group in the past. In a worst case scenario, any of the developments described above could be substantial for the Group and as a result may have a

material adverse effect on the Group's business, reputation, results of operations, solvency, financial condition and prospects.

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

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

### **PRIIPS Regulation**

On 15 April 2014, Regulation (no 1286/2014) on Key Information Documents for packaged retail and insurance-based investment products (the **PRIIPs Regulation**) was adopted. The PRIIPs Regulation aims to increase the transparency on the market for retail investments in different types of investment products. These include insurance products which offer a maturity or surrender value and where that is wholly or partially exposed, directly or indirectly, to market fluctuations. The PRIIPs regulation introduces the Key Information Document (**KID**), a standardised and simple document giving key facts on the product which must be provided to prospective retail clients and there are a number of supervisory powers granted to the regulators with respect to the marketing distribution and selling of such products within the European Union. On 29 December 2014, the PRIIPs Regulation has entered in force. The PRIIPs Regulation will be directly applicable in Member States as of 31 December 2016. It is not fully clear to which extent the PRIIPs Regulation will apply to products sold prior to 31 December 2016. It cannot be excluded that the PRIIPS Regulation will have an impact on the ability of the Savings Insurance Company (and other Insurance Companies) to make changes to life insurance policies or savings investment insurance policies, such as the Life Insurance Policies, including, but not limited to, altering their risk and reward profile or the costs associated with them without being subject to the requirement to provide the standardised information referred to above and being subject to the enhanced supervision pursuant to the PRIIPs Regulation. This may affect the ability of the Savings Insurance Company (and other Insurance Companies) to meet their respective obligations in relation to the Mortgage Loans, which in turn could ultimately result in losses on the Notes (see the paragraph *Set-off risks or defences relating to counterclaims under Life Mortgage Loans, Savings Mortgage Loans, Investment Mortgage Loans and Bank Savings Mortgage Loans*).

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

The interest rates of the fixed rate Mortgage Loans reset from time to time. The Seller has undertaken to use its best efforts, subject to applicable laws and regulations, including, without limitation, principles of reasonableness and fairness, to ensure that the interest rates of the Mortgage Receivables that have a reset date after the First Optional Redemption Date will be reset at a rate of at least one-month EURIBOR plus one hundred basis points (the **Post-FORD Mortgage Interest Rate**). The Issuer has been advised that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right which follows the Mortgage Receivables upon notification of the assignment by the Originator to the Seller and by the Seller to the Issuer and upon the pledge to the Security Trustee, but that in the absence of case law or

Dutch legal literature this is not certain. To the extent the interest rate reset right passed upon the notification of the assignment of the Mortgage Receivables to the Seller and passes subsequently 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. In the event the interest rate reset right has remained with the Originator, the Originator is not permitted to make a distinction between the Borrowers and other customers when it exercises its interest rate reset rights. Furthermore, in the case of the bankruptcy or (preliminary) suspension of payments or emergency regulations of the Originator, the co-operation of the bankruptcy trustee or the administrator would be required to reset the interest rates. There can be no assurance that such co-operation would be forthcoming.

In this respect it is noted that, if after the First Optional Redemption Date, the interest rate of a Mortgage Receivable has been reset by the Originator, the Seller or the Issuer, as the case may be, at a rate lower than the Post-FORD Mortgage Interest Rate, the Seller shall undertake to repurchase and accept re-assignment of such Mortgage Receivable and the Beneficiary Rights relating thereto on the Mortgage Collection Payment Date immediately following the date on which such interest rate has been reset. In the event that the Seller would not be in a position to meet its obligation to repurchase such Mortgage Receivables, the Issuer would need to rely on the right to set the interest rate which right it may not have, see paragraph above. If the interest rate of Mortgage Receivables (i) is set at a relative low level this may result in a rate which is lower than the rate of interest payable by the Issuer on the Notes and (ii) are set at a relatively high or low level this may result in a higher or lower rate of prepayments, higher or lower defaults by the Borrowers and otherwise influence the performance of the Mortgage Receivables, which could in turn lead to less income available to the Issuer and ultimately to losses on the Notes.

#### **Risk related to interest rate averaging and automatic lowering of the loan-to-market-value ratio**

Given the current low interest rates, political pressure has increased to allow for the averaging of interest rates (*rentemiddeling*) and automatic lowering of the loan-to-market-value ratio.

Recently certain offerors of credit in the Netherlands began allowing borrowers to apply for interest rate averaging, whereby a borrower may request the originally agreed upon fixed interest rate period to be terminated and a new fixed interest rate and a new fixed interest rate period are agreed. The new interest rate offered takes into account the current interest rate offered by the same offeror, the risk profile and the breakage costs for the terminated fixed interest period. Interest rate averaging can be favourable for a borrower if the originally agreed-upon fixed interest rate is higher than the current market interest rate offered by the same offeror and the originally agreed-upon fixed interest rate period expires in the near future. On the whole, the long term effect should be zero, but interest rate averaging can have a negative short term effect on Issuer cash flows.

The current practice of determining the effect of loan-to-market-value ratio on the interest rate is directly linked to the reset of an interest rate period. During a fixed interest rate period adjustment of the interest rate as a consequence of a better loan-to-market-value ratio is possible however, but only under certain conditions and on request of the borrower.

The Seller may introduce interest rate averaging and some form of automatic lowering of the loan-to-market-value ratio to borrowers. This could potentially have a significant impact on the Issuer's cash flows. The effects of interest rate averaging however depend on customer behaviour and are therefore difficult to predict.

#### **Risk that the valuations may not accurately reflect the value of Mortgaged Assets**

There is a risk that the value of a Mortgaged Asset, as determined by external valuers, does not accurately reflect the value of such Mortgaged Asset, either at the time of origination or at any time thereafter. The actual market or foreclosure values realised in respect of a Mortgage Asset may be lower than those reflected in the valuations.

## **Risk that the mortgage rights on long lease cease to exist**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in 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 case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschieten*) of other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. For the avoidance of doubt, the claim pledged in favour of the mortgagee may be less than the market value of the long lease, since the landowner may set off this claim with the unpaid leasehold instalments which have become due over the last two consecutive years. 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 reduced with unpaid leasehold instalments.

When granting a Mortgage Loan to be secured by a mortgage right on a long lease, the Originator will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Originator provide that the Mortgage Loan may have a maturity that is longer than the term of the long lease, provided that certain conditions are met. The general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration for the long lease, (ii) the conditions of the long lease are changed, (iii) the leaseholder breaches any obligation under the long lease or (iv) the long lease is dissolved or terminated. In such events there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

## **Risks related to changes to tax deductibility of interest**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest income tax rate) the interest deductibility will be reduced with 0.5% per year (i.e. 50.5% in 2016) until the rate is equal to the third-bracket income tax rate (currently 42%). This tax rate, as well as the rate against which the mortgage interest may be deducted, will eventually be reduced to 38% (starting in 2018).

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets,

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

The Mortgage Loans will have the benefit of an NHG Guarantee. Pursuant to the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee the *Stichting Waarborgfonds Eigen Woningen* (**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 terms and conditions of the NHG Guarantee. The Seller will on the Closing Date represent and warrant that (i) each NHG Guarantee connected to a Mortgage Loan constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with, and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee should not be met in full and in a timely matter. Furthermore, it will covenant that if a Mortgage Loan no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the Originator, the Seller or any of the Servicer and the Non-performing Mortgage Loan Servicer, the Seller shall purchase and accept re-assignment of the relevant Mortgage Receivable on the Mortgage Collection Payment Date immediately following the date on which the Seller or any of the Servicer and the Non-performing Mortgage Loan Servicer has become aware or has been notified hereof.

The terms and conditions of the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see section 6.2 (*Description of Mortgage Loans*)). This may result in the Issuer not being able to fully recover any loss incurred with Stichting WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Receivable and consequently in the Issuer not being able to fully repay the Notes.

Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in thirty years and at least on an annuity basis in order to be eligible for mortgage interest relief (*hypotheekrenteaftrek*). The Dutch cabinet expects the granting of annuity mortgage loans (*annuïteitenhypotheken*) to become standard which will considerably reduce the risk described above. In alignment with this reduced risk, the Dutch cabinet has introduced amendments to the NHG Conditions. In respect of mortgage loans provided after 1 January 2014, the amount the lender can recover from Stichting WEW in case of losses under a mortgage loan will be 90% (instead of 100%) of the total loss under the relevant mortgage loan. The lender is not entitled to recover any such remaining amount from the borrower. This may lead to a Realised Loss in respect of such Mortgage Receivables and consequently in the Issuer not being able to fully repay the Notes.

## **Risk related to the credit rating of the Dutch State**

The rating of the Class A Notes by the Credit Rating Agencies takes into account the NHG Guarantee granted in connection with each of the NHG Mortgage Loans. The NHG Guarantee is ultimately guaranteed by the Dutch State (see section 6.5 (*NHG Guarantee Programme*)) which is currently rated 'Aaa' by Moody's, 'AAA' by S&P and 'AAA' by Fitch. In the event that the Netherlands State ceases to be rated 'Aaa' by Moody's, 'AAA' by S&P and/or 'AAA' by Fitch, this may result in a review by the Credit Rating Agencies of the Class A Notes and could potentially result in a corresponding downgrade of the Class A Notes.

## **Licence requirement under the Wft**

Under the Wft, as a general rule a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers such as the Issuer, must have a licence under the Wft. As the Mortgage Loans are granted to consumers, the Issuer must also have a licence under the Wft. However, an exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Servicer and the implementation of arrears procedures to the Non-performing Mortgage Loan Servicer. Delta Lloyd Bank as the Servicer and the Non-performing Mortgage Loan Servicer holds a licence as a bank under the Wft and the Issuer thus benefits from the exemption to the licence requirement. However, if the appointment of Delta Lloyd Bank as the Servicer

and/or the Non-performing Mortgage Loan Servicer under the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If such appointment(s) under the Servicing Agreement is (are) terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and does not hold a licence itself, the Issuer will have to terminate its activities and settle (*afwikkelen*) its existing agreements. This may result, among others, in early redemption of the Notes.

### **Risk related to the intervention powers of DNB and the Minister of Finance**

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to *inter alia* a bank or insurer, in particular. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft (*gebeurtenis*) or being the subject of any similar event or measure under foreign law. Therefore there is a risk that the enforceability of the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Originator, the Seller, the Savings Insurance Company and the Bank Savings Participant, the Cash Advance Facility Provider, the Interest Rate Cap Provider and/or the Issuer Account Bank, may be affected on the basis of the Wft, which may lead to losses under the Notes. The Seller does qualify as a bank, but the Originator does not qualify as a bank or insurance company, but its ability to perform its obligations under the Transaction Documents may be affected too if an intervention (*gebeurtenis*) occurs in respect of one or more of its group companies who do qualify such as the Seller. For banks many of these rules are superseded by the BRRD and SRM Regulation or only have a secondary role (see *Recovery and Resolution Directive and SRM Regulation* below).

### **Recovery and Resolution Directive and SRM Regulation**

On 6 June 2012, the European Commission issued a proposal for the BRRD for dealing with ailing banks. The BRRD was adopted by the European Council on 6 May 2014 and the resolution of credit institutions and certain investment firms (the **Single Resolution Mechanism Regulation** or **SRM Regulation**) was adopted on 15 July 2014.

On 26 November 2015, the Act implementing the European Framework for the Recovery and Resolution of Banks and Investment Firms (the **Implementation Act**) has entered into force. The purpose of the Implementation Act is to implement the BRRD into Netherlands law and to facilitate the application of the Single Resolution Mechanism Regulation. In short, the BRRD and the SRM Regulation have introduced a harmonised European framework for the recovery and resolution of banks and large investment firms (and certain affiliated entities) which are failing or likely to fail. To enable the competent authorities to intervene in a timely manner, the BRRD (after implementation) and the SRM Regulation give them certain tools and powers. To ensure that these tools and powers are effective, the BRRD and SRM Regulation require EU member states to impose various requirements on institutions or their counterparties. With the entry into force of the Implementation Act, the European recovery and resolution framework now also applies in the Netherlands.

Under the Implementation Act, the national resolution authority (DNB), or as the case may be, the European Single Resolution Board has various powers, depending on the phase applying to an ailing institution. The framework has, among others, implications for the exclusion and suspension of contractual rights and the safeguards for contractual counterparties. If at any time any such powers are used by DNB or, as applicable, the Minister of Finance, the Single Resolution Board or any other relevant authority in relation to a

counterparty of the Issuer, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

**The performance of the Notes may be adversely affected by the recent conditions in the global financial markets and these conditions may not improve in the near future**

Global markets and economic conditions have been negatively impacted in the recent years by market perceptions regarding the ability of certain EU Member States to service their sovereign debt obligations, including in Greece, Spain, Ireland, Italy, Portugal and Cyprus. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU Member States may experience similar financial troubles could further disrupt global financial markets. In particular, it has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of counterparties of the Issuer to the Transaction Documents. Failure to perform obligations under the Transaction Documents may adversely affect the performance of the Notes. These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

**Financial transaction tax (FTT)**

On 14 February 2013, the European Commission has published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the 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.

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

**Disclosure requirements CRA Regulation**

On 6 January 2015, Commission Delegated Regulation 2015/3 (the **Regulation 2015/3**) on disclosure requirements for the issuer, originator and sponsor of structured finance instruments was published in the Official Journal of the EU.

The Regulation 2015/3 will apply from 1 January 2017, with the exception of Section 6(2) of the CRA Regulation, which applies from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017. As at the date of this Prospectus, certain aspects of the Regulation 2015/3 remain subject to further clarification. It should be noted, however, that pursuant to the Servicing Agreement, the Issuer Administrator has been appointed as the reporting entity

in respect of the Notes issued by the Issuer for the purposes of Section 8b of the CRA Regulation and the corresponding implementing measures (including the disclosure, reporting and notification requirements under Sections 2 to 7 of Regulation 2015/3).

On the Signing Date, there remains uncertainty as to what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with the CRA Regulation upon application of the reporting obligations.

### **EU directive on credit agreements for consumers relating to residential property**

On 31 March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers. The proposed directive applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to purchase or retain rights in land or in an existing or proposed residential building. The proposed directive does not apply to credit granted free of interest or other charges and to certain credit granted by an employer to its employees.

The proposed directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The proposed directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders. Member States shall be allowed to impose or maintain more stringent consumer protection laws.

On 4 February 2014 the directive was adopted by the European Parliament and the Member States are required to implement the directive into national law before 21 March 2016. The Netherlands has missed this deadline by a few weeks. The bill implementing the directive into the Wft and Book 7 of the Dutch Civil Code was adopted by the Dutch Lower House on 8 March 2016 and approved by the Dutch Senate on 22 March 2016. Until the directive is implemented into Dutch Law, it is not possible to tell what effect the implementation of the directive into Dutch law would have on the Mortgage Loans, the Originator, the Seller, the Issuer and/or the Servicer and their respective businesses and operations.

### 3. PRINCIPAL PARTIES

#### 3.1 Issuer

The Issuer was incorporated with limited liability under the laws of the Netherlands on 3 May 2016. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The Issuer operates on a cross-border basis when offering the Notes in certain countries. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 20 521 4777. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 65967313.

The Issuer is a special purpose vehicle, whose objects are (a) to acquire, purchase, to manage, to alienate and to encumber assets and to exercise any rights connected to these assets, (b) to acquire funds to finance the acquisition of the assets mentioned under (a) by way of issuing bonds or by way of entering into loan agreements, (c) to invest, including to lend, any funds held by the Issuer, (d) to limit interest rate and other financial risks, among others by entering into derivatives agreements, such as swaps and options, (e) in connection with the foregoing, (i) to borrow funds against the issue of bonds or by entering into loan agreements, *inter alia* to repay the obligations under the securities mentioned under (b), (ii) to grant security rights and (iii) to enter into agreements relating to bank accounts, administration, custody, asset management and sub participation and (f) to perform all activities which are, in the widest sense of the word, incidental to or which may be conducive to the attainment of these objects.

The issued and paid up capital of the Issuer is euro 100, divided in 10 shares of euro 10 each. All shares of the Issuer are held by the Shareholder.

#### *Statement by managing director of the Issuer*

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

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

The sole managing director of each of the Issuer and 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 4777. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, P. de Langen, D.J.C. Niezing and A.R. van der Veen.

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

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder, belongs to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by 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 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 only enter into any agreement other than the Transaction Documents to which it is a party, under certain conditions.

The Director of the Issuer has entered into the Issuer Management Agreement pursuant to which the Director agrees and undertakes that, *inter alia*, (i) it shall manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and Netherlands accounting practice and with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties, and (ii) it shall refrain from taking any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents. In addition, the Issuer's Director agrees in the Issuer Management Agreement that it shall not agree to any alteration of any agreement including, but not limited to, the Transaction Documents, except in accordance with the Trust Agreement.

There are no potential conflicts of interest between: (i) the duties of the Director, when acting in its capacity as Director of the Issuer; and (ii) any private interests or other duties of the Director. The Seller does not hold an interest in any group company of the Director.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2016.

## 3.2 Shareholder

Stichting Holding Arena NHG 2016-I (the **Shareholder**) is a foundation (*stichting*) incorporated under the laws of the Netherlands on 3 May 2016. The objects of Stichting Holding Arena NHG 2016-I are to acquire shares in the capital of companies in its own name and to hold such shares whether or not for its own account, whether or not in exchange for depositary receipts issued for such shares, to exercise the voting rights and other rights attributable to such shares, to collect dividends and other distributions due on account of such shares, to borrow monies and to acquire any other form of financing in view of the acquisition of such shares and to do all that is connected or may be conducive to the foregoing all to be interpreted in the widest sense. The sole managing director of Stichting Holding Arena NHG 2016-I is Intertrust Management B.V. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 65963628.

Intertrust Management B.V. is also the Director of the Issuer.

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

The Director of the Shareholder has entered into the Shareholder Management Agreement pursuant to which the Director agrees and undertakes to, *inter alia*, (i) manage the affairs of the Shareholder in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and Netherlands accounting practices, and (ii) refrain from any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents.

### 3.3 Security Trustee

The Security Trustee is a foundation (*stichting*) incorporated under the laws of the Netherlands on 9 June 2016. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 66210321.

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

The sole director of the Security Trustee is SGG Securitisation Services B.V., having its registered office at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands. The managing directors of SGG Securitisation Services B.V. are H.M. van Dijk and H.R.T. Kröner.

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

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

However, the Noteholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Agreement and the articles of incorporation of the Security Trustee. Moreover, the Security Trustee may terminate the appointment of the Director as managing director subject to Credit Rating Agency Confirmation having been obtained. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer (after having consulted the Secured Creditors, other than the Noteholders) has been contracted to act as director of the Security Trustee, subject to an Extraordinary Resolution by the Noteholders in accordance with the Trust Agreement and provided that a Credit Rating Agency Confirmation has been obtained.

### 3.4 Seller / Originator

#### 1. INTRODUCTION

##### **Delta Lloyd Bank and its position in the Group**

Delta Lloyd Bank is a wholly-owned subsidiary of Delta Lloyd N.V. (Delta Lloyd). Delta Lloyd Bank is fully consolidated in Delta Lloyd's annual accounts.

The statutory objects of Delta Lloyd Bank are the practising of the banking business and the business of stockbroker, the participation, albeit temporarily in whatever form, in enterprises of every sort, the managing of capital of others, under any title whatsoever, the acting as administrator (trustee) as well as managing director or member of the supervisory board of companies, other entities or organisations, the providing of mediation in the area of insurances, the acting as authorized agent for insurers, the providing of other services, as well as to do all that is connected therewith or may be conducive thereto, all this to be interpreted in the widest sense.

Delta Lloyd Bank holds a licence under the Wft as a bank.

##### **Amstelhuys and its position in the Group**

Amstelhuys is a wholly-owned subsidiary of Delta Lloyd. Amstelhuys is fully consolidated in Delta Lloyd's annual accounts. On 7 July 1999 Delta Lloyd issued a statement of joint and several liability pursuant to Section 2:403 of the Dutch Civil Code. As a result, Delta Lloyd assumes joint and several liability for any liabilities arising from legal acts of Amstelhuys.

The statutory objects of Amstelhuys are: (i) obtaining repayable funds within a closed circle and/or from professional market parties, (ii) granting (mortgage) loans to private persons and/or companies, (iii) whether or not together with other parties, incorporating, participating in, managing, financing of and providing services to undertakings in whatever form, (iv) acquiring and disposing of or encumbering of (portfolios of) (mortgage) loans including, but not limited to, in connection with securitisations, (v) giving guarantees and granting security rights or otherwise warranting the performance or jointly or otherwise binding the company to be liable for obligations of others including, but not limited to, subsidiaries, participations or other group companies of the company, as well performing any and all acts which are related or which may (directly or indirectly) be conducive to the above including, but not limited to, entering into repo transactions, forward rate agreements and other derivative contracts, all in the widest sense of the word.

Amstelhuys is not a bank and therefore is not licensed as such and its operations are not subject to the general prohibition of attracting repayable funds from outside a restricted circle from other parties than professional market parties. It holds a licence under the Wft as an offeror of credit (*aanbieder van krediet*).

A possible merger of Amstelhuys with Delta Lloyd Bank is being considered.

#### 2. HISTORY

The history of Delta Lloyd N.V. and its subsidiaries (collectively the **Group**) dates back to 1807. In that year, the Hollandsche Societeit van Levensverzekeringen N.V. was established, making the Group the oldest existing life insurer in continental Europe. Hollandsche Societeit van Levensverzekeringen N.V. strengthened its position in the insurance and investment market by merging in 1967 with Amsterdamse Maatschappij van Levensverzekering N.V. The resulting entity, Delta, then merged with the general insurance company Nedlloyd to create Delta Lloyd in 1969.

Commercial Union, a UK-based insurer with an extensive international network, became Delta Lloyd's only shareholder in 1973, while Delta Lloyd retained operational independence and continued to operate under its own brand name in the Dutch market. Commercial Union merged with General Accident in 1998 to form

CGU plc, which then merged with Norwich Union plc in 2000 to create CGNU plc, which was renamed Aviva plc (**Aviva**) in 2002.

Through various acquisitions and mergers in the Netherlands, Germany and Belgium and its joint venture with ABN AMRO Bank, the Group obtained its current form; being a financial services provider offering life insurance, general insurance, asset management and banking products and services. One of the most important mergers in this regard was the merger with Nuts OHRA Beheer B.V., a Netherlands-based direct insurance writer. Nuts OHRA Beheer B.V.'s shareholder, Vereniging NutsOhra (now called Stichting Fonds NutsOhra (**Fonds NutsOhra**)) became a shareholder at the time of the merger. Following the merger, Delta Lloyd had two shareholders, Aviva held 92% of the voting rights and Fonds NutsOhra held 8% of the voting rights. The merger allowed the combined company to begin to pursue its multi-brand, multi-channel distribution strategy in the Netherlands, as distribution expanded from intermediaries (Delta Lloyd) to include also direct sales (**OHRA**).

On 3 November 2009, Delta Lloyd obtained an official listing on Euronext in Amsterdam. On 11 April 2016 Delta Lloyd announced the successful completion of its EUR 650 million rights issue.

### 3. BUSINESS

#### *Overview*

The Group is a financial services provider offering life insurance, general insurance, asset management and banking products and services with its targeted markets being the Netherlands and Belgium.

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products.

#### *Multi-brand and multi-channel*

With the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through independent intermediaries, which include independent financial advisers, underwriting agents (*volmacht*, with respect to general insurance), actuarial consulting firms (with respect to group life insurance) and brokers (together, **Intermediaries**). Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank, which includes bank branches, call centres, financial centres and bank internet platforms (together, **Bancassurance**). Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium, the Group distributes its insurance products through Intermediaries, tied agents (agents which sell only products of the Group) and through its own network of bank branches.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

Delta Lloyd intends to continue to run its German operations as a "run-off" business, by exploring strategic options in the German market.

## Segments

The Group's core business lines are the following:

*Life Insurance:* The Group offers a range of products from commodity insurance products to tailor-made and often sophisticated insurance products, as well as commodity savings and financial planning services through its multiple brands. Its core life insurance products include pension (in particular group pension) products and administration services for group customers and traditional and unit-linked life insurance and savings products for individual customers. The Group offers individual and group life insurance in the Netherlands principally under the Delta Lloyd, ABN AMRO Insurance and OHRA brands, utilising different customer and pricing strategies through Intermediaries (Delta Lloyd), Bancassurance (ABN AMRO Insurance and Deutsche Bank) and direct (OHRA) distribution channels. Through BeFrank it offers group defined contribution pension schemes (second pillar) since 2011. BeFrank is a premium pension institution (*Premie Pensioen Instelling/PPI*), a new type of pension administrator that has entered the Dutch market, alongside insurers and pension funds, and offers innovative pension products at a very low cost. In Belgium, the Group sells individual and group life insurance primarily under the Delta Lloyd brand, distributed through the Group's own network of bank branches and tied agents, as well as through Intermediaries. On 20 September 2013, the Group announced that it has reached agreement with Amodo Group on the planned acquisition of the Belgium-based insurer ZA Verzekeringen NV (**ZA Verzekeringen**). ZA Verzekeringen specialises in term life insurance and its annual gross written premiums total around € 50 million. Delta Lloyd has completed an equity offering of 4 million new ordinary shares (2.1% of the issued share capital) via an accelerated bookbuild, and intends to use the net proceeds of the offering to finance the ZA Verzekeringen acquisition. On 3 December 2013, the Group announced the successful completion of the acquisition of ZA Verzekeringen.

*General Insurance:* The Group offers a broad range of general insurance products, principally in the Netherlands, including products such as motor, fire, liability, income and absenteeism and marine/pleasure craft insurance policies. The Group's general insurance products are distributed to both private and commercial customers in the Netherlands under the Group's three principal brands using distribution channels similar to those used for its life insurance operations, underwriting agents (*volmacht*) and brokers (*beurs*). Following the sale of the Group's Dutch health insurance business to CZ (1 January 2009), the Group acts as a distributor of certain health insurance products underwritten by CZ which are sold under the Delta Lloyd and OHRA brands, for which the Group receives fees and commissions. In Belgium, the Group does not offer general insurance products anymore, as the portfolio has been sold to Fidea in April 2013.

*Asset Management:* The Asset Management segment comprises the activities of Delta Lloyd Asset Management N.V. (**Delta Lloyd Asset Management**) and the asset management activities of various lines of business. Delta Lloyd Asset Management's product offering includes a range of third-party investor funds for institutional and retail customers and discretionary mandates for institutional customers. In addition, it manages real estate funds available to the Group and third-party investors, as well as Cyrte Investments B.V. (**Cyrte**). In April 2013, the investment fund Cyrte was split into Cyrte and Dasym Investment Strategies. Cyrte is owned by Delta Lloyd (100%) and will focus on investments in listed technology, media and telecom companies via the Cyrte Latin America, Cyrte Africa and Cyrte Global funds. For Dasym Investment Strategies, Delta Lloyd and Dasym will continue to cooperate on a case-by-case investment basis.

Certain other segments of the Group also manage assets. Delta Lloyd Asset Management has an advisory role in that regard. Institutional fund sales take place primarily through the segments' dedicated sales force. For sales to retail investors, Delta Lloyd Asset Management generally relies on third party banks in the Netherlands, Belgium and Germany, though a small portion of retail fund sales (unit-linked insurance) are distributed through the Groups' own distribution channels. In the Netherlands, funds are distributed largely by Dutch retail banks, including ABN AMRO Bank, Rabobank and ING.

*Banking:* The Group's banking business line offers a range of banking products and services in the Netherlands and Belgium. Its banking products and services in the Netherlands primarily include mortgage loans, as well as savings and *banksparen*, distributed through intermediaries and direct channels. Customers

are increasingly taking up *banksparen* as an alternative for individual life products. In the Netherlands, the Group uses Amstelhuys as originator of most of its residential mortgage loans and as a funding vehicle.

In Belgium, the Group offers its services through its own network of branches, as well as through tied agents and direct channels. In 2010, Delta Lloyd Bank Belgium has announced a change in its commercial focus in Belgium. The emphasis shifted from the volume strategy to a client focussed strategy, by targeting the group of customers who expect extra services and appreciate a personal relationship and individual asset management advice. In pursuing this new focus, Delta Lloyd Bank Belgium will adjust its product portfolio, its branch network and its co-operation with independent intermediaries, while keeping an eye on the interests of its existing customer base.

### 3.5 Stater Nederland B.V.

Delta Lloyd Bank N.V., acting as Servicer, has delegated certain administration and management services to Stater Nederland B.V. (**Stater**), as its Sub-MPT Provider. 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 229 billion and more than 1,311,532 mortgage loans. In the Netherlands, Stater has a market share of about 30 per cent as of 30 June 2014.

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 February 2015, rating agency Fitch affirmed Stater residential "primary servicer" rating at 'RPS1-NL'. With this rating, which Stater received for its role as "primary servicer", Stater is the top scoring service provider in Europe. Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking.

In 2014 KPMG Netherlands, Stater'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 2014 reporting period. With this report, Stater aims to provide its clients and their internal and external auditors transparent insight into its services and procedures.

Stater's head office is located at Podium 1, 3826 PA, Amersfoort, the Netherlands.

### 3.6 Administrator

The Issuer has appointed Intertrust Administrative Services B.V. to act as its Issuer Administrator in accordance with the terms of the Servicing Agreement (see further under section 7.5 (*Servicing Agreement*)). Intertrust Administrative Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands 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 (*Handelsregister*) of the Chambers of Commerce in the Netherlands under number 33210270.

The objectives 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 D.J.C. Niezing, P. de Langen and E.M. van Ankeren. 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 the laws of the Netherlands and having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands. The managing directors of Intertrust (Netherlands) B.V. are O.J.A. van der Nap, P. de Langen, D.J.C. Niezing and A.R. van der Veen. Intertrust (Netherlands) B.V. is also the sole shareholder of the Director of the Issuer and the Shareholder.

Intertrust Management B.V., the sole managing director of both the Issuer and the Shareholder, belongs to the same group of companies as Intertrust Administrative Services B.V., the Issuer Administrator. Therefore a conflict of interests may arise. In this respect it is of note that in the relevant Management Agreement entered into by 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 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 only enter into any agreement other than the Transaction Documents to which it is a party, under certain conditions.

Intertrust Administrative Services B.V. as part of Intertrust Capital Markets, completed an ISAE 3402 Type II Report on Controls placed in Operation and Tests of Effectiveness of its services for processing customers' transactions for the period 1 January 2015 until 30 November 2015. ISAE 3402 is an internationally recognized assurance standard for reporting on control processes of service organisations. The audit by external auditors is performed annually and was for 2015 successfully completed on 30 December 2015.

### 3.7 Other Parties

<b>Cash Advance Facility Provider</b>	N.V. Bank Nederlandse Gemeenten, incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Interest Rate Cap Provider</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Issuer Account Bank</b>	N.V. Bank Nederlandse Gemeenten, incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Directors</b>	Intertrust Management B.V., the sole director of the Issuer and the Shareholder and SGG Securitisation Services B.V., the sole director of the Security Trustee, both incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands.
<b>Principal Paying Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Paying Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Reference Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Listing Agent</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Common Service Provider</b>	Bank of America National Association, London Branch, a national banking association organised and existing under the laws of the United States of America, acting through its London branch.
<b>Common Safekeeper</b>	Euroclear in respect of the Class A Notes and Bank of America National Association, London Branch in respect of the Class B Notes and the Class C Notes.
<b>Savings Insurance Company</b>	Delta Lloyd Levensverzekering N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Bank Savings Participant</b>	Delta Lloyd Bank N.V. incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze vennootschap</i> ).
<b>Arranger</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <i>naamloze</i>

*vennootschap*).

## **Managers**

ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*), Coöperatieve Rabobank U.A., incorporated under the laws of the Netherlands as a cooperative (*coöperatie*) and Société Générale, a credit institution (bank) organised under the laws of France.

## 4. THE NOTES

### 4.1 Terms and Conditions of the Notes

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

The issue of the euro 142,800,000 floating rate Class A1 mortgage-backed notes 2016 due 2048 (the **Class A1 Notes**), the euro 257,200,000 floating rate Class A2 mortgage-backed notes 2016 due 2048 (the **Class A2 Notes**), the euro 100,000,000 Class A3 mortgage-backed notes 2016 due 2048 (the **Class A3 Notes**), and together with the Class A1 Notes and the Class A2 Notes, the **Class A Notes**), and the euro 113,400,000 Class B mortgage-backed notes 2016 due 2048 (the **Class B Notes**), and together with the Class A Notes, the **Mortgage-Backed Notes**) and the euro 9,200,000 Class C notes 2016 due 2048 (the **Class C Notes**), and together with the Mortgage-Backed Notes, the **Notes**) was authorised by a resolution of the managing director of Arena NHG 2016-I B.V. (the **Issuer**) passed on 13 June 2016. The Notes are issued under a trust agreement dated 21 June 2016 (the **Trust Agreement**) between the Issuer, Stichting Holding Arena NHG 2016-I and Stichting Security Trustee Arena NHG 2016-I (the **Security Trustee**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Agreement, which will include the form of the Notes and the interest coupons appertaining to the Notes (the **Coupons**) and the forms of the temporary global notes (the **Temporary Global Notes**) and the permanent global notes (the **Permanent Global Notes**), (ii) a paying agency agreement (the **Paying Agency Agreement**) dated 17 June 2016 between the Issuer, the Security Trustee, ABN AMRO as principal paying agent (the **Principal Paying Agent**) and as reference agent (the **Reference Agent**) and ABN AMRO as paying agent (the **Paying Agent** and together with the Principal Paying Agent, the **Paying Agents**), (iii) a servicing agreement (the **Servicing Agreement**) dated 17 June 2016 between, among others, the Issuer, Delta Lloyd Bank N.V. as servicer (the **Servicer**) and non-performing mortgage loan servicer (the **Non-performing Mortgage Loan Servicer**), Intertrust Administrative Services B.V., as issuer administrator (the **Issuer Administrator**) and the Security Trustee, (iv) a parallel debt agreement (the **Parallel Debt Agreement**) dated 17 June 2016 between the Issuer, the Security Trustee and the Secured Creditors, (v) a pledge agreement (the **Issuer Rights Pledge Agreement**) dated 17 June 2016 between, among others, the Issuer and the Security Trustee, (vi) a pledge agreement dated 17 June 2016 between the Issuer, the Security Trustee and others (the **Issuer Mortgage Receivables Pledge Agreement**, and together with the Issuer Rights Pledge Agreement, the **Pledge Agreements**) and (vii) an Interest Rate Cap Agreement dated 17 June 2016 between the Issuer, the Security Trustee and the Interest Rate Cap Provider.

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement (the **Master Definitions Agreement**) dated 17 June 2016 and signed by the Issuer, the Security Trustee, the Paying Agents and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the definitions in the Master Definitions Agreement would conflict with definitions used herein, the definitions of these Conditions shall prevail. As used herein, **Class** means either the Class A Notes (being the Class A1 Notes, the Class A2 Notes and the Class A3 Notes jointly), the Class B Notes or the Class C Notes, as the case may be.

Copies of the Trust Agreement, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other Transaction Documents (see section 8 (*General*)) are available for inspection, free of charge, by Noteholders and prospective noteholders at the specified office of the Security Trustee, being at the date hereof Hoogoorddreef 15, 1101 BA 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 Agreement, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

## 1. Form, Denomination and Title

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

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg so permit, such Notes will be tradeable only in the minimum authorised denomination of €100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of €100,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons attached.

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

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank at all times *pari passu* and rateably without any preference or priority among Notes of the same Class. The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* in accordance with the respective amounts outstanding thereunder without any preference or priority among all Notes of such Class in respect of the Security and payments of interest, Class A Excess Consideration and Class A Additional Amounts, if applicable. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes, secondly to the Class A2 Notes and then to the Class A3 Notes.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Agreement payments of principal on the Class B Notes are subordinated to, *inter alia*, principal, interest amounts, and after the First Optional Redemption Date if applicable, the Class A Excess Consideration and the Class A Additional Amounts, payable in respect of the Class A Notes. Payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of interest, the Class A Excess Consideration and the Class A Additional Amounts, as applicable, on the Class A Notes. The Class C Noteholders do not have the right to receive any amount pursuant to the Redemption Priority of Payments but will receive payments in accordance with and subject to the applicable Revenue Priority of Payments.
- (c) The security for the obligations of the Issuer towards the Noteholders (the **Security**) will be created pursuant to, and on the terms set out in, the Trust Agreement, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
  - (i) a first ranking "undisclosed" pledge by the Issuer to the Security Trustee on the Mortgage Receivables and the Beneficiary Rights and ancillary rights; and
  - (ii) a first ranking "disclosed" pledge by the Issuer to the Security Trustee on the Issuer's rights
    - (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement;
    - (b) against the Servicer and the Non-performing Mortgage Loan Servicer and the Issuer Administrator under or in connection with the Servicing Agreement;
    - (c) against the Cash Advance Facility Provider under or in connection with the Cash Advance Facility Agreement;
    - (d) against the Issuer Account Bank under or in connection with the Issuer Account Agreement;
    - (e) against the Savings Insurance Company under or in connection with the Insurance Savings Participation Agreement;
    - (f) against the Bank Savings Participant under or in connection with the Bank Savings Participation Agreement;
    - (g) against the Interest Rate Cap Provider under or in connection with the Interest Rate Cap

Agreement and (h) against the Issuer Account Bank in respect of the Issuer Transaction Accounts;

- (d) The Notes will be secured (indirectly through the Parallel Debt) by the Security. The Class A Notes (being the Class A1 Notes, the Class A2 Notes and the Class A3 Notes jointly) will rank in priority to the Class B Notes and the Class C Notes; the Class B Notes will rank in priority to the Class C Notes. The **Most Senior Class of Notes** means the Class A Notes or if there are no Class A Notes outstanding, the Class B Notes, or if there are no Class B Notes outstanding, the Class C Notes.

The Trust Agreement contains provisions requiring the Security Trustee to have regard to the interests 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**), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Most Senior Class of Noteholders. 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 Pre-First Optional Redemption Date Post-Enforcement Priority of Payments or the Post-First Optional Redemption Date Post-Enforcement Priority of Payments, as applicable, set forth in the Trust Agreement determines which interest of which Secured Creditor prevails.

### 3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Participation Agreements, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Management Agreements, the Subordinated Loan Agreement, the Interest Rate Cap Agreement, the Deed of Assignment and the Trust Agreement (and together with the Master Definitions Agreement, the **Transaction Documents**) or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 17 June 2016 relating to the issue of 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 or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Agreement, the Parallel Debt Agreement or the Pledge Agreements and/or the priority of the Security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the 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 Transaction Accounts, unless all rights in relation to such accounts have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any corporate action for its entering into a (preliminary) suspension of payments or bankruptcy or its dissolution and liquidation or for its conversion into a legal foreign entity.

#### 4. Interest

Any payments to be made pursuant to this Condition 4 are subject to Condition 9(a) and Condition 9(c).

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

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

Whenever it is necessary to compute an amount of floating rate interest in respect of any Class A1 Note or Class A2 Note or, after the First Optional Redemption Date, any Class A3 Note, for any period, such interest shall be calculated on the basis of the actual days elapsed in such period and a 360 day year. Whenever it is necessary to compute an amount of fixed rate interest in respect of any Class A3 Note for any period such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

##### (b) *Interest Periods and Notes Payment Dates*

Interest on the Class A Notes is payable by reference to successive interest periods (each an **Interest Period**) and will be payable in euro in respect of the Principal Amount Outstanding, (i) quarterly in arrear on the 17<sup>th</sup> day of each March, June, September and December until and including the First Optional Redemption Date and (ii) after the First Optional Redemption Date, monthly in arrear on the 17<sup>th</sup> day of each month (or, in case of both (i) and (ii), if such day is not a Business Day, the next succeeding Business Day, unless such day falls in the next succeeding calendar month in which case the Business Day immediately preceding such 17<sup>th</sup> day) (each such day being a **Notes Payment Date**). A **Business Day** means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (**TARGET 2**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive 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 will end on (but exclude) the Notes Payment Date falling in September 2016.

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

Interest on the Class A1 Notes and the Class A2 Notes for each Interest Period will accrue at a floating rate equal to the sum of the Euro Interbank Offered Rate (**EURIBOR**) for three month deposits in euros (or, in respect of the first Interest Period, the rate which represents the linear

interpolation of two-months and three-months EURIBOR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the First Optional Redemption Date:

- (i) for the Class A1 Notes a margin of 0.240 per cent. per annum; and
- (ii) for the Class A2 Notes a margin of 0.330 per cent. per annum.

The Class A1 Notes and the Class A2 Notes will carry a floating rate of interest as set out above. However, if and as long as the interest rate of three-month EURIBOR plus the applicable margin (as set out above) is less than an interest rate of 0% per annum, the Class A1 Notes and the Class A2 Notes, as applicable, will carry an interest rate equal to 0% per annum. Interest on the Class A3 Notes for each Interest Period will accrue at a rate of 0.273 per cent. per annum.

The Class B Notes and the Class C Notes will not bear interest.

(d) *Interest and Class A Excess Consideration from and including the First Optional Redemption Date*

If on the First Optional Redemption Date the Class A Notes have not been redeemed in full, interest will accrue on the Class A Notes for each Interest Period commencing on and including the First Optional Redemption Date, at a rate equal to the sum of EURIBOR for one month deposits in euro up to the EURIBOR Agreed Rate, plus:

- (i) for the Class A1 Notes, a margin of 0.240 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 0.330 per cent. per annum; and
- (iii) for the Class A3 Notes, a margin of 0.273 per cent. per annum.

The Class A1 Notes, the Class A2 Notes and the Class A3 Notes will carry a floating rate of interest as set out above. However, if and as long as the interest rate of one-month EURIBOR plus the applicable margin (as set out above) is less than an interest rate of 0% per annum, the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, as applicable, will carry an interest rate equal to 0% per annum.

In addition thereto, the Class A Noteholders will be entitled to a step-up consideration equal to in respect of each Sub-Class of Class A Note the relevant Principal Amount Outstanding of such Sub-Class of Class A Note multiplied by the applicable margin set out below (the **Class A Step-up Consideration**). Furthermore, if one-month EURIBOR exceeds the EURIBOR Agreed Rate, the Class A Noteholders will be entitled to an amount equal to in respect of each Sub-Class of the Class A Notes the relevant Principal Amount Outstanding of such Sub-Class multiplied by the relevant one-month EURIBOR rate to the extent it exceeds the EURIBOR Agreed Rate (the **EURIBOR Excess Consideration**). The Class A Step-up Consideration and the EURIBOR Excess Consideration are together referred to as the **Class A Excess Consideration**.

The applicable margin for each Sub-Class of Class A Notes in respect of the Class A Step-up Consideration is:

- (i) for the Class A1 Notes, a margin of 0.240 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 0.330 per cent. per annum; and
- (iii) for the Class A3 Notes, a margin of 0.273 per cent. per annum.

Each of rates of interest set forth in Conditions 4(c) and 4(d) is hereinafter referred to an **Interest Rate**.

(e) *EURIBOR*

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

- (i) The Reference Agent will obtain for each Interest Period the rate equal to the amount of EURIBOR for three months deposits in euros (or, in respect of the first Interest Period, the rate which represents the linear interpolation of two-months and three-months EURIBOR, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) up to (but excluding) the First Optional Redemption Date and after the First Optional Redemption Date the rate equal to the amount of EURIBOR for one month deposits in euros. The Reference Agent shall use the EURIBOR rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen 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) as at or about 11.00 a.m. CET on the day that is two Business Days prior to 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 jointly by the European Banking Federation and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the **Reference Banks**) to provide a quotation for the rate at which three month euro deposits or, after the First Optional Redemption Date, one month EURIBOR deposits, are offered by it in the euro-zone interbank market at approximately 11.00 a.m. CET on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
  - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. CET on the relevant Interest Determination Date for three month deposits or, after the First Optional Redemption Date, one month EURIBOR deposits, to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and EURIBOR for such Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine EURIBOR in accordance with the above provisions in relation to any Interest Period, EURIBOR applicable to the relevant Class of Notes during such Interest Period will be EURIBOR last determined in relation thereto, except for the first Interest Period after the First Optional Redemption Date.

(f) *Determination of Interest Rate and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 a.m. CET on each Interest Determination Date, determine the Interest Rate for each Class A Note and calculate the amount of interest payable on each Class A Note for the following Interest Period (the **Interest Amount**) by applying the relevant Interest Rate to the Principal Amount Outstanding of each Class A Note respectively on the first calendar day of such Interest Period. The determination of the relevant

Interest Rate and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Interest Rate and Interest Amounts*

The Reference Agent will cause the relevant Notes Payment Date, the relevant Interest Rate and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Paying Agents, the Issuer Administrator and to the holders of such Class A Notes, as long as the Class A Notes 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. The Interest Amount, the Rate of Interest and the 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 Interest Rate or fails to calculate the relevant Interest Amounts in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Interest Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with paragraph (f) above, and each such determination or calculation shall (in the absence of a manifest error) be final and binding on all parties.

(i) *Reference Agent*

The Issuer will procure that, as long as any of the Class A Notes remains outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class A Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a 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) *Class A Additional Amounts*

On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders are entitled, in accordance with the respective Principal Amounts Outstanding thereof and until such Class A Notes have been fully redeemed, to the Available Revenue Funds less any amount drawn under the Reserve Account pursuant to item (vii) of the Revenue Available Amount, remaining after amounts payable under the items (a) to (i) (inclusive) in the Post-First Optional Redemption Date Revenue Priority of Payments have been fully satisfied on such Notes Payment Date (the **Class A Additional Amounts**).

The Class A Additional Amounts will be paid on a *pro rata* and *pari passu* basis in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments (the **Class A Additional Amount Payments**).

## 5. Payment

- (a) Payment of principal and in respect of the Class A Notes only, interest, Class A Excess Consideration and Class A Additional Amounts, as applicable in respect of Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agents in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Notes must be presented for payment together with all matured Coupons appertaining thereto.
- (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, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Paying Agents shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following such Business Day. The name of each of the Paying Agents and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Class A Notes are listed on Euronext Amsterdam the Issuer will at all times maintain a paying agent having a specified office in the European Union, which as long as the Class A Notes are listed on Euronext Amsterdam, shall be in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

Any payments to be made in accordance with this Condition 6 are subject to Condition 9(b).

### (a) *Final redemption*

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b), redeem the Notes at their Principal Amount Outstanding on the Notes Payment Date falling in June 2048 (the **Final Maturity Date**).

### (b) *Mandatory redemption of the Mortgage-Backed Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date, the Issuer shall be obliged to apply the Available Principal Funds (as defined below), including in the case the Seller exercises the Regulatory Call Option and/or Clean-up Call Option, to redeem or (other than in connection with the case of exercise the Regulatory Call Option and/or Clean-up Call Option) partially redeem the Mortgage-Backed Notes at their Principal Amount Outstanding on a *pro rata* basis in accordance with their respective Principal Amounts Outstanding in the following order:

- (i) *first*, the Class A1 Notes until fully redeemed, thereafter the Class A2 Notes until fully redeemed, thereafter the Class A3 Notes until fully redeemed, and thereafter
- (ii) *second*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes; and thereafter

- (iii) *third*, after the First Optional Redemption Date, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of Class A Excess Consideration Revenue Shortfall due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes; and thereafter
- (iv) *fourth*, the Class B Notes until fully redeemed.

Following application of the Redemption Amount in respect of a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Redemption of Class C Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date, the Issuer shall be obliged to apply the Class C Available Principal Funds (as defined below) to redeem (or partially redeem) the Class C Notes at their Principal Amount Outstanding on a *pro rata* basis until fully redeemed.

Following application of the Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(d) *Determination of Redemption Amount, Available Principal Funds, Class C Available Principal Funds and the Principal Amount Outstanding*

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Redemption Amount of each Note, (b) the Available Principal Funds, (c) the Class C Available Principal Funds and (d) the Principal Amount Outstanding of the relevant Note on the first calendar day of the next following Interest Period. 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) the Redemption Amount, (b) the Available Principal Funds, (c) the Class C Available Principal Funds and (d) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agents, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam and to the holders of Notes and as long as the Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, such notice is to be published in such place as may be required by the rules and regulations of Euronext Amsterdam or such competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given on the first date of such publication, but in any event no later than one business days prior to the relevant Notes Payment Date. If the Redemption Amount in respect of any Note on any applicable Notes Payment Date is zero, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) (a) the Redemption Amount, (b) the Available Principal Funds, (c) the Class C Available Principal Funds and (d) the Principal Amount Outstanding of the relevant Note, such (a) Redemption Amount, (b) Available Principal Funds, (c) Class C Available Principal Funds and (d) Principal Amount Outstanding of the relevant Note shall be determined by the Security Trustee in accordance with this paragraph (d) and paragraph (b) and (c) above (but based upon the information in its possession as to the Available Principal Funds and the Available Revenue Funds) and shall in each case (in the absence of a manifest error) be final and binding on all persons and each such determination or calculation shall be deemed to have been made by the Issuer.

- (iv) Following application of the Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(e) *Optional redemption*

Unless previously redeemed in full, on the Notes Payment Date falling in June 2021 and on each Notes Payment Date thereafter (each an **Optional Redemption Date**) up to and including the Optional Redemption Date falling in November 2021, the Issuer may, at its option and subject to Condition 9(b), redeem all (but not some only) of the Mortgage-Backed Notes at their Principal Amount Outstanding on such date in accordance with this Condition 6(e).

As of and including the Optional Redemption Date falling in December 2021 and on each Optional Redemption Date thereafter, the Issuer may, at its option and subject to Condition 9(b), redeem all (but not some only) of the Class A Notes and, to the extent funds are available, the Class B Notes at their Principal Amount Outstanding on such date in accordance with this Condition 6(e). To the extent any such funds are available, any such funds shall be applied to the Class B Noteholders on a *pro rata* and *pari passu* basis.

The Issuer shall notify the exercise of such option by 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, prior to the relevant Optional Redemption Date. In the event that on such Optional Redemption Date there is a Principal Shortfall (as defined in Condition 9) in respect of the Class B Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) Class B Notes at their Principal Amount Outstanding less the relevant Principal Shortfall.

The Class C Notes will be subject to redemption in accordance with and subject to Condition 6(c).

(f) *Redemption for tax reasons*

The Mortgage-Backed Notes may be redeemed at the option of the Issuer, in accordance with and subject to Condition 9, in whole, but not in part, on any Notes Payment Date, at their Principal Amount Outstanding, if the Issuer has satisfied the Security Trustee that:

- (i) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a **Tax Change**); and
- (ii) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest (if any) due in respect of each Class of the Mortgage-Backed Notes in accordance with the Trust Agreement and any amounts required to be paid in priority to or *pari passu* with each Class of Mortgage-Backed Notes.

No Class of Mortgage-Backed Notes may be redeemed under such circumstances unless all Classes of Mortgage-Backed Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The Issuer shall notify the occurrence of the Tax Change and the exercise of such option by giving not more than 60 nor less than 30 calendar days' written notice to the Noteholders and the Security Trustee prior to the relevant Notes Payment Date.

The Class C Notes will be subject to redemption in accordance with and subject to Condition 6(c).

(g) *Definitions*

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

- (i) The term **Class C Available Principal Funds** shall mean on the relevant Notes Payment Date, the amount of the Available Revenue Funds less the payments of items (a) up to and including (h) of the Pre-First Optional Redemption Date Revenue Priority of Payments or item (k) of the Post-First Optional Redemption Date Revenue Priority of Payments, as applicable, on such Notes Payment Date;
- (ii) The term **Notes Calculation Date** means, in relation to a Notes Payment Date, the fourth business day prior to such Notes Payment Date;
- (iii) The term **Notes Calculation Period** means, in relation to a Notes Calculation Date prior to (and excluding) the First Optional Redemption Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on and including the Cut-Off Date and ends on and includes the last day of August 2016 and after the First Optional Redemption Date (but including the First Optional Redemption Date), the Mortgage Calculation Period immediately preceding such Notes Calculation Date;
- (iv) The term **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 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;
- (v) The term **Available Principal Funds** shall mean on any Notes Payment Date the aggregate amount received or held by the Issuer during the immediately preceding Notes Calculation Period:
  - (A) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person (including any payment received by the Issuer, the Seller or the Originator from Stichting WEW), but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
  - (B) as Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
  - (C) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option or the Clean-up Call Option, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable,

Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;

- (D) in connection with a sale of Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
  - (E) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the applicable Revenue Priority of Payments;
  - (F) as Bank Savings Participation Increase and Savings Insurance Participation Increase pursuant to the relevant Participation Agreement and as consideration for the relevant Initial Savings Participation;
  - (G) as partial prepayment in respect of Mortgage Receivables;
  - (H) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards redemption of the Mortgage-Backed Notes or payment of interest on the Class A Notes or payment of Class A Excess Consideration on the preceding Notes Payment Date; and
  - (I) any amounts received on the Issuer Collection Account from the credit balance of the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement;
  - (J) on the first Notes Payment Date only, an amount of euro 201.47, being the difference between the net proceeds of the issuance of the Mortgage-Backed Notes and the Initial Purchase Price for the Mortgage Receivables; and
  - (K) on the Optional Redemption Date falling in October December 2021 and on each Optional Redemption Date thereafter, in case of a sale of Mortgage Receivables in accordance with the Trust Agreement, an amount to be drawn from the Reserve Account equal to the lower of (i) the balance standing to the credit of the Reserve Account and (ii) the positive difference between (a) the amount required to redeem the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, accrued Class A Excess Consideration due and any shortfall reflected in any Class A Excess Consideration Deficiency Ledger after taking into account application of the Available Revenue Funds on such Notes Payment Date and (ii) the purchase price for such Mortgage Receivables as sanctioned in the Meeting of Class A Noteholders.
- (vi) The term **Principal Amount Outstanding** on any Notes Payment Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts in respect of that Note that have become due and payable prior to such Notes Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted;
  - (vii) The term **Redemption Amount** shall mean on the relevant Notes Payment Date (i) the amount (if any) (rounded down to the nearest euro) of the Available Principal Funds (to the

extent applied to pay items (i) and (iv) of Condition 6(b)) to each Class of Mortgage-Backed Notes, divided by the number of Notes of such Class, subject to such redemption and (ii) in respect of the Class C Notes, the Class C Available Principal Funds on that Notes Payment Date, divided by the number of Class C Notes, provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note;

- (viii) The term **Class A Excess Consideration Amount Outstanding** shall mean on any Notes Payment Date of the Class A Notes the aggregate of the amount equal to the balance recorded to each of the Class A Excess Consideration Deficiency Ledgers and the amounts due and payable on such Notes Payment Date under Condition 4(d).

## **7. Taxation**

### *(a) General*

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

### *(b) FATCA Withholding*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding.

## **8. Prescription**

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

## **9. Subordination and Limited Recourse**

### *(a) Interest*

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 (which does not include Class A Excess Consideration or Class A Additional Amounts) due on the Class A Notes on such Notes Payment Date and such interest is not paid within fifteen calendar days from the relevant Notes Payment Date, this will constitute an Event of Default in accordance with Condition 10(a).

Any payments to be made pursuant to Condition 4 are subject to this Condition 9(a) and Condition 9(c).

(b) *Principal*

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 principal due on the Class A Notes on such Notes Payment Date and such principal is not paid within fifteen (15) calendar days from the relevant Notes Payment Date, this will constitute an Event of Default in accordance with Condition 10(a).

Any payments to be made in accordance with Condition 6 are subject to this Condition 9(b).

Until the date on which the Principal Amount Outstanding of the Class A Notes and the Class A Excess Consideration Amount Outstanding in respect of the relevant Class A Note is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. 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 Notes Payment 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 date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

**Principal Shortfall** shall mean an amount equal to the balance of the Principal Deficiency Ledger of the relevant Class divided by the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date.

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 or (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 Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

(c) *Class A Excess Consideration and Additional Amounts*

Any payments to be made pursuant to Condition 4 are subject to Condition 9(a) and this Condition 9(c).

*Class A Excess Consideration*

The obligation to pay the Class A Excess Consideration is subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make 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 and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments.

In the event that on any Notes Payment Date the Issuer has insufficient funds available to pay in full the amounts of Class A Excess Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class A Excess Consideration due on such Notes Payment Date to the holders of the Class A Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class A Excess Consideration to be distributed to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time. The Issuer shall credit the applicable Class A Excess Consideration Deficiency Ledger(s) with an amount equal to the amount by which the aggregate amount of Class A Excess Consideration paid on the Class A Notes on any Notes Payment Date falls short of the aggregate amount of Class A Excess Consideration payable on the Class A Notes on that Notes Payment Date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and Condition 10, and the balance of the

Class A Excess Consideration Deficiency Ledgers shall be aggregated with the amount of Class A Excess Consideration due on the next succeeding Notes Payment Date.

*Class A Additional Amounts*

Pursuant to Condition 4 the Issuer is only obliged to pay the Class A Additional Amounts if sufficient funds are available. In the event that on any Notes Payment Date the Issuer has no funds available to pay any Class A Additional Amounts there is no obligation to pay such Class A Additional Amounts and such Class A Additional Amounts will not accrue and/or be payable on the next succeeding Notes Payment Date.

Failure to pay the Class A Excess Consideration and/or Class A Additional Amounts will not cause an Event of Default.

(d) *Limited Recourse*

In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking, according to the Trust Agreement, in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim, of whatever nature, against the Issuer or the Security Trustee in respect of any such unpaid amounts. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes.

**10. Events of Default**

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

- (a) default is made for a period of fifteen (15) calendar days or more in the payment (excluding the Class A Excess Consideration or Class A Additional Amounts) 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 Agreement, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty calendar days after written notice thereof was given by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) 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 liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or

- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or has been 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, the Trust Agreement or the Security,

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class of Notes irrespective of whether an Extraordinary Resolution is passed by the holders of such Class or Classes of Notes ranking junior to the Most Senior Class of Notes, unless an Enforcement Notice in respect of the Most Senior Class of Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

## **11. Enforcement**

- (a) At any time after the Notes of any Class become due and payable as a result 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 terms of the Parallel Debt Agreement (including the making of a demand of payment thereunder), the Trust Agreement, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

## **12. Indemnification of the Security Trustee**

The Trust Agreement contains provisions for the indemnification of the Security Trustee in the circumstances set out herein 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 and of the Issuer in Condition 6, (other than where specifically referred to this Condition therein), all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes 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 such notice shall be deemed to have been given on the first date of such publication.

#### **14. Meetings of Noteholders; Modification; Consents; Waiver**

The Trust Agreement contains provisions for convening meetings of the Noteholders of any Class or one or more Classes jointly 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. Instead of at a general meeting, a resolution of the Noteholders of the relevant Class may be passed in writing, including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing, provided that all Noteholders with the right to vote have voted in favour of the proposal. The Issuer shall notify the Credit Rating Agencies of any resolutions passed by the Noteholders.

##### *(a) Meeting of Noteholders*

A meeting of Noteholders may be convened by the Security Trustee as often as it reasonably considers desirable and shall be convened by the Security Trustee at the written request of (i) the Issuer or the Seller or (ii) a meeting of Noteholders of a Class, by the Noteholders of such Class holding not less than ten (10) per cent. in Principal Amount Outstanding of the Notes of such Class.

##### *(b) Quorum and majority*

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

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

**Basic Terms Change** means, in respect of the Notes of all Classes, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any date for payment of interest in respect of the relevant Notes, (iii) which would reduce or cancel the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest applicable in respect of the relevant Notes, (v) of the quorum or majority required to pass an Extraordinary Resolution, or (vi) of the applicable Revenue Priority of Payments, the Redemption Priority of Payments or the applicable Post-Enforcement Priority of Payments;

##### *(c) Conflicts between Classes*

An Extraordinary Resolution passed at any meeting of the Most Senior Class shall be binding upon all Noteholders of a Class other than the Most Senior Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it shall have been approved by Extraordinary Resolutions of Noteholders of each

such other Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interest of the Noteholders of each such Class.

An Extraordinary Resolution shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) when it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class.

(d) *Voting*

Every Voter (as defined in the Trust Agreement) shall have one vote in respect of (i) each euro 1.00 or (ii) such other amount as the Security Trustee may in its absolute discretion stipulate in Principal Amount Outstanding of the Notes represented or held by such Voter. The Issuer may not vote on any Notes held by it directly or indirectly. Such Notes will not be taken into account in calculating the aggregate outstanding amount of the Notes. The Seller is entitled to vote in respect of the Retained Notes or any other Note held by it.

(e) *Modifications, authorisations, waivers and consents agreed by the Security Trustee*

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification, of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver, consent or authorisation of any breach or proposed breach, of any of the provisions of the Trust Agreement, the Notes and/or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee (a) has notified the Credit Rating Agencies and (b) the Credit Rating Agencies have provided a Credit Rating Agency Confirmation in connection with such modification, authorisation, waiver or consent and (iii) any modification of the relevant Transaction Documents (including the Interest Rate Cap Agreement) in order to enable the Issuer and/or the Interest Rate Cap Provider to comply with any requirements which apply to it under EMIR, subject to receipt by the Security Trustee of a certificate of the Issuer or the Interest Rate Cap Provider certifying to the Security Trustee that the amendments requested by the Issuer or the Interest Rate Cap Provider, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Interest Rate Cap Provider, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any additional liability or (b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the Transaction Documents and/or the Conditions. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so requires, such modification, authorisation, waiver or consent shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders, to (a) the entering into a new transaction document between the Issuer and a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, provided that (i) the Security Trustee has notified the Credit Rating Agencies and (ii) the Credit Rating Agencies have provided a Credit Rating Agency Confirmation in connection with such transfer or contracting and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement.

(f) *Exercise of Security Trustee's functions*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the 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.

**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 Agents upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

**16. Governing Law**

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

## 4.2 Form

Each Class of Notes shall be initially represented by a Temporary Global Note (i) in the case of the Class A1 Notes, in the principal amount of euro 142,800,000, (ii) in the case of the Class A2 Notes, in the principal amount of euro 257,200,000, (iii) in the case of the Class A3 Notes, in the principal amount of euro 100,000,000, (iv) in the case of the Class B Notes, in the principal amount of euro 113,400,000 and (v) in the case of the Class C Notes, in the principal amount of euro 9,200,000. The Temporary Global Notes representing the Class A Notes will be deposited with Euroclear as Common Safekeeper for Euroclear and Clearstream, Luxembourg on or about the Closing Date. The Temporary Global Notes representing the Notes (other than the Class A Notes) will be deposited with Bank of America National Association, London Branch as Common Safekeeper for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. On any payment, whether principal or interest, being made in respect of any of the Notes, details of such payments shall be entered *pro rata* in the records of Euroclear and/or Clearstream, Luxembourg and, upon any payment of principal being made, the nominal amount of the Notes recorded in the records of Euroclear and/or Clearstream, Luxembourg shall be reduced by the aggregate nominal amount of such payment. Interests in each Temporary Global Note will be exchangeable on the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. 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. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the 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 ICSDs as common safekeeper and does not mean that the Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. The Class B Notes and the Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem.

The Global Notes will be transferable by delivery 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 notes in definitive form only in the circumstances described below. Such notes in definitive form shall be issued in denominations of €100,000 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such date of exchange. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, 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. No person is entitled to receive any payment under a Temporary Global Note unless the exchange of a Temporary Global Note for a Permanent Global Note has been improperly withheld or refused.

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg so permit, such Notes will be tradeable only in the minimum authorised denomination of €100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of €100,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons attached.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the

relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirements of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh calendar day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 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 (each of (i), (ii) and (iii) an **Exchange Event**), the Issuer or Paying Agents 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 A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes;
- (b) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes;
- (c) Class A3 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A3 Notes;
- (d) 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
- (e) 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 Exchange Event, subject in each case to certification as to non-U.S. beneficial ownership and against the surrender of the relevant Permanent Global Note to or to the order of the Paying Agents.

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

The following legend will appear on all Global Notes, Notes in definitive form, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

'ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES 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 a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

**Application Dutch Savings Certificates Act in respect of the Class B Notes or Class C Notes.**

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Class B Notes or the Class C Notes which involves the physical delivery thereof within, from or into the Netherlands, must be effected (as required by the Dutch Savings Certificates Act (*Wet Inzake Spaarbewijzen*) of 21st May 1985) through the mediation of the Issuer or an admitted institution of Euronext Amsterdam and must be recorded in a transaction note which includes the name and address of each party to the transaction, the nature of the transaction and the details and serial number of the relevant Note.

### 4.3 Subscription and Sale

The Managers have pursuant to the Notes Purchase Agreement jointly and severally agreed with the Issuer, on terms and subject to certain conditions, to purchase the Class A Notes at their respective issue prices. There is no obligation of the Managers to purchase any Class A Notes unless the Managers have (on)sold such Notes to third parties, including to the Seller. Each of the Managers have agreed to purchase such number of Class A Notes as it has sold to third parties identified by the Managers at their sole discretion. The Seller has undertaken with each of the Managers that it will purchase (i) the Retained Notes directly from the Issuer and (ii) any Class A Notes that will not be sold to third parties identified by the Managers at their sole discretion, from the Managers on the Closing Date. The Issuer and the Seller have agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which is the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of each Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Section 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or each Manager to publish a prospectus pursuant to Section 3 of the Prospectus Directive, or supplement a prospectus pursuant to Section 16 of the Prospectus Directive.

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

#### France

Each of the Managers and the Issuer has represented and agreed 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 to the public in France, or used in connection with any offer for subscription or sale of the Notes to the public in France, this 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 and D.411-1 to 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), it 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, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Financial Services Act and the relevant implementing regulations (including Regulation No. 11971).

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 under (i) or (ii) above must be made:

- (a) only by banks, investment firms (*imprese di investimento*) or financial institutions enrolled in 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 Financial Services Act 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.

## United Kingdom

Each Manager has represented and agreed 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 (**FSMA**) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, 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 any Notes in, from or otherwise involving the United Kingdom.

## United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

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

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

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

## **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**) and each Manager has represented and agreed, and each further manager appointed will be required to represent and agree, that it will not offer or sell Notes, directly or indirectly, 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, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Japanese FIEA and any other applicable laws and regulations and ministerial guidance of Japan.

## **The Netherlands**

The Seller has represented and agreed that the Class B Notes and the Class C Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in the Class B Notes or the Class C Notes in global form, or (b) in respect of the initial issue of the Class B Notes or the Class C Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class B Notes or the Class C Notes and in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of the Class B Notes or the Class C Notes within, from or into the Netherlands if all the Class B Notes or the Class C Notes, as applicable, (either in definitive form or as rights representing an interest in the Class B Notes or the Class C Notes, as applicable, in global form) are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

## **General**

Each Manager will agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries.

Neither the Issuer nor any Manager shall represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

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

## 4.4 Regulatory and Industry Compliance

### Retention statements

The Seller has undertaken in the Notes Purchase Agreement to each of the Managers and the Arranger 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% in the securitisation transaction described in this Prospectus in accordance with Section 405 of the CRR, Section 51 of the AIFM Regulation and Section 254 of the Solvency II Regulation.

As at the Closing Date, such material net economic interest will be held in accordance with item (d) of Section 405 of the CRR, Section 51(d) of the AIFM Regulation and Section 254(2)(d) of the Solvency II Regulation, by holding the Retained Notes.

The Notes Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in Section 52 (a) up to including (d) of the AIFM Regulation. 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 Section 405 up to and including 409 of the CRR, Section 51 and 52 of the AIFM Regulation and Section 254 and 256 of the Solvency II Regulation, which information can be obtained from the Seller upon request.

The Issuer Administrator on behalf of the Issuer will prepare quarterly or monthly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with the retention of the material net economic interest by the Seller. The quarterly or monthly investor reports can be obtained at the website of the Dutch Securitisation Association (the DSA): [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) and at the website of the Issuer: [www.intertrustgroup.com](http://www.intertrustgroup.com).

### Investors are required to assess compliance

Each prospective investor is required independently to assess and determine the sufficiency of the information referred to above for the purposes of complying with Section 405 up to and including Section 409 of the CRR, Section 51 and 52 of the AIFM Regulation and Section 254 and 256 of the Solvency II Regulation and any corresponding national measures which may be relevant and none of the Issuer, the Originator, the Seller, the Servicer and the Non-performing Mortgage Loan Servicer, the Issuer Administrator nor the Arranger or the Managers and, the Security Trustee makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Seller accepts responsibility for the information set out in this sub-section entitled *Regulatory and Industry Compliance* in section 4 (*The Notes*).

Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), please refer to the Risk Factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*".

### Investor reports

Each investor report will contain a glossary of the defined terms used in such investor report.

The Issuer will (i) prior to the Closing Date, make loan-level data available to enable investors or third party contractors to build a cash flow model setting out the transaction cash flows and (ii) from the Closing Date until redemption in full of the Notes, it will make available updates to such information on a periodic basis.

The Issuer will disclose in the first investor report the amount of the Notes (a) privately-placed with investors which are not in the same group as the Seller, (b) retained by a member of the group of the Seller and (c) publicly-placed with investors which are not in the group of the Seller.

The Issuer will (to the extent permissible) disclose any amount initially retained by a member of the same group as the Seller, but subsequently placed with investors which are not in the same group as the Seller in the next investor report.

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.

### **Compliance with Dutch Securitisation 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 as soon as possible 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 standard created for residential mortgage-backed securities by the DSA (the **RMBS Standard**). This has also been recognised by PCS as the Domestic Market Guideline for the Netherlands in respect of this asset class.

### **PCS Label**

Application has been or will be made to Prime Collateralised Securities (PCS) UK Limited 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 an 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). Prime Collateralised Securities (PCS) UK Limited 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>.

### **Volcker Rule**

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 regulations adopted under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the U.S. 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 all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(c) 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.

#### **4.5 Use of Proceeds**

On the Closing Date, the net proceeds of the issue of the Mortgage-Backed Notes will be applied to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

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

An amount of euro 7,441,399.91 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account. Furthermore, an amount of euro 7,114,386.17 will be received by the Issuer as consideration for the Initial Insurance Savings Participation granted to the Savings Insurance Company. In addition, an amount of euro 8,101,618.93 will be received by the Issuer as consideration for the Initial Bank Savings Participation granted to the Bank Savings Participant. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price to be paid on the Closing Date.

The proceeds of the Subordinated Loan, in the amount of euro 2,500,000 will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes, including but not limited to the Initial Interest Rate Cap Payment to be paid on the Closing Date.

## 4.6 Taxation in the Netherlands

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

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

Subject to the foregoing:

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

and, if the Holder is a legal person, an opaque limited partnership (*open commanditaire vennootschap*), or another company with a capital divided into shares without legal personality or a special purpose fund (*doelvermogen*),

- (i) such Holder does not have a substantial interest\* in the share capital of the Issuer and/or Seller or in the event that such Holder does have such an interest, such interest is not held with the main purpose or one of the main purposes of evading income tax or dividend tax and no non-genuine arrangement or series of arrangements is present;
- (ii) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;

and, if the Holder is a natural person,

- (i) such Holder does not derive benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; and
- (ii) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest\* in the share capital of the Issuer and/or the Seller.

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

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

#### *OECD - Common Reporting Standard*

On 29 October 2014, 51 jurisdictions, including 27 EU Member States, signed a multilateral competent authority agreement to automatically exchange information. The competent authority agreement is based on the Multilateral Convention on Mutual Assistance in Tax Matters and implements the OECD ("Organization for Economic Cooperation and Development") Standard for Automatic Exchange of Financial Account Information in Tax Matters, also referred to as the Common Reporting Standard. As at 9 May 2016, 101 jurisdictions have committed. The competent authority agreement provides a multilateral framework for bilateral exchanges that will come into effect between those signatories that file notifications in accordance with the agreement. The information to be automatically exchanged between the competent authorities of the jurisdictions party to such bilateral arrangements includes interest, dividends and similar types of income, as well as account balances, that is required to be reported by certain financial institutions within one such jurisdiction in respect of accounts held by individuals and certain entities resident in the other jurisdiction, or held by certain entities controlled by such persons. The intended first exchanges of information are expected by September 2017 in respect of most of the participating jurisdictions and September 2018 in respect of the remaining jurisdictions. The competent authority agreement does not provide for the withholding or deduction of tax from interest (or similar income).

The European Commission adopted the Common Reporting Standard in EU Council Directive 2014/107/EU. This Directive amends EU Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation and replaces the EU Savings Directive (Council Directive 2003/48/EC). Under EU Council Directive 2014/107/EU, the Common Reporting Standard was implemented in Dutch domestic law and regulations per 1 January 2016.

## 4.7 Security

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer to the Secured Creditors (the **Parallel Debt**).

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

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Creditors in accordance with the applicable Priority of Payments upon Enforcement, save for amounts due to the Savings Insurance Company and the Bank Savings Participant in connection with the Participations and the amounts due to the Interest Rate Cap Provider in respect of Excess Interest Rate Cap Collateral and Tax Credits. The amounts available to the Secured Creditors, other than the Savings Insurance Company and the Bank Savings Participant, will be the sum of (a) amounts recovered (*verhaald*) by the Security Trustee (i) on the Mortgage Receivables, other than Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element and the Bank Savings Mortgage Receivables and the Beneficiary Rights relating thereto, and (ii) on each of the Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element and Bank Savings Mortgage Receivables and the Beneficiary Rights relating thereto to the extent the amount exceeds the relevant Participation in the relevant Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, and (iii) other assets pledged pursuant to the Pledge Agreements and (b) the *pro rata* part of amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Creditors (other than the Savings Insurance Company and the Bank Savings Participant) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables).

The amounts available to the Savings Insurance Company consist of, *inter alia*, (i) amounts recovered by the Security Trustee on Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and the Beneficiary Rights related thereto provided that such amounts relate to the relevant Participation in each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (ii) the *pro rata* part of the amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion of the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Savings Insurance Company by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the relevant Participations bear to the Mortgage Receivables) provided that such amount can never exceed the amount of the relevant Participation.

The amounts available to the Bank Savings Participant consist of, *inter alia*, (i) amounts recovered by the Security Trustee on the Bank Savings Mortgage Receivables provided that such amounts relate to the relevant Participation in the Bank Savings Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) the *pro rata* part of the amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the relevant Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Bank Savings Participant by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro*

*rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the relevant Participations bear to the Mortgage Receivables) provided that such amount can never exceed the amount of the relevant Participation.

On the Closing Date the Issuer will vest a right of pledge pursuant to the Issuer Mortgage Receivables Pledge Agreement in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto. The right of pledge on the Mortgage Receivables will not be notified to the Borrowers and the Insurance Companies, except in case a Pledge Notification Event occurs. Prior to notification of the right of pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*stil pandrecht*) within the meaning of Section 3:239 of the Dutch Civil Code. The right of pledge on the Beneficiary Rights will also be an undisclosed right of pledge (*stil pandrecht*).

In addition, on the Closing Date the Issuer will vest a right of pledge pursuant to the Issuer Rights Pledge Agreement in favour of the Security Trustee on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Issuer Account Agreement, (iv) the Cash Advance Facility Agreement, (v) the Participation Agreements, (vi) the Interest Rate Cap Agreement and (vii) in respect of the Issuer Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*). However, the Security Trustee will grant a power to collect (*bevoegdheid tot inning*) to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

Upon the occurrence of a Pledge Notification Event and, consequently, notification to the Borrowers and the Insurance Companies and withdrawal of the power to collect, the Security Trustee will collect (*innen*) all amounts due to the Issuer whether by Borrowers, the Insurance Companies or parties to the Transaction Documents. Pursuant to the Trust Agreement the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the applicable Priority of Payments prior to Enforcement, pay or procure the payment to the Issuer, whilst for that sole purpose terminating (*opzeggen*) its right of pledge.

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

The rights of pledge described above shall serve as security of the Security Trustee for the benefit of the Secured Creditors, including the Noteholders, but, *inter alia*, amounts owing to:

- (i) the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders;
- (ii) the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders (see section 5 (*Credit Structure*) below).

The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes. The Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes until fully redeemed, thereafter to the Class A2 Notes until fully redeemed and then to the Class A3 Notes. To the extent that the Available Principal Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes and/or the Class A3 Notes in full when due in accordance with the Conditions for a period of fifteen calendar days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes and the Class A3 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes and the Class A3 Notes do not therefore purport to provide credit enhancement to the Class A2 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes and the Class A3 Notes

bearing a greater loss than that borne by the Class A1 Notes. If the Class A1 Notes and Class A2 Notes have been redeemed (in part or in full) at such time, this will result in the Class A3 Notes bearing a greater loss than that borne by the Class A1 Notes and the Class A2 Notes.

## 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 and which have been received during the Notes Calculation Period immediately preceding such Notes Calculation Date or, if specifically set out below, on the relevant Notes Payment Date, will pursuant to the terms of the Trust Agreement be applied in accordance with the applicable Revenue Priority of Payments (items (i) up to and including (xiv) will hereinafter be referred to as the **Available Revenue Funds**):

- (i) as interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, an amount equal to the amount received, multiplied by the relevant Participation Fraction;
- (ii) as interest accrued and received on the Issuer Collection Account, the Reserve Account and the Cash Advance Facility Stand-by Drawing Account but minus any negative interest paid by way of set off in respect of the Issuer Transaction Accounts in accordance with the Trust Agreement;
- (iii) as Prepayment Penalties and penalty interest under the Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (v) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;
- (vi) as amounts to be drawn under the Cash Advance Facility Agreement (other than Cash Advance Facility Stand-by Drawings) and amounts to be debited from the Cash Advance Facility Stand-by Drawing Account (other than with a view to repaying a Cash Advance Facility Stand-by Drawing) on the immediately succeeding Notes Payment Date;
- (vii) as amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant Participation Fraction;
- (ix) as amounts received under the Subordinated Loan Agreement;
- (x) as amounts received under the Interest Rate Cap Agreement excluding any Interest Rate Cap Collateral transferred pursuant to the Interest Rate Cap Agreement;
- (xi) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the relevant

Participation Fraction, and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable; and

- (xii) on the Notes Payment Date on which the Mortgage-Backed Notes will be or have been redeemed in full, (a) any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (xi) on such Notes Payment Date and (b) any (remaining) amounts standing to the credit of the Reserve Account excluding any Excess Interest Rate Cap Collateral or Tax Credit; and
- (xiii) as amounts to be drawn from the Interest Rate Cap Termination Payment Ledger equal to the Available Termination Amount; less
- (xiv) on the first Notes Payment Date of each year, the highest of (i) an amount equal to 10 per cent. of the annual operational expenses in the immediately preceding calendar year in accordance with items (a), (b) and (c) of the applicable Revenue Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities, and (ii) an amount of euro 2,500.

### ***Available Principal Funds***

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Notes Calculation Date and which have been received during the immediately preceding Notes Calculation Period will pursuant to the terms of the Trust Agreement be applied in accordance with the Redemption Priority of Payments (items (i) up to and including (x) will hereinafter be referred to as the **Available Principal Funds**):

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person (including any payment received by the Issuer, the Seller or the Originator from Stichting WEW), but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
- (iii) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Clean-up Call Option or the Regulatory Call Option or in connection with an Optional Redemption Date, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivable, the relevant Participation in such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element or Bank Savings Mortgage Receivable;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the applicable Revenue Priority of Payments;

- (vi) as Bank Savings Participation Increase and Insurance Savings Participation Increase pursuant to the relevant Participation Agreement and as consideration for the relevant Initial Savings Participation;
- (vii) as partial prepayment in respect of Mortgage Receivables;
- (viii) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards redemption of the Mortgage-Backed Notes or payment of interest on the Class A Notes or payment of Class A Excess Consideration on the preceding Notes Payment Date;
- (ix) any amounts received on the Issuer Collection Account from the credit balance of the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement;
- (x) on the first Notes Payment Date only, an amount of euro 201.47, being the difference between the net proceeds of the issuance of the Mortgage-Backed Notes and the Initial Purchase Price for the Mortgage Receivables; and
- (xi) on the Optional Redemption Date falling in December 2021 and on each Optional Redemption Date thereafter, in case of a sale of Mortgage Receivables in accordance with the Trust Agreement, an amount to be drawn from the Reserve Account equal to the lower of (i) the balance standing to the credit of the Reserve Account and (ii) the positive difference between (a) the amount required to redeem the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, accrued Class A Excess Consideration due and any shortfall reflected in any Class A Excess Consideration Deficiency Ledger after taking into account application of the Available Revenue Funds on such Notes Payment Date and (ii) the purchase price for such Mortgage Receivables as sanctioned in the Meeting of Class A Noteholders.

### **Cash Collection Arrangements**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. All payments made by Borrowers will be made into the Originator Collection Account maintained with ING Bank N.V. (the **Originator Collection Account Bank**). This account is not pledged to any party other than to the Originator Collection Account Bank pursuant to the applicable terms and conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of any other moneys belonging to the Originator.

If (i) the rating of the short-term, unsecured and unguaranteed debt obligations of the Originator Collection Account Bank falls below, F-2 by Fitch, P-2 by Moody's or (ii) the rating of the long-term, unsecured and unguaranteed debt obligations of the Originator Collection Account Bank falls below A- by Fitch (the **Originator Collection Account Bank Requisite Credit Rating**), the Seller will, within thirty (30) calendar days, in order to maintain the then current rating assigned to the Class A Notes, either: (i) ensure that payments to be made in respect of amounts received on the Originator Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Originator Collection Account Bank Requisite Credit Rating, or (ii) (a) open an escrow account in the name of the Issuer, for the Issuer's own account, with a party having at least the Originator Collection Account Bank Requisite Credit Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and prepayment penalties received since the Closing on the Issuer Collection Account during one Mortgage Calculation Period, or (iii), only in case of a downgrade or loss of the rating given by Moody's, find another solution in accordance with Moody's methodology at such time in order to maintain the then current ratings assigned to the Class A Notes.

On each Mortgage Collection Payment Date the Servicer shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Originator in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period to the Issuer Collection Account.

## 5.2 Priority of Payments

### Revenue Priority of Payments prior to the First Optional Redemption Date

Prior to the delivery of an Enforcement Notice and up to and including the First Optional Redemption Date, the Available Revenue Funds will pursuant to the terms of the Trust Agreement be applied by the Issuer on the immediately succeeding Notes Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the **Pre-First Optional Redemption Date Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator under the Servicing Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiii) of the Available Revenue Funds) and sums due to the Credit Rating Agencies and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (iii) the Cash Advance Facility Commitment Fee (as defined therein) under the Cash Advance Facility Agreement to the Cash Advance Facility Provider, (iv) costs and expenses (including interest to the extent not yet paid in accordance with the Trust Agreement) related to the Issuer Transaction Accounts other than the Interest Rate Cap Collateral Account, due and payable to the Issuer Account Bank under the Issuer Account Agreement and (v) an Initial Interest Rate Cap Payment to a replacement interest rate cap provider upon entry into a replacement interest rate cap agreement, to the extent not paid outside the Priority of Payments;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, or (ii) following a Cash Advance Facility Stand-by Drawing, in or towards satisfaction of amounts to be credited to the Cash Advance Facility Stand-by Drawing Account, but excluding the Cash Advance Facility Commitment Fee payable under (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility and payable under (j) below;
- (e) *fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (f) *sixth*, 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;
- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Fund up to the amount of the Reserve Account Required Amount;
- (h) *eighth*, 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;

- (i) *ninth*, in or towards satisfaction of principal amounts due under the Class C Notes on the relevant Notes Payment Date, including the Final Maturity Date;
- (j) *tenth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider under the Cash Advance Facility Agreement;
- (k) *eleventh*, in or towards satisfaction of interest due or accrued but unpaid in respect of the Subordinated Loan;
- (l) *twelfth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan; and
- (m) *thirteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

#### **Revenue Priority of Payments after the First Optional Redemption Date**

Prior to the delivery of an Enforcement Notice and after the First Optional Redemption Date, the Available Revenue Funds will pursuant to the terms of the Trust Agreement be applied by the Issuer on the immediately succeeding Notes Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the Post-First Optional Redemption Date Revenue Priority of Payments and together with the Pre-First Optional Redemption Date Revenue Priority of Payments, the Revenue Priority of Payments):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator under the Servicing Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiii) of the Available Revenue Funds) and sums due to the Credit Rating Agencies and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (iii) the Cash Advance Facility Commitment Fee under the Cash Advance Facility Agreement to the Cash Advance Facility Provider, and (iv) costs and expenses (including interest to the extent not yet paid in accordance with the Trust Agreement) related to the Issuer Transaction Accounts, due and payable to the Issuer Account Bank under the Issuer Account Agreement;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, or (ii) following a Cash Advance Facility Stand-by Drawing, in or towards satisfaction of amounts to be credited to the Cash Advance Facility Stand-by Drawing Account, but excluding the Cash Advance Facility Commitment Fee payable under (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility and payable under (m) below;
- (e) *fifth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes up to a maximum of the EURIBOR Agreed Rate Amount plus the applicable margin;

- (f) *sixth*, 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;
- (g) *seventh*, in or towards satisfaction of any sums required to replenish the Reserve Fund up to the amount of the Reserve Account Required Amount;
- (h) *eighth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of Class A Excess Consideration due and payable but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (i) *ninth*, in or towards making good any shortfall reflected in the Class A Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Class A Excess Consideration Deficiency Ledgers is reduced to zero;
- (j) *tenth*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of Class A Additional Amount Payments due and payable until the Class A1 Notes, the Class A2 Notes and the Class A3 Notes have been fully redeemed pursuant to the Redemption Priority of Payments;
- (k) *eleventh*, 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;
- (l) *twelfth*, in or towards satisfaction of principal amounts due under the Class C Notes on the relevant Notes Payment Date, including the Final Maturity Date;
- (m) *thirteenth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider under the Cash Advance Facility Agreement;
- (n) *fourteenth*, in or towards satisfaction of interest due or accrued but unpaid in respect of the Subordinated Loan;
- (o) *fifteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan; and
- (p) *sixteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

### **Redemption Priority of Payments**

Prior to the delivery of an Enforcement Notice, the Available Principal Funds will pursuant to the terms of the Trust Agreement 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*, in or towards satisfaction of principal amounts due under the Class A1 Notes on the relevant Notes Payment Date until fully redeemed and thereafter the Class A2 Notes on the relevant Notes Payment Date until fully redeemed and thereafter the Class A3 Notes on the relevant Notes Payment Date until fully redeemed;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (c) *third*, after the First Optional Redemption Date, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of all amounts of Class A Excess Consideration Revenue Shortfall due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes; and

- (d) *fourth*, in or towards satisfaction of principal amounts due under the Class B Notes on the relevant Notes Payment Date until fully redeemed.

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

Following delivery of an Enforcement Notice and up to and including the First Optional Redemption Date, any amounts collected by the Security Trustee under the Trust Agreement, (other than amounts to be deducted therefrom, Excess Interest Rate Cap Collateral and Tax Credits and in respect of the Participations, which amounts will not be part of this Priority of Payments upon Enforcement) will be applied in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Pre-First Optional Redemption Date Post-Enforcement Priority of Payments**):

- (a) *first*, in or towards satisfaction, of the repayment of any Cash Advance Facility Stand-by Drawing and any other amount due and payable but unpaid under the Cash Advance Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors in connection with the Management Agreements, (ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator under the Servicing Agreement, (iv) costs and expenses (including interest to the extent not yet paid in accordance with the Trust Agreement) related to the Issuer Transaction Accounts other than the Interest Rate Cap Collateral Account, due and payable to the Issuer Account Bank under the Issuer Account Agreement and (v) an Initial Interest Rate Cap Payment to a replacement interest rate cap provider upon entry into a replacement interest rate cap agreement, to the extent not paid outside the Priority of Payments;
- (c) *third*, in or towards satisfaction of any amounts due and payable but unpaid under the Cash Advance Facility Agreement but excluding any Cash Advance Facility Stand-by Drawing payable under (a) above and including any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement;
- (d) *fourth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (e) *fifth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (i) *ninth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

Following delivery of an Enforcement Notice and as of the First Optional Redemption Date, any amounts collected by the Security Trustee under the Trust Agreement, (other than amounts to be deducted therefrom, being the Excess Interest Rate Cap Collateral and Tax Credits and in respect of the Participations, which amounts will be paid outside of this Priority of Payments upon Enforcement) will be applied in the following

order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Post-First Optional Redemption Date Post-Enforcement Priority of Payments** and together with the Pre-First Optional Redemption Date Post-Enforcement Priority of Payments, the **Post-Enforcement Priorities of Payments**):

- (a) *first*, in or towards satisfaction, of the repayment of any Cash Advance Facility Stand-by Drawing and any other amount due and payable but unpaid under the Cash Advance Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors in connection with the Management Agreements, (ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator under the Servicing Agreement, and (iv) costs and expenses (including interest to the extent not yet paid in accordance with the Trust Agreement) related to the Issuer Transaction Accounts, due and payable to the Issuer Account Bank under the Issuer Account Agreement;
- (c) *third*, in or towards satisfaction of any amounts due and payable but unpaid under the Cash Advance Facility Agreement but excluding any Cash Advance Facility Stand-by Drawing payable under (a) above and including any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement;
- (d) *fourth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes up to a maximum of the EURIBOR Agreed Rate Amount plus the applicable margin;
- (e) *fifth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (f) *sixth*, *pro rata* and *pari passu*, according to the respective amounts thereof, in or towards satisfaction of all amounts of Class A Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes reflected in the Class A Excess Consideration Deficiency Ledgers;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (j) *tenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

### **Subordinated Loan Agreement**

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of euro 2,500,000 and will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes, including but not limited to the Initial Interest Rate Cap Payment to be paid on the Closing Date.

## EURIBOR Agreed Rate and Class A Excess Consideration

On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments or the Redemption Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the respective amounts outstanding of the Class A1 Notes, Class A2 Notes and Class A3 Notes at such time, be entitled to the Class A Excess Consideration. The Class A Excess Consideration consists of the Class A Step-up Consideration and the EURIBOR Excess Consideration, if applicable.

The Class A Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledgers until the debit balance, if any, on the Class A Principal Deficiency Ledgers is reduced to zero and (ii) replenish the Reserve Fund up to the amount of the Reserve Account Required Amount.

After the First Optional Redemption Date, on any Notes Payment Date after redemption in full of the Class A Notes and payment of interest due or accrued but unpaid in respect of the Class A Notes, an amount equal to the lower of (a) the remaining part of the Available Principal Funds (if any) and (b) the Class A Excess Consideration due on the Class A Notes on such Notes Payment Date after application of the Available Revenue Funds (a **Class A Excess Consideration Revenue Shortfall**), shall be applied by the Issuer in accordance with the Redemption Priority of Payments towards satisfaction of the Class A Excess Consideration due on such Notes Payment Date to the holders of the Class A Notes on a *pro rata* and *pari passu* basis and be distributed to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes at such time. The Issuer shall debit the relevant Principal Deficiency Ledger with an amount equal to the Class A Excess Consideration Revenue Shortfall.

The credit ratings assigned by the Credit Rating Agencies do not address the likelihood of any payment of the Class A Excess Consideration and failure to pay any Class A Excess Consideration will not cause an Event of Default.

### *Class A Excess Consideration Deficiency Ledgers*

Three ledgers, known as the Class A1 Excess Consideration Deficiency Ledger, the Class A2 Excess Consideration Deficiency Ledger and the Class A3 Excess Consideration Deficiency Ledger (together referred to as the Class A Excess Consideration Deficiency Ledgers) will be established by or on behalf of the Issuer in order to record any amounts of Class A Excess Consideration that has not been paid out on the relevant Notes Payment Date to the Class A Noteholders.

## Class A Additional Amounts

On each Notes Payment Date after the First Optional Redemption Date, the Class A Noteholders are entitled to the Class A Additional Amounts. However no guarantee can be given that there will any funds available to pay such Class A Additional Amounts on any Notes Payment Date.

The Class A Additional Amounts will be paid on a *pro rata* and *pari passu* basis in accordance with the respective amounts outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments and provided that payments of a higher order of priority have been made in full. The Class A Additional Amounts will consist of Available Revenue Funds less the amounts payable under the items (a) to (i) (inclusive) in the Post-First Optional Redemption Date Revenue Priority of Payments.

The credit ratings assigned by the Credit Rating Agencies do not address the likelihood of any payment of the Class A Additional Amounts and failure to pay any Class A Additional Amounts will not cause an event of default.

## 5.3 Loss allocation

### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers, known as the Class A1 Principal Deficiency Ledger, the Class A2 Principal Deficiency Ledger, the Class A3 Principal Deficiency Ledger and the Class B Principal Deficiency Ledger, respectively, will be established by or on behalf of the Issuer in order to record (i) any Realised Loss on the Mortgage Receivables as Principal Deficiency upon completion of the foreclosure, such that there is no more collateral securing the Mortgage Receivable and (ii) any Class A Excess Consideration Revenue Shortfall. On any Notes Calculation Date, the sum of (i) any Realised Loss and (ii) any Class A Excess Consideration Revenue Shortfall shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (h) of the Pre-First Optional Redemption Date Revenue Priority of Payments or item (k) of the Post-First Optional Redemption Date Revenue Priority of Payments, as applicable) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, *pro rata* and *pari passu* according to the Principal Amount Outstanding of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes on the relevant Notes Calculation Date, to the Class A1 Principal Deficiency Ledger, the Class A2 Principal Deficiency Ledger and the Class A3 Principal Deficiency Ledger respectively, as together referred to as the Class A Principal Deficiency Ledgers (such debit items being reccredited at item (f) of the Pre-First Optional Redemption Date Revenue Priority of Payments or the Post-First Optional Redemption Date Revenue Priority of Payments, as applicable).

**Realised Loss** means, on any Notes Payment Date, the sum of:

- (a) the balance between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables less, with respect to Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element and the Bank Savings Mortgage Receivables, the relevant Participations, on which the Originator, the Seller or the Non-performing Mortgage Loan Servicer or the Issuer has foreclosed during the immediately preceding Notes Calculation Period, and (ii) the sum of (x) the Net Foreclosure Proceeds on such Mortgage Receivables other than Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element and the Bank Savings Mortgage Receivables and (y) the Net Foreclosure Proceeds on such Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element and Bank Savings Mortgage Receivables up to the amount of the relevant Savings Mortgage Receivables, Life Mortgage Receivables with a Savings Element or Bank Savings Mortgage Receivables less the relevant Participations; and
- (b) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Notes Calculation Period, the balance, if any, between (x) the aggregate Outstanding Principal Amount, less with respect to such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and Bank Savings Mortgage Receivables, the relevant Participations, and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully invoked set-off or defences to payments or (p) repaid any amounts, the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) as a result thereof unless and to the extent such amount is received from the Seller or otherwise pursuant to any items (i) and (iii) of the Available Principal Funds.

**Class A Excess Consideration Revenue Shortfall** means on any Notes Calculation Date after the First Optional Redemption Date, an amount equal to the lower of (i) part of the Available Principal Funds remaining (if any) after items (a) and (b) of the Redemption Priority of Payments have been satisfied and (ii) the Class A Excess Consideration due on the Class A Notes on the immediately succeeding Notes Payment Date after application of the Available Revenue Funds.

## 5.4 Hedging

### *Interest Rate Cap Agreement*

The Mortgage Loan Criteria require that all Mortgage Receivables bear a floating rate or a fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Class A1 Notes and Class A2 Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin. Interest on the Class A3 Notes for each Interest Period until the First Optional Redemption Date will accrue at a rate of 0.273 per cent. per annum. The Class B Notes and Class C Notes will not bear interest.

The Issuer will mitigate the interest rate exposure on the Class A1 Notes and the Class A2 Notes until the First Optional Redemption Date by entering into the Interest Rate Cap Agreement with the Interest Rate Cap Provider on the Closing Date. The interest rate exposure in respect of the Class A3 Notes will not be mitigated by the Interest Rate Cap Agreement.

The Interest Rate Cap Agreement, starting on the Closing Date, requires the Interest Rate Cap Provider, against payment of the Initial Interest Rate Cap Payment on the Closing Date, to make payments to the Issuer on a quarterly basis to the extent the relevant EURIBOR for any Interest Period exceeds the Cap Strike Rate. Such payments will amount to the part of the relevant EURIBOR for an Interest Period exceeding the Cap Strike Rate multiplied by a Cap Notional Amount. The Cap Notional Amount amortises in accordance with the Schedule as set out below (the **Cap Notional Amount**).

Start Date	End Date	Notional
21-Jun-16	19-Sep-16	400,000,000.00
19-Sep-16	19-Dec-16	394,000,000.00
19-Dec-16	17-Mar-17	388,000,000.00
17-Mar-17	19-Jun-17	382,000,000.00
19-Jun-17	18-Sep-17	376,000,000.00
18-Sep-17	18-Dec-17	371,000,000.00
18-Dec-17	19-Mar-18	365,000,000.00
19-Mar-18	18-Jun-18	359,000,000.00
18-Jun-18	17-Sep-18	353,000,000.00
17-Sep-18	17-Dec-18	348,000,000.00
17-Dec-18	18-Mar-19	342,000,000.00
18-Mar-19	17-Jun-19	337,000,000.00
17-Jun-19	17-Sep-19	331,000,000.00
17-Sep-19	17-Dec-19	326,000,000.00
17-Dec-19	17-Mar-20	321,000,000.00
17-Mar-20	17-Jun-20	316,000,000.00
17-Jun-20	17-Sep-20	310,000,000.00
17-Sep-20	17-Dec-20	305,000,000.00
17-Dec-20	17-Mar-21	300,000,000.00
17-Mar-21	17-Jun-21	295,000,000.00

In the event that the relevant rating(s) of the Interest Rate Cap Provider is or are, as applicable, downgraded by a Credit Rating Agency below the Cap Required Ratings, the Interest Rate Cap Provider will, in accordance with the Interest Rate Cap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Cap Agreement and at its own cost which may include (i) the provision of collateral for its obligations under the Interest Rate Cap Agreement pursuant to the credit support annex to the Interest Rate Cap Agreement entered into by the Issuer and the Interest Rate Cap

Provider on the basis of the standard ISDA documentation (which provides for requirements relating to the provision of collateral by the Interest Rate Cap Provider), or (ii) arranging for its obligations under the Interest Rate Cap Agreement to be transferred to an entity with the Cap Required Ratings, or (iii) procuring another entity with at least the Cap Required Ratings to become joint-obligor or a guarantor in respect of its obligations under the Interest Rate Cap Agreement, or (iv) taking such other action as it may agree with the Security Trustee as will result in the ratings of the then outstanding Class A Notes being restored to or maintained at the level they were at immediately prior to the downgrade. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Interest Rate Cap Agreement.

The Interest Rate Cap Agreement will be documented under an ISDA master agreement. The Interest Rate Cap Agreement may be terminated in accordance with events of default and termination events commonly found in standard ISDA documentation for swap or cap transactions. The Interest Rate Cap Agreement will be terminable by one party if (i) an applicable event of default or termination event occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Interest Rate Cap Agreement, or (iii) an Enforcement Notice is served. Events of default under the Interest Rate Cap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Rate Cap Agreement, and (ii) certain insolvency events.

Upon the early termination of the Interest Rate Cap Agreement, the Interest Rate Cap Provider may be liable to make a termination payment to the Issuer. The amount of any termination payment will be based on the market value of the Interest Rate Cap 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). If the Interest Rate Cap Agreement is terminated as a result of an event of default or termination event in respect of the Issuer or the service of an Enforcement Notice, the Interest Rate Cap Provider will calculate the termination amount payable to the Issuer as a result of the termination of the Interest Rate Cap Agreement, in accordance with the terms of the Interest Rate Cap Agreement. Likewise, if the Interest Rate Cap Agreement is terminated as a result of an event of default or termination event in respect of the Interest Rate Cap Provider, the Issuer will calculate the termination amount payable.

Any amounts received by the Issuer from the Interest Rate Cap Provider (whether or not through application of any collateral standing to the credit of the Interest Rate Cap Collateral Account) upon early termination of the Interest Rate Cap Agreement will be held on the Issuer Collection Account with a corresponding credit to the Interest Rate Cap Termination Payment Ledger. Amounts standing to the credit of the Interest Rate Cap Termination Payment Ledger will be available to make an Initial Interest Rate Cap Payment to a replacement interest rate cap provider on a Notes Payment Date through the use of the Available Termination Amount and any date other than a Notes Payment Date outside of the Priority of Payments. The Available Termination Amount will be drawn from the Interest Rate Cap Payment Ledger on a Notes Payment Date and will form part of the Available Revenue Funds.

Any collateral required to be provided pursuant to the Interest Rate Cap Agreement may be credited in the form of cash to the Interest Rate Cap Collateral Account by the Interest Rate Cap Provider. See further Condition 5.6 (*Issuer Transaction Accounts: Interest Rate Cap Collateral Account*).

Any payments received by the Issuer from the Interest Rate Cap Provider under the Interest Rate Cap Agreement, other than any Interest Rate Cap Collateral, will be included in the Available Revenue Funds and will be applied on the relevant Notes Payment Date in accordance with the relevant Revenue Priority of Payments.

Any payments received by the Issuer from the Interest Rate Cap Provider under the Interest Rate Cap Agreement, other than Excess Interest Rate Cap Collateral and Tax Credits, but including Interest Rate Cap Collateral other than the Excess Interest Rate Cap Collateral and the Available Termination Amount, will be applied in accordance with the relevant Post-Enforcement Priority of Payments.

Any Excess Interest Rate Cap Collateral will, when due pursuant to the Interest Rate Cap Agreement, be returned to such Interest Rate Cap Provider outside the applicable Priority of Payments. If the Issuer receives

any Tax Credit resulting from the payment of any withholding tax by the Interest Rate Cap Provider, the Issuer shall pay the cash benefit of such Tax Credit to the Interest Rate Cap Provider outside the applicable Priority of Payments.

## 5.5 Liquidity Support

### *Cash Advance Facility*

On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with the Cash Advance Facility Provider. The Issuer will be entitled on any Notes Payment Date (other than on (i) a Notes Payment Date if and to the extent the Mortgage-Backed Notes are redeemed in full on such Notes Payment Date, or (ii) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount.

The Cash Advance Facility Agreement is for a maximum term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at the request of the Issuer. Any drawing under the Cash Advance Facility Agreement by the Issuer shall only be made on a Notes Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Cash Advance Facility, there is a shortfall in the Available Revenue Funds to meet (i) items (a) to (e) (inclusive), in the Pre-First Optional Redemption Date Revenue Priority of Payments in full or (ii) items (a) to (e) (inclusive), in the Post-First Optional Redemption Date Revenue Priority of Payments in full, as applicable, on that Notes Payment Date. Certain payments to the Cash Advance Facility Provider will rank in priority in respect of payments and security to *inter alia* the Notes. If a Cash Advance Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Cash Advance Facility Stand-by Drawing Account directly to the Cash Advance Facility Provider (outside of the applicable Revenue Priority of Payments).

If, (a) at any time, (i) the Cash Advance Facility Provider is assigned a credit rating of less than the Requisite Credit Rating or any such credit rating is withdrawn, and (ii) within 30 calendar days of such downgrading the Cash Advance Facility Provider is not replaced with an alternative Cash Advance Facility Provider who has been assigned with at least a credit rating equal to the Requisite Credit Rating or alternatively the Cash Advance Facility Provider has not procured that a guarantee for its obligations in favour of the Issuer has been issued in accordance with the guarantee criteria of the relevant Credit Rating Agencies, or (b) the Cash Advance Facility Provider refuses to comply with an Extension Request, or (c) the Issuer has requested that the Cash Advance Facility Provider transfers its rights and obligations under the Cash Advance Facility Agreement to a third party, and the Cash Advance Facility Provider has not immediately been replaced with a Cash Advance Facility Provider having the Requisite Credit Rating, the Issuer will be required forthwith to draw down the entirety of the undrawn portion under the Cash Advance Facility Agreement (a **Cash Advance Facility Stand-by Drawing**) and credit such amount to the Cash Advance Facility Stand-by Drawing Account maintained with the Issuer Account Bank. Amounts so credited to the Cash Advance Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility Agreement.

## 5.6 Issuer Transaction 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 Receivables and (ii) from the Savings Insurance Company and the Bank Savings Participant under the Participation Agreements and (iii) from the other parties to the Transaction Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on or before each Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a Principal Ledger or a Revenue Ledger, as the case may be. Further ledgers will be maintained to record amounts held in the Issuer Transaction Accounts and in connection with certain drawings made under the Cash Advance Facility.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business, (ii) amounts due under the Participation Agreements, (iii) the repayment of any Cash Advance Facility Stand-by Drawing in accordance with the Cash Advance Facility Agreement, (iv) the payment to the Interest Rate Cap Provider of any Tax Credit and Excess Interest Rate Cap Collateral, (v) any negative interest accrued and payable by the Issuer in respect of any Issuer Transaction Account (other than the Interest Rate Cap Collateral Account) and (vi) amounts standing to the credit of the Interest Rate Cap Termination Payment Ledger available to make an Initial Interest Rate Cap Payment to a replacement interest rate cap provider.

If, at any time, the Issuer Account Bank is assigned a credit rating of less than the Requisite Credit Rating or any such credit rating is withdrawn, the Issuer will be required within 30 calendar days of such reduction or withdrawal of such credit rating to (i) transfer the balance standing to the credit of the Issuer Transaction Accounts to an alternative Issuer Account Bank having the Requisite Credit Rating or (ii) only in case of a downgrade or loss of the rating given by Moody's, find another solution in accordance with Moody's methodology at such time in order to maintain the then current ratings assigned to the Class A Notes.

The Issuer will seek to replace the Issuer Account Bank if required to avoid the Seller having an exposure on the Issuer Account Bank that is not compliant with the Seller's obligations under part four (*large exposures*) of the CRR. The Issuer will notify the Issuer Account Bank of such exposure. Any replacement Issuer Account Bank needs to have a credit rating of at least the Requisite Credit Rating.

### *Interest Rate Cap Collateral Account*

Until the First Optional Redemption Date, the Issuer will maintain with the Issuer Account Bank the Interest Rate Cap Collateral Account to which any collateral in the form of cash may be credited by the Interest Rate Cap Provider pursuant to the Interest Rate Cap Agreement.

No withdrawals may be made in respect of the Interest Rate Cap Collateral Account other than:

- (a) to effect the return of Excess Interest Rate Cap Collateral to the Interest Rate Cap Provider (which return shall be effected by the transfer of such Excess Interest Rate Cap Collateral directly to the Interest Rate Cap Provider without deduction for any purpose outside the relevant Revenue Priority of Payments); or
- (b) following the early termination of the Interest Rate Cap Agreement where an amount is owed by the Interest Rate Cap Provider to the Issuer, which will form part of the Interest Rate Cap Termination Payment Ledger with a corresponding credit to the Issuer Collection Account (for the avoidance of doubt, after any close out netting has taken place) provided that such amount may be first applied towards, or reserved for, an upfront payment to a replacement interest rate cap provider outside the

Revenue Priorities of Payments and provided that on any Notes Payment Date such amount may be first applied towards an amount equal to the Available Termination Amount which will form part of the Available Revenue Funds.

### ***Construction Deposit Account***

The Issuer will maintain with the Issuer Account Bank the Construction Deposit Account. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the Aggregate Construction Deposit Amount on the Cut-Off Date. Such amount will be deposited in the Construction Deposit Account. On each Mortgage Collection Payment Date, the Issuer will release from the Construction Deposit Account such part of the Initial Purchase Price which equals the amount by which the Aggregate Construction Deposit Amount has been reduced during the preceding Notes Calculation Period and pay such amount to the Seller.

An amount corresponding to the outstanding balance of the Aggregate Construction Deposit Amount relating to the Mortgage Receivables will be credited to the Construction Deposit Account on the Closing Date. Payments may be made from the Construction Deposit Account on a Notes Payment Date only to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Deposit by the Originator to the relevant Borrowers. In addition, the Construction Deposit Account will be debited with the amount Borrowers have set off against the relevant Mortgage Receivables in connection with the Construction Deposits and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such debited amount will be transferred to the Issuer Collection Account and form part of the Available Principal Funds. The interest accrued and received on the Construction Deposit Account shall be for the benefit of the Seller and paid to the Seller outside the Priorities of Payments.

### ***Reserve Account***

The Issuer will maintain with the Issuer Account Bank the Reserve Account, to which the net proceeds of the Class C Notes will be credited. Amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (f) (inclusive) of the Pre-First Optional Redemption Date Revenue Priority of Payments or the Post-First Optional Redemption Date Revenue Priority of Payments, as applicable, in the event that the Available Revenue Funds are not sufficient to meet such payment obligations on a Notes Payment Date, before application of any funds drawn under the Cash Advance Facility Agreement.

If and to the extent that the Available Revenue Funds on any Notes Payment Date exceed the aggregate amounts payable under items (a) to (f) (inclusive) in the Pre-First Optional Redemption Date Revenue Priority of Payments or the Post-First Optional Redemption Date Revenue Priority of Payments, as applicable, such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Fund by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The Reserve Account Required Amount shall on any Notes Payment Date be equal to (i) 1.5 per cent. of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes on the Closing Date, or (ii) zero, on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, subject to and in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Payment Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on such immediately succeeding Notes Payment Date and shall form part of the Available Revenue Funds on that Notes Payment Date and, after all payments of the applicable Revenue Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Class C Notes.

As of the Optional Redemption Date falling in December 2021, any balance standing to the credit of the Reserve Account may be applied by the Issuer in accordance with the Redemption Priority of Payments to compensate, if required, the Class A Noteholders on a *pro rata* and *pari passu* basis for any difference between (i) the Principal Amount Outstanding plus accrued interest due, costs, accrued Class A Excess

Consideration due and any shortfall reflected in any Class A Excess Consideration Deficiency Ledger and (ii) the lower purchase price as sanctioned in the Meeting of Class A Noteholders. See further Condition 6(e).

On the Notes Payment Date on which all amounts of principal due in respect of the Mortgage-Backed Notes have been or will be paid, any amount remaining to be standing to the credit of the Reserve Account will on such date form part of the Available Revenue Funds and will be applied by the Issuer in or towards satisfaction of all items in the applicable Revenue Priority of Payments in accordance with the priority set out therein, if applicable including for redemption of principal of the Class C Notes.

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

If the Issuer is required to draw a Cash Advance Facility Stand-by Drawing, it shall credit such amount to the Cash Advance Facility Stand-by Drawing Account maintained with the Issuer Account Bank. Amounts so credited to the Cash Advance Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility Agreement.

## **5.7 Administration Agreement**

*Left blank intentionally. Please refer to section 7.5 (Servicing Agreement).*

## 6. PORTFOLIO INFORMATION

### 6.1 Stratification Tables

The numerical information set out below relates to the final pool of Mortgage Loans which was selected on the Cut-Off Date (the **Final Pool**). The Final Pool has been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement.

The information set out below in relation to the portfolio of Mortgage Receivables relates to the Final Pool and may not necessarily correspond to that of the Mortgage Loans from which the Mortgage Receivables result that are actually sold on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

Reference in these tables below to CLTOMV means Current Loan to Original Market Value. References in these tables below to savings deposits means the amount equal to (i) the sum of the Savings Premiums received by the Savings Insurance Company and (ii) the aggregate Bank Savings Deposits determined as per the Cut-Off Date.

1. Key characteristics	
Cut-off date	31/05/2016
Principal balance (EUR)	628,615,804
Value of saving deposits (EUR)	15,216,005
Net principal balance (EUR)	613,399,799
Construction deposits (EUR)	7,441,400
Net principal balance excl. construction and saving deposits (EUR)	605,958,399
Number of loans	3,996
Number of loanparts	6,705
Average principal balance (borrower) (EUR)	153,503
Weighted average current interest rate (%)	3.41
Weighted average remaining fixed rate period (yrs)	11.29
Weighted average maturity (yrs)	25.72
Weighted average seasoning (yrs)	3.49
Weighted average LTMV (CLTOMV) (%)	85.06
Weighted average LTMV (CLTOMV) (indexed) (%)	85.51
Weighted average LTFV (CLTOFV) (%)	96.65
Weighted average LTFV (CLTOFV) (indexed) (%)	97.14

\* Average principal balance (borrower) refers to net principal balance

\*\* Weighted average maturity based on remaining tenor (which is defined as the period between the Cut-Off Date and the legal maturity date of the Loan Part)

\*\*\* Weighted average LTMV: defined in table 12a below as Current Loan to Original Market Value

\*\*\*\* Weighted average LTMV (indexed): defined in table 13a below as Current Loan to Indexed Market Value

\*\*\*\*\* Weighted average LTFV: defined in table 9a below as Current Loan to Original Foreclosure Value

\*\*\*\*\* Weighted average LTFV (indexed): defined in table 10a below as Current Loan to Indexed Foreclosure Value

2. Redemption type		Arena NHG 2016-I					
Description	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Annuity	320,639,985	52.3%	2,940	43.8%	2.98	28.22	88.19%
Interest only	155,594,398	25.4%	2,156	32.2%	3.74	24.42	79.34%
Investments	2,906,253	0.5%	29	0.4%	3.31	22.45	83.18%
Life	25,618,878	4.2%	289	4.3%	3.75	17.20	91.97%
Linear	26,637,032	4.3%	288	4.3%	2.95	27.62	80.06%
Savings	49,162,313	8.0%	612	9.1%	4.69	21.20	80.01%
Hybrid	32,840,939	5.4%	391	5.8%	4.32	19.64	87.91%
<b>Total</b>	<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

3. Outstanding loan amount (EUR)								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0	25,000	229,612	0.0%	12	0.3%	3.35	25.12	14.15%
25,000	50,000	2,057,280	0.3%	51	1.3%	3.01	23.80	32.23%
50,000	75,000	10,091,331	1.6%	157	3.9%	3.33	24.08	55.16%
75,000	100,000	30,185,580	4.9%	340	8.5%	3.42	25.14	67.07%
100,000	150,000	182,355,542	29.7%	1,423	35.6%	3.44	25.69	79.68%
150,000	200,000	219,023,612	35.7%	1,269	31.8%	3.40	25.73	87.68%
200,000	250,000	140,554,474	22.9%	637	15.9%	3.37	26.00	93.12%
250,000	300,000	24,106,582	3.9%	92	2.3%	3.61	26.03	94.29%
300,000	>	4,795,785	0.8%	15	0.4%	3.59	24.35	89.20%
Total		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%

Arithmetic Average	153,503
Minimum	2,286
Maximum	350,000

4. Origination year								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
2003	2004	5,356,209	0.9%	79	1.2%	4.25	17.12	91.00%
2004	2005	17,574,035	2.9%	249	3.7%	3.91	18.12	90.67%
2005	2006	47,423,049	7.7%	682	10.2%	3.67	18.70	84.73%
2006	2007	13,120,134	2.1%	189	2.8%	3.72	18.90	81.52%
2007	2008	7,754,372	1.3%	107	1.6%	4.74	21.30	87.56%
2008	2009	29,768,266	4.9%	392	5.8%	4.92	21.48	86.95%
2009	2010	17,528,643	2.9%	237	3.5%	3.69	22.17	80.24%
2010	2011	15,398,796	2.5%	185	2.8%	3.92	23.25	86.02%
2011	2012	46,128,593	7.5%	588	8.8%	4.60	23.02	74.51%
2012	2013	23,622,884	3.9%	324	4.8%	4.53	23.82	70.09%
2013	2014	12,711,617	2.1%	136	2.0%	3.56	25.54	82.04%
2014	2015	132,513,498	21.6%	1,178	17.6%	3.26	27.98	86.34%
2015	2016	173,858,069	28.3%	1,679	25.0%	2.81	28.52	87.40%
2016	>	70,641,634	11.5%	680	10.1%	2.65	29.22	88.26%
Total		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
						#DIV/0!	#DIV/0!	#DIV/0!
Weighted Average		2012						
Minimum		2003						
Maximum		2016						

5. Seasoning								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0 years	1 years	165,600,451	27.0%	1,603	23.9%	2.66	28.98	88.07%
1 years	2 years	203,798,687	33.2%	1,866	27.8%	3.13	28.08	86.50%
2 years	3 years	15,028,396	2.5%	145	2.2%	3.58	26.90	84.95%
3 years	4 years	17,372,886	2.8%	216	3.2%	4.25	24.16	73.87%
4 years	5 years	41,799,699	6.8%	556	8.3%	4.71	23.05	69.92%
5 years	6 years	26,247,641	4.3%	325	4.8%	4.20	23.44	83.87%
6 years	7 years	17,201,307	2.8%	227	3.4%	3.52	22.35	80.61%
7 years	8 years	25,693,958	4.2%	337	5.0%	4.84	21.62	86.77%
8 years	9 years	15,712,616	2.6%	212	3.2%	4.77	21.44	86.95%
9 years	10 years	6,517,616	1.1%	83	1.2%	3.94	19.57	79.91%
10 years	11 years	43,339,037	7.1%	623	9.3%	3.68	18.76	83.41%
11 years	99 years	35,087,504	5.7%	512	7.6%	3.86	18.09	90.02%
Total		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
Weighted Average		3.49						
Minimum		0.00						
Maximum		13.33						

6. Legal maturity								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
2015	2018	111,852	0.0%	9	0.1%	2.67	0.81	74.97%
2018	2021	701,730	0.1%	26	0.4%	3.99	3.58	71.22%
2021	2024	1,153,513	0.2%	37	0.6%	3.45	6.30	65.73%
2024	2027	2,950,181	0.5%	80	1.2%	3.80	9.53	57.28%
2027	2030	5,038,117	0.8%	85	1.3%	4.00	12.05	68.23%
2030	2033	20,325,161	3.3%	289	4.3%	4.03	15.16	72.59%
2033	2036	68,636,503	11.2%	972	14.5%	3.79	18.63	86.53%
2036	2039	53,189,475	8.7%	701	10.5%	4.29	21.07	85.65%
2039	2042	72,210,967	11.8%	870	13.0%	4.18	24.31	80.73%
2042	2045	99,291,989	16.2%	960	14.3%	3.58	27.77	84.93%
2045	2048	289,790,312	47.2%	2,676	39.9%	2.85	29.18	87.28%
Total		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
Weighted Average		2042						
Minimum		2016						
Maximum		2046						

7. Remaining tenor								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0 years	5 years	813,581	0.1%	35	0.5%	3.81	3.20	71.74%
5 years	10 years	2,952,142	0.5%	91	1.4%	3.50	7.97	63.54%
10 years	15 years	14,342,871	2.3%	231	3.4%	3.85	13.27	69.64%
15 years	20 years	94,404,635	15.4%	1,325	19.8%	3.82	18.40	83.90%
20 years	25 years	88,492,555	14.4%	1,105	16.5%	4.21	22.82	85.86%
25 years	30 years	412,363,414	67.2%	3,917	58.4%	3.13	28.62	85.86%
30 years	35 years	30,600	0.0%	1	0.0%	2.60	30.00	100.93%
Total		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
Weighted Average		25.7						
Minimum		0.3						
Maximum		30.0						

8a. Original loan to original foreclosure value							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	85,644,690	14.0%	756	18.9%	3.56	24.49	53.04%
80%	85%	25,766,492	4.2%	189	4.7%	3.28	26.07	69.20%
85%	90%	34,127,249	5.6%	236	5.9%	3.27	26.44	73.44%
90%	95%	54,275,138	8.8%	370	9.3%	3.13	26.61	78.05%
95%	100%	55,224,038	9.0%	357	8.9%	3.37	26.14	81.83%
100%	105%	48,754,776	7.9%	293	7.3%	3.25	26.39	86.02%
105%	110%	24,242,584	4.0%	145	3.6%	3.54	24.67	89.37%
110%	115%	50,230,829	8.2%	291	7.3%	3.47	25.38	95.09%
115%	120%	171,230,233	27.9%	971	24.3%	3.21	27.49	100.16%
120%	125%	49,263,199	8.0%	297	7.4%	4.18	20.92	98.80%
125%	130%	9,204,612	1.5%	56	1.4%	4.34	21.60	98.39%
130%	>	5,435,960	0.9%	35	0.9%	4.30	22.30	96.69%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	101.6%
Minimum	8.7%
Maximum	176.7%

8b. Original loan to original foreclosure value							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0	80	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	101.6%
Minimum	8.7%
Maximum	176.7%

9a. Current loan to original foreclosure value							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	111,053,104	18.1%	960	24.0%	3.63	24.08	55.62%
80%	85%	31,474,806	5.1%	220	5.5%	3.41	25.38	73.01%
85%	90%	51,069,824	8.3%	341	8.5%	3.38	25.84	77.21%
90%	95%	56,694,982	9.2%	371	9.3%	3.27	26.19	81.22%
95%	100%	59,774,254	9.7%	371	9.3%	3.28	26.27	86.02%
100%	105%	40,113,452	6.5%	233	5.8%	3.41	24.78	90.48%
105%	110%	41,066,488	6.7%	241	6.0%	3.73	24.64	95.26%
110%	115%	104,938,922	17.1%	603	15.1%	3.45	26.68	99.53%
115%	120%	101,476,709	16.5%	563	14.1%	3.13	27.64	101.96%
120%	125%	13,715,819	2.2%	80	2.0%	3.76	20.00	107.63%
125%	130%	1,351,230	0.2%	8	0.2%	4.34	21.58	100.23%
130%	>	670,208	0.1%	5	0.1%	4.12	22.01	96.30%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	96.7%
Minimum	1.0%
Maximum	167.0%

9b. Current loan to original foreclosure value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0%	80%	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	96.7%
Minimum	1.0%
Maximum	167.0%

10a. Current loan to indexed(1) foreclosure value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	111,557,624	18.2%	968	24.2%	3.53	24.53	56.17%
80%	85%	39,685,940	6.5%	276	6.9%	3.25	26.58	73.96%
85%	90%	50,629,016	8.3%	343	8.6%	3.22	26.72	78.27%
90%	95%	53,258,614	8.7%	342	8.6%	3.17	26.74	82.53%
95%	100%	47,292,508	7.7%	282	7.1%	3.30	25.83	85.86%
100%	105%	42,419,648	6.9%	249	6.2%	3.42	25.17	90.92%
105%	110%	81,648,852	13.3%	465	11.6%	3.38	26.52	97.63%
110%	115%	92,813,954	15.1%	523	13.1%	3.17	27.51	99.46%
115%	120%	40,725,943	6.6%	235	5.9%	3.39	25.77	99.92%
120%	125%	17,087,296	2.8%	99	2.5%	4.16	21.05	99.84%
125%	130%	16,800,559	2.7%	100	2.5%	4.38	21.63	101.53%
130%	>	19,479,844	3.2%	114	2.9%	4.39	21.93	103.32%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	97.1%
Minimum	1.1%
Maximum	169.6%

10b. Current loan to indexed(1) foreclosure value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0%	80%	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	97.1%
Minimum	1.1%
Maximum	169.6%

11a. Original loan to original market value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	156,980,766	25.6%	1,260	31.5%	3.41	25.41	61.83%
80%	85%	62,591,119	10.2%	422	10.6%	3.19	26.59	79.29%
85%	90%	66,128,281	10.8%	412	10.3%	3.28	26.53	84.05%
90%	95%	29,439,494	4.8%	179	4.5%	3.43	24.81	86.56%
95%	100%	40,046,336	6.5%	237	5.9%	3.44	25.68	93.07%
100%	105%	178,658,272	29.1%	1,007	25.2%	3.19	27.61	99.64%
105%	110%	61,474,954	10.0%	371	9.3%	4.22	21.03	99.14%
110%	115%	14,574,045	2.4%	86	2.2%	4.07	21.18	98.06%
115%	120%	2,828,791	0.5%	17	0.4%	4.54	21.91	98.91%
120%	125%	596,329	0.1%	4	0.1%	3.90	21.19	96.30%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	81,412	0.0%	1	0.0%	4.10	18.17	108.55%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	89.5%
Minimum	7.9%
Maximum	140.0%

11b. Original loan to original market value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0%	80%	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	89.5%
Minimum	7.9%
Maximum	140.0%

12a. Current loan to original market value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	205,395,300	33.5%	1,604	40.1%	3.49	25.01	64.94%
80%	85%	64,079,356	10.4%	411	10.3%	3.28	26.18	82.45%
85%	90%	59,890,510	9.8%	364	9.1%	3.22	25.86	87.39%
90%	95%	38,470,793	6.3%	229	5.7%	3.72	24.17	92.73%
95%	100%	88,880,176	14.5%	508	12.7%	3.51	26.14	98.15%
100%	105%	136,195,828	22.2%	757	18.9%	3.24	27.60	101.47%
105%	110%	20,025,818	3.3%	120	3.0%	3.79	19.61	107.69%
110%	115%	462,017	0.1%	3	0.1%	3.22	18.63	110.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	85.1%
Minimum	0.9%
Maximum	110.0%

12b. Current loan to original market value								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0%	80%	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	85.1%
Minimum	0.9%
Maximum	110.0%

13a. Current loan to indexed(1) market value							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	80%	212,130,149	34.6%	1,657	41.5%	3.37	25.60	65.96%
80%	85%	60,855,638	9.9%	382	9.6%	3.17	26.80	83.54%
85%	90%	47,231,193	7.7%	279	7.0%	3.38	25.61	87.62%
90%	95%	66,749,798	10.9%	389	9.7%	3.44	25.93	95.06%
95%	100%	110,196,333	18.0%	619	15.5%	3.25	27.15	98.98%
100%	105%	53,731,810	8.8%	305	7.6%	3.16	26.80	99.90%
105%	110%	21,387,513	3.5%	122	3.1%	4.17	20.97	99.04%
110%	115%	20,440,070	3.3%	122	3.1%	4.42	21.96	101.01%
115%	120%	13,929,978	2.3%	81	2.0%	4.31	21.38	103.98%
120%	125%	4,859,264	0.8%	29	0.7%	4.37	22.00	103.91%
125%	130%	1,397,651	0.2%	8	0.2%	4.34	22.20	106.69%
130%	>	490,400	0.1%	3	0.1%	4.57	20.84	108.26%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	85.5%
Minimum	0.9%
Maximum	132.9%

13b. Current loan to indexed(1) market value							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee		613,399,799	100.0%	3,996	100.0%	3.41	25.72	85.06%
0%	80%	0	0.0%	0	0.0%	0.00	0.00	0.00%
80%	85%	0	0.0%	0	0.0%	0.00	0.00	0.00%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	0	0.0%	0	0.0%	0.00	0.00	0.00%
95%	100%	0	0.0%	0	0.0%	0.00	0.00	0.00%
100%	105%	0	0.0%	0	0.0%	0.00	0.00	0.00%
105%	110%	0	0.0%	0	0.0%	0.00	0.00	0.00%
110%	115%	0	0.0%	0	0.0%	0.00	0.00	0.00%
115%	120%	0	0.0%	0	0.0%	0.00	0.00	0.00%
120%	125%	0	0.0%	0	0.0%	0.00	0.00	0.00%
125%	130%	0	0.0%	0	0.0%	0.00	0.00	0.00%
130%	>	0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	85.5%
Minimum	0.9%
Maximum	132.9%

14. Loanpart coupon (interest rate bucket)							Arena NHG 2016-I	
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
1%	2%	1,259,060	0.2%	24	0.4%	1.86	23.43	71.80%
2%	3%	262,793,615	42.8%	2,781	41.5%	2.62	27.32	84.53%
3%	4%	177,221,783	28.9%	1,649	24.6%	3.35	27.16	89.45%
4%	5%	120,339,073	19.6%	1,572	23.4%	4.45	21.92	80.29%
5%	6%	51,401,500	8.4%	674	10.1%	5.27	21.54	83.97%
6%	7%	384,768	0.1%	5	0.1%	6.18	22.59	97.81%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	3.41
Minimum	1.70
Maximum	6.50

15. Remaining interest rate fixed period								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0 years	1 years	32,626,256	5.3%	480	7.2%	3.32	21.60	84.40%
1 years	2 years	21,048,311	3.4%	304	4.5%	4.53	20.45	90.13%
2 years	3 years	21,635,907	3.5%	293	4.4%	4.96	21.46	87.53%
3 years	4 years	11,241,088	1.8%	153	2.3%	4.09	21.46	84.20%
4 years	5 years	21,871,136	3.6%	292	4.4%	4.05	22.99	83.50%
5 years	6 years	29,722,239	4.8%	390	5.8%	4.56	23.22	71.45%
6 years	7 years	11,643,683	1.9%	170	2.5%	4.41	23.53	71.32%
7 years	8 years	10,106,183	1.6%	101	1.5%	4.20	26.22	84.17%
8 years	9 years	134,866,819	22.0%	1,296	19.3%	3.01	27.61	86.41%
9 years	10 years	82,443,597	13.4%	879	13.1%	2.64	26.25	87.82%
10 years	11 years	1,520,578	0.2%	27	0.4%	4.78	18.51	56.32%
11 years	12 years	2,197,326	0.4%	29	0.4%	5.12	20.74	84.58%
12 years	13 years	2,059,563	0.3%	28	0.4%	5.27	21.33	78.04%
13 years	14 years	18,154,557	3.0%	168	2.5%	3.30	27.62	84.76%
14 years	15 years	39,276,519	6.4%	409	6.1%	2.88	26.46	86.48%
15 years	16 years	6,122,516	1.0%	77	1.1%	5.44	20.58	70.99%
16 years	17 years	397,419	0.1%	8	0.1%	5.33	20.28	65.51%
17 years	18 years	533,298	0.1%	5	0.1%	5.14	22.54	87.49%
18 years	19 years	47,304,524	7.7%	413	6.2%	3.63	27.73	85.11%
19 years	20 years	86,511,561	14.1%	894	13.3%	3.05	26.60	86.16%
20 years	21 years	746,391	0.1%	7	0.1%	4.69	20.33	68.21%
21 years	22 years	1,851,472	0.3%	24	0.4%	5.03	22.11	83.83%
22 years	23 years	1,947,324	0.3%	24	0.4%	5.70	21.92	88.66%
23 years	24 years	25,000	0.0%	1	0.0%	6.50	23.25	96.70%
24 years	25 years	700,557	0.1%	7	0.1%	5.03	24.69	91.99%
25 years	26 years	1,586,280	0.3%	21	0.3%	5.60	25.59	68.92%
26 years	27 years	1,002,716	0.2%	6	0.1%	5.64	26.31	82.47%
27 years	28 years	0	0.0%	0	0.0%	0.00	0.00	0.00%
28 years	29 years	1,978,956	0.3%	14	0.2%	4.11	28.61	89.12%
29 years	30 years	22,278,022	3.6%	185	2.8%	3.11	29.55	89.31%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	11.29
Minimum	0.08
Maximum	29.75

16. Interest payment type								Arena NHG 2016-I
Description		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Fixed		601,315,064	98.0%	6,529	97.4%	3.43	25.76	85.21%
Floating		12,084,735	2.0%	176	2.6%	2.35	23.74	77.61%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

17. Property description								Arena NHG 2016-I
Property		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
House		489,649,261	79.8%	5,232	78.0%	3.43	25.65	84.58%
Apartment		123,750,538	20.2%	1,473	22.0%	3.33	26.01	86.95%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

18. Geographical distribution (by province)								Arena NHG 2016-I
Province		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Drenthe		17,087,681	2.8%	230	3.4%	3.41	24.84	87.34%
Flevoland		24,292,708	4.0%	289	4.3%	3.36	25.60	88.00%
Friesland		22,767,990	3.7%	309	4.6%	3.42	24.97	85.54%
Gelderland		63,886,185	10.4%	692	10.3%	3.40	26.25	83.73%
Groningen		21,658,769	3.5%	300	4.5%	3.51	24.53	85.63%
Limburg		30,577,847	5.0%	351	5.2%	3.56	24.82	84.47%
Noord Brabant		95,846,021	15.6%	999	14.9%	3.44	26.23	80.82%
Noord Holland		110,249,318	18.0%	1,063	15.9%	3.26	26.38	86.26%
Overijssel		42,153,827	6.9%	475	7.1%	3.44	25.27	85.13%
Utrecht		42,349,854	6.9%	417	6.2%	3.38	26.00	84.94%
Zeeland		16,513,989	2.7%	197	2.9%	3.53	23.99	85.26%
Zuid Holland		126,015,610	20.5%	1,383	20.6%	3.48	25.47	86.97%
Unspecified		0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

19. Geographical distribution (by economic region)							Arena NHG 2016-I
Economic region	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NL225 - Achterhoek	10,217,960	1.7%	131	2.0%	3.45	25.43	82.77%
NL324 - Agglomeratie Haarlem	10,267,004	1.7%	108	1.6%	3.25	25.84	80.83%
NL331 - Agglomeratie Leiden en Bollenstreek	12,842,077	2.1%	128	1.9%	3.48	25.99	81.20%
NL332 - Agglomeratie 's-Gravenhage	25,776,249	4.2%	269	4.0%	3.41	25.59	86.91%
NL322 - Alkmaar en omgeving	12,673,573	2.1%	113	1.7%	3.20	26.46	90.49%
NL226 - Arnhem/Nijmegen	23,655,084	3.9%	259	3.9%	3.40	26.05	84.45%
NL333 - Delft en Westland	6,096,167	1.0%	62	0.9%	3.44	26.55	80.23%
NL112 - Delfzijl en omgeving	1,731,912	0.3%	25	0.4%	4.05	23.48	83.47%
NL230 - Flevoland	21,426,827	3.5%	266	4.0%	3.39	25.16	88.66%
NL326 - Groot-Amsterdam	46,015,876	7.5%	431	6.4%	3.31	26.26	85.38%
NL335 - Groot-Rijnmond	47,677,910	7.8%	574	8.6%	3.62	24.55	87.71%
NL327 - Het Gooi en Vechtstreek	8,129,835	1.3%	79	1.2%	3.14	27.42	83.91%
NL323 - IJmond	8,273,119	1.3%	90	1.3%	3.27	25.23	89.05%
NL321 - Kop van Noord-Holland	13,400,224	2.2%	148	2.2%	3.36	26.23	86.47%
NL422 - Midden-Limburg	7,233,815	1.2%	83	1.2%	3.90	24.31	79.39%
NL412 - Midden-Noord-Brabant	18,842,726	3.1%	218	3.3%	3.49	26.02	79.06%
NL131 - Noord-Drenthe	7,434,167	1.2%	101	1.5%	3.54	24.93	88.82%
NL121 - Noord-Friesland	12,622,527	2.1%	171	2.6%	3.28	25.53	88.24%
NL421 - Noord-Limburg	7,593,482	1.2%	91	1.4%	3.37	25.37	84.47%
NL413 - Noordoost-Noord-Brabant	21,645,692	3.5%	213	3.2%	3.42	27.06	82.82%
NL211 - Noord-Overijssel	12,490,023	2.0%	144	2.1%	3.63	24.74	84.93%
NL111 - Oost-Groningen	4,347,695	0.7%	60	0.9%	3.10	25.43	88.24%
NL334 - Oost-Zuid-Holland	7,526,707	1.2%	76	1.1%	3.38	26.13	88.26%
NL113 - Overig Groningen	15,236,336	2.5%	212	3.2%	3.58	24.43	85.11%
NL342 - Overig Zeeland	8,636,353	1.4%	107	1.6%	3.70	23.62	84.17%
NL213 - Twente	20,724,457	3.4%	242	3.6%	3.33	25.63	82.93%
NL310 - Utrecht	39,578,841	6.5%	395	5.9%	3.38	25.87	85.05%
NL221 - Veluwe	18,762,036	3.1%	192	2.9%	3.37	26.40	82.60%
NL411 - West-Noord-Brabant	23,872,342	3.9%	256	3.8%	3.50	25.54	79.54%
NL325 - Zaanstreek	5,141,733	0.8%	46	0.7%	3.10	26.67	89.61%
NL341 - Zeeuwsch-Vlaanderen	7,524,715	1.2%	88	1.3%	3.35	24.20	86.58%
NL423 - Zuid-Limburg	14,893,170	2.4%	169	2.5%	3.48	24.78	87.07%
NL132 - Zuidoost-Drenthe	5,622,129	0.9%	72	1.1%	3.32	24.77	88.40%
NL123 - Zuidoost-Friesland	6,136,669	1.0%	81	1.2%	3.74	23.57	80.71%
NL414 - Zuidoost-Noord-Brabant	25,089,240	4.1%	261	3.9%	3.42	25.72	79.89%
NL336 - Zuidoost-Zuid-Holland	19,479,577	3.2%	219	3.3%	3.36	25.81	89.42%
NL133 - Zuidwest-Drenthe	3,750,235	0.6%	50	0.7%	3.35	24.40	83.74%
NL122 - Zuidwest-Friesland	3,310,005	0.5%	47	0.7%	3.57	24.62	82.57%
NL224 - Zuidwest-Gelderland	6,724,991	1.1%	70	1.0%	3.39	26.40	83.87%
NL212 - Zuidwest-Overijssel	5,432,224	0.9%	66	1.0%	3.59	23.47	86.26%
#N/A	35,564,096	5.8%	292	4.4%	3.20	28.12	88.38%
<b>Total</b>	<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

20. Construction deposits (as percentage of net principal outstanding amount)								Arena 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	5%	587,777,246	95.8%	3,837	96.0%	3.44	25.58	84.96%
5%	10%	6,724,820	1.1%	42	1.1%	2.78	28.82	84.05%
10%	15%	2,435,874	0.4%	17	0.4%	2.77	28.14	87.00%
15%	20%	2,530,312	0.4%	15	0.4%	2.92	28.42	89.46%
20%	25%	2,062,023	0.3%	11	0.3%	2.70	28.18	95.98%
25%	30%	1,216,998	0.2%	8	0.2%	2.64	29.48	91.75%
30%	35%	1,644,415	0.3%	9	0.2%	2.69	28.88	95.35%
35%	40%	1,670,991	0.3%	9	0.2%	2.61	29.26	84.79%
40%	45%	2,759,276	0.4%	15	0.4%	2.77	29.61	88.90%
45%	50%	904,661	0.1%	6	0.2%	2.81	28.80	89.69%
50%	55%	1,346,675	0.2%	9	0.2%	2.69	29.54	86.58%
55%	60%	295,632	0.0%	2	0.1%	2.77	29.63	82.66%
60%	65%	901,451	0.1%	6	0.2%	2.63	29.64	80.38%
65%	70%	502,940	0.1%	4	0.1%	2.70	29.55	84.71%
70%	75%	246,904	0.0%	2	0.1%	2.63	29.71	74.21%
75%	80%	110,617	0.0%	1	0.0%	2.30	29.59	82.30%
80%	85%	102,296	0.0%	1	0.0%	3.05	29.67	55.30%
85%	90%	0	0.0%	0	0.0%	0.00	0.00	0.00%
90%	95%	107,383	0.0%	1	0.0%	2.40	29.75	62.99%
95%	100%	59,283	0.0%	1	0.0%	2.94	29.59	35.41%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

\* This is defined as: Construction Deposit Amount / (Outstanding Principal Balance – Total Savings Amount)

Weighted Average	1.2%
Minimum	0.0%
Maximum	99.6%

21. Occupancy							Arena NHG 2016-I
Description	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Owner Occupied	613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
<b>Total</b>	<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

22. Loan to income								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0.0	0.5	376,638	0.1%	8	0.2%	3.63	20.90	43.06%
0.5	1	1,754,594	0.3%	29	0.7%	3.53	21.60	50.73%
1.0	1.5	6,460,002	1.1%	81	2.0%	3.71	22.02	45.13%
1.5	2.0	16,614,901	2.7%	152	3.8%	3.50	22.62	59.43%
2.0	2.5	35,991,922	5.9%	273	6.8%	3.54	24.11	73.02%
2.5	3.0	72,815,353	11.9%	489	12.2%	3.53	25.44	82.89%
3.0	3.5	107,377,722	17.5%	696	17.4%	3.47	25.74	85.72%
3.5	4.0	125,112,003	20.4%	777	19.4%	3.44	25.96	88.47%
4.0	4.5	139,102,530	22.7%	847	21.2%	3.44	26.20	88.08%
4.5	5.0	92,649,295	15.1%	552	13.8%	3.10	26.83	88.63%
5.0	5.5	14,378,287	2.3%	87	2.2%	3.33	23.35	91.18%
5.5	6.0	606,553	0.1%	4	0.1%	2.82	19.82	100.97%
6.0	6.5	0	0.0%	0	0.0%	0.00	0.00	0.00%
6.5	7.0	0	0.0%	0	0.0%	0.00	0.00	0.00%
7.0	>	160,000	0.0%	1	0.0%	2.40	18.50	108.84%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	3.7
Minimum	0.0
Maximum	7.2

23. Debt service to income								Arena NHG 2016-I
From (>=)	Until (<)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
0%	5%	3,650,126	0.6%	54	1.4%	2.72	23.93	43.52%
5%	10%	35,793,902	5.8%	300	7.5%	3.11	23.62	66.37%
10%	15%	126,168,830	20.6%	826	20.7%	3.19	24.52	81.67%
15%	20%	205,789,217	33.5%	1,308	32.7%	3.43	25.87	86.99%
20%	25%	196,587,191	32.0%	1,217	30.5%	3.49	26.79	88.50%
25%	30%	41,252,570	6.7%	264	6.6%	3.93	25.60	88.84%
30%	>	4,157,963	0.7%	27	0.7%	3.97	24.83	89.25%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>3,996</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

Weighted Average	18.1%
Minimum	0.6%
Maximum	34.4%

24. Employment status borrower								Arena NHG 2016-I
Description		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Employed		564,478,589	92.0%	6,137	91.5%	3.42	25.70	85.83%
Self employed		22,933,328	3.7%	235	3.5%	3.37	25.53	80.36%
Pensioner		17,553,330	2.9%	229	3.4%	3.21	26.94	69.13%
Other		8,434,552	1.4%	104	1.6%	3.36	25.02	79.36%
Unknown		0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

25. Loanpart payment frequency								Arena NHG 2016-I
Description	From (>=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Monthly		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

26. Guarantee type (NHG / Non NHG)								Arena NHG 2016-I
Description		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
NHG		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
Non-NHG		0	0.0%	0	0.0%	0.00	0.00	0.00%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

27. Originator								Arena NHG 2016-I
Description		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Amstelhuys		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

28. Servicer								Arena NHG 2016-I
Description		Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
Delta Lloyd Bank		613,399,799	100.0%	6,705	100.0%	3.41	25.72	85.06%
<b>Total</b>		<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

29. Capital insurance policy provider							Arena NHG 2016-I
Description	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon (%)	Weighted Average Maturity	Weighted Average CLTOMV
No policy attached	505,777,668	82.5%	5,413	80.7%	3.21	26.99	85.01%
Delta Lloyd Levensverzekering N.V.	54,467,893	8.9%	629	9.4%	4.10	18.58	89.92%
Delta Lloyd Bank N.V.	48,308,589	7.9%	595	8.9%	4.69	21.31	80.11%
AEGON Levensverzekering N.V.	282,772	0.0%	3	0.0%	4.34	23.17	87.73%
Allianz Nederland	24,663	0.0%	1	0.0%	2.40	9.17	97.26%
ASR Levensverzekering N.V.	44,000	0.0%	1	0.0%	5.00	8.34	81.58%
ASR Verzekeringen	116,000	0.0%	3	0.0%	3.89	5.74	71.49%
Avero Leven U.A.	86,037	0.0%	2	0.0%	4.27	12.16	55.09%
Conservatrix N.V.	348,425	0.1%	5	0.1%	2.97	21.19	88.48%
de Amersfoortse Verzekeringen	11,061	0.0%	1	0.0%	4.75	4.08	49.20%
Falcon Leven	53,161	0.0%	1	0.0%	5.25	10.59	82.68%
Interlloyd Leven	84,750	0.0%	1	0.0%	3.55	15.25	81.98%
Interlloyd Levensverzekering Maatschappij N.V.	198,000	0.0%	2	0.0%	4.02	22.66	100.30%
Legal & General Nederland Levensverz mij nv	242,105	0.0%	3	0.0%	3.23	15.17	75.26%
Levensverzekering Maatschappij Erasmus N.V.	104,891	0.0%	2	0.0%	3.86	22.49	107.49%
Levob Levensverzekering nv	74,457	0.0%	1	0.0%	2.25	19.08	99.60%
Nationale Nederlanden	139,390	0.0%	3	0.0%	3.08	3.35	80.31%
REAAL Doorgroei Hypotheek Verzekering	352,950	0.1%	5	0.1%	3.06	18.74	77.51%
REAAL Levensverzekeringen	182,500	0.0%	2	0.0%	3.18	16.11	97.24%
REAAL Levensverzekeringen, handelsnaam van SRL	399,320	0.1%	6	0.1%	4.56	18.12	84.93%
RVS Levensverzekering NV	30,596	0.0%	1	0.0%	4.65	10.25	50.02%
Rvs Verzekeringen	39,759	0.0%	1	0.0%	4.90	4.08	77.76%
's Gravenhage U.A. Onderlinge Levensverz mij	1,790,135	0.3%	19	0.3%	3.91	19.91	85.88%
Universal Leven	47,250	0.0%	1	0.0%	3.50	14.08	84.10%
ZwitserLeven	49,224	0.0%	1	0.0%	5.40	14.67	55.32%
Zwitserleven, handelsnaam van SRLEV N.V.	144,203	0.0%	3	0.0%	4.73	8.40	74.60%
<b>Total</b>	<b>613,399,799</b>	<b>100.0%</b>	<b>6,705</b>	<b>100.0%</b>	<b>3.41</b>	<b>25.72</b>	<b>85.06%</b>

## 6.2 Description of Mortgage Loans

The Originator has transferred from time to time legal title to the Mortgage Receivables to the Seller prior to the Closing Date pursuant to Assignment 1 and on the Closing Date the Seller will transfer legal title to the Mortgage Receivables to the Issuer pursuant to Assignment 2. The Mortgage Receivables are connected to the Final Pool. The Final Pool has been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement.

The Mortgage Loans are loans secured by a mortgage, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) each entered into by the Originator and the relevant Borrowers and have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*). All Mortgage Loans are originated by the Originator, each Borrower is a resident of the Netherlands and the Mortgaged Assets are situated in the Netherlands. The Mortgage Loans are all in the form of All Moneys Mortgages. See *Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* in Risk Factors above.

For a description of the representations and warranties given by the Seller reference is made to section 7.2 (*Representations and Warranties*).

Based on the numerical information set out in section 6.1 (*Stratification Tables*), but subject to what is set out in section 2 (*Risk Factors*), the Mortgage Receivables backing the issue of the Notes have characteristics that demonstrate the capacity to produce funds to service payments due and payable on the Notes.

General information on the Mortgage Receivables can be obtained from [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).

### Mortgage Loan Types

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

- (a) linear mortgage loans (*lineaire hypotheek*);
- (b) annuity mortgage loans (*annuïteitenhypotheek*);
- (c) interest-only mortgage loans (*aflossingsvrije hypotheek*);
- (d) investment mortgage loans (*beleggingshypotheek*);

- (e) savings mortgage loans (*spaarhypotheek*);
- (f) bank savings mortgage loans (*bankspaarhypotheek*);
- (g) unit-linked mortgage loans (*unit-linked hypotheek*);
- (h) universal life mortgage loans (*universeel levenhypotheek*);
- (i) life mortgage loans with the option to choose between the Savings Alternative and the Unit-linked Alternative (*levenhypotheek*); and/or
- (j) traditional life and with an external insurance policy mortgage loans (*levenhypotheek op basis van traditioneel gemengde verzekering*).

Mortgage Loan Type	Description
<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 decreasing monthly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at the maturity.
<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 constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity.
<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. Under an Interest-only Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity.
<b>Investment Mortgage Loans</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Investment Mortgage Loans. The Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by means of an investment account ( <b>Borrower Investment Account</b> ), defined amounts in (a) selected investment funds or (b) placing these amounts in his Investment Account or (c) a combination of options (a) and (b) mentioned above. A bullet payment for the (remainder of the) principal is due upon maturity. Depending on the type of Investment Mortgage Loan, it is envisaged that the Borrower pays (part of) either the bullet payment or (part of) the interest with funds which have been accumulated through investments. The Seller has represented that under the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the Seller for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises ( <i>Nadere regeling gedragstoezicht financiële ondernemingen Wft</i> ). The Investment

Accounts have been originally pledged to the Originator. See *Risk of set-off or defences in respect of investments under Investment Mortgage Loans* in section 2 (*Risk Factors*) above.

### **Savings Mortgage Loans**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Savings Mortgage Loans whereby a Borrower builds up capital under a related Savings Insurance Policy. In relation to the Savings Insurance Policies the Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Savings Insurance Company to the relevant Borrower is equal to the amount due by the Borrower at maturity of the Savings Mortgage Loan. Under a Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal towards redemption is due upon maturity of such Savings Mortgage Loan. The Savings Insurance Policies have been originally pledged to the Originator. See *Risk of set-off or defences in case of insolvency of any of the Insurance Companies* in section 2 (*Risk Factors*) above.

### **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 combined with a blocked savings account, the Bank Savings Account, held with the Bank Savings Participant. Under a Bank Savings Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. The Borrower undertakes to pay a monthly deposit in the Bank Savings Account. Each such Bank Savings Deposit Instalment is calculated in such a manner that, on an annuity basis, the Bank Savings Deposit is equal to the amount due by the Borrower upon maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit have been originally pledged to the Originator. See *Risk of set-off or defences with respect to Mortgage Receivables resulting from Bank Savings Mortgage Loans* in section 2 (*Risk Factors*).

### **Life Mortgage Loans**

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 combined risk and capital insurance policies taken out by Borrowers with a Life Insurance Company. Under a Life Mortgage Loan, the Borrower is only required to pay interest until maturity and is not required to pay principal until maturity. A bullet payment for the (remainder of the) principal is due upon maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by a Life Insurance Company in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii), a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative.

**Unit-Linked Alternative** means the alternative under which the amount to be received upon payout of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower.

**Savings Alternative** means the alternative under which a certain pre-agreed amount to be received upon payout of the Life Insurance Policy with, in such case, the relevant Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the

Borrower at maturity of (part of) the relevant Life Mortgage Loan.

The Insurance Policies have been originally pledged to the Originator. See *Risk of set-off or defences in case of insolvency of any of the Insurance Companies* in *Risk Factors* in section 2 (*Risk Factors*) above.

## **Mortgaged Assets and certain characteristics**

The mortgage rights securing the Mortgage Loans are vested on:

- (a) real estate (*onroerende zaak*);
- (b) an apartment right (*appartementsrecht*) and/or
- (c) a long lease (*erfpacht*).

If a Mortgage Loan consists of one or more Loan Parts, the Seller will sell and assign and the Issuer shall purchase and accept the assignment of all rights associated with all, but not some, Loan Parts of such Mortgage Loan at the Closing Date.

The Mortgage Loans have a maturity up to a maximum of 30 years.

Savings accounts, (proceeds of) investments and Life Insurance Policies have been originally pledged to the Originator.

The final payout (*einduitkering*) under a Life Insurance Policy will be determined on the basis of the return on the investments/savings made under such Life Insurance Policy and will thus not necessarily equal the bullet payment due upon maturity of the Mortgage Loan. The same applies with respect to the investments made in relation to Investment Mortgage Loans.

## **Product names**

These types of Mortgage Loans are offered by the Originator, *inter alia*, under the following product names:

- (a) EffectPlusHypotheek/WoonPlusHypotheek (Investment Mortgage Loans);
- (b) Hypotheek Totaal Plan/Hypotheek Spaar Verzekering (Savings Mortgage Loans);
- (c) ZekerPlusHypotheek (Bank Savings Mortgage Loans);
- (d) Meerkeuzeplan (Life Mortgage Loans with a policy with the Unit-Linked Alternative);
- (e) Financieel Vrijheidsplan (Life Mortgage Loans);
- (f) CombiPlusHypotheek (Life Mortgage Loans with a policy with a combination of the Unit-Linked Alternative and the Savings Alternative); and
- (g) Levenhypotheek op basis van traditioneel gemengde verzekering (Traditional Life Mortgage Loan and Life Mortgage Loan with an external Insurance Policy).

## **Investment Mortgage Loans (*EffectPlusHypotheek* / *WoonPlusHypotheek*)**

Under an "EffectPlusHypotheek" the Borrower undertakes to invest, via an Investment Account, on an instalment basis or up front, defined amounts:

- (a) in selected Delta Lloyd, Triodos, BNP Paribas, Robeco, Rolinco, Rorento, Kempen and/or ING investment funds;
- (b) by keeping such amounts in the Investment Account; or
- (c) a combination of the above.

Borrowers are entitled to switch their investments among the investment funds and to and from the investment account. It is envisaged that (part of) the bullet payment upon maturity of the Mortgage Loan is made from the proceeds on the investments.

Under a "WoonPlusHypotheek", a Borrower is required to invest (part of) its own funds in the same manner as described above. The maximum principal of such Mortgage Loan is higher than the maximum principal allowed without such investment. It is envisaged that the proceeds of these investments are used by the Borrower to pay the interest due on that part of the principal exceeding the principal allowed based on his earnings.

### **Savings Mortgage Loans** (*Hypotheek Totaal Plan/Hypotheek Spaar Verzekering*)

This type of loan offers the Borrower fixed monthly payments. These consist of interest on the principal and a savings/risk premium (*spaar/risico-premie*) for the Savings Insurance Policy taken out with the Savings Insurance Company. If mortgage interest rates have increased at the end of the chosen fixed-rate period, the interest charge on the principal will increase but the savings/risk premium will decrease and vice versa. The reinvestment rate on accumulated mortgage principal is guaranteed at the mortgage rate, as a result of which the payout at the end of such Savings Insurance Policy (or earlier if the Borrower deceases) equals the principal of the Mortgage Loan.

### **Bank Savings Mortgage Loans** (*ZekerPlusHypotheek*)

The Borrower pays each Bank Savings Deposit Instalment in a (tax-efficient) Bank Savings Account held with the Bank Savings Participant. The Bank Savings Deposit Instalment is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the amount due upon maturity of the Bank Savings Mortgage Loan. The balance standing to the credit of the Bank Savings Account (the Bank Savings Deposit) is pledged to the Originator.

### **Unit-linked Mortgage Loans** (*Meerkeuzeplan*)

The Borrower takes out a unit-linked Life Insurance Policy with the Savings Insurance Company. The Life Insurance Policy provides for an amount at maturity of the Life Insurance Policy (or earlier if the Borrower deceases). Investments under the Life Insurance Policy are made in Delta Lloyd ProfielMix investment funds, chosen by the Borrower.

### **Universal Life Mortgage Loans** (*Financieel Vrijheidsplan*)

The Borrower takes out a very flexible Life Insurance Policy, which is effectively an improved unit-linked Life Insurance Policy, with the Savings Insurance Company, whereby monthly premiums on the Life Insurance Policy are invested in one of the Delta Lloyd ProfielMix investment funds, chosen by the Borrower.

### **Life Mortgage Loans with the option to choose between the Savings Alternative and the Unit-linked Alternative** (*CombiPlusHypotheek*)

The Life Insurance Policy attached to this type of loan allows the Borrower to choose the apportionment between the Savings Alternative and the Unit-linked Alternative and to amend this apportionment prior to maturity of the Mortgage Loan.

### **Traditional life Mortgage Loans and Life Mortgage Loans with an external Insurance Policy** (*levenhypotheek op basis van traditioneel gemengde verzekering*)

The Borrower takes out a Life Insurance Policy with an Insurance Company other than Delta Lloyd Levensverzekering. The reinvestment rate on the accumulated premium on the Life Insurance Policy is not guaranteed.

## 6.3 Origination and Servicing

### Introduction

The Mortgage Loans are originated by the Originator and are distributed through the channel of intermediaries including insurance brokers, banks, real estate agents and specialised mortgage brokers.

Delta Lloyd Bank has entered into an agreement with a leading provider of mortgage payment transactions and ancillary activities, Stater Nederland B.V. (**Stater**), established on 1 January 1997. Pursuant to this agreement Stater provides the Group with origination systems and certain other activities (including mortgage payment transactions and ancillary activities). These systems and activities are used among others on a day-to-day basis by Delta Lloyd Bank in relation to the Originator's origination process and the administration of mortgage loans originated by the Originator.

The Group's mortgage activities comprise all commercial activities leading to the granting of mortgage loans and the technical administrative control of the portfolio and the handling of mortgage loans with arrears exceeding the average. Payment transactions between the lender and the borrower relating to mortgage loans, are undertaken by Stater.

### Origination

Stater provides an origination system, providing both manual (for overrules) and automated underwriting, incorporating the specific Delta Lloyd rules for the underwriting process. Stater is able to provide financial and portfolio performance reports and information. After an initial physical check of transaction documents is performed, the process is to a large extent paperless and is conducted on a computer system developed by Stater specifically to allow underwriting rules and controls to be encoded in an automated underwriting system. New mortgage loans are accepted on the basis of a fixed underwriting protocol.

The application is sent to Delta Lloyd Bank by HDN (the Mortgage Data Network, the *Hypotheken Data Netwerk*) or E-Accello. The application data will be entered automatically or by the Delta Lloyd Bank underwriter in the iSHS system (*internationaal Stater Hypotheken Systeem*), which applies the conditions and assesses the application automatically, including a credit check with BKR, a credit score with iSHS, a check whether the identity card is stolen or missing with VIS (*Verificatie Informatie Systeem*) and a fraud check with SFH and Sheriff (cooperation on fraud detection between lenders).

If a request for a non-binding quotation is received via HDN, Stater is able to automatically provide a non-binding interest rate offer to the consumer needed to compare the interest rate on the market. This offer is sent together with a list of required documents (input such as salary, employment and property details) needed to adequately assess the application. Delta Lloyd Bank has authorised several buying associations (*inkoopcombinaties*) to enter non-binding interest rate offers for new mortgage loans in the iSHS system.

After the consumer has given all the required information and two Delta Lloyd Bank underwriters have both verified and approved all application data, Stater will send a definitive mortgage offer, together with an information sheet that meets the information requirements of ESIS, to the consumer. At this stage the Originator is bound by the mortgage credit agreement but the consumer is granted a time period of 15 days during which the consumer will have sufficient time to compare offers, assess their implications and make an informed decision on whether to conclude the mortgage credit agreement or not.

### Overrules

Until 1 August 2011 overruling the Stater system was possible on the condition that a good explanation and supporting documents (e.g. proof of future income increase) are available. In addition, the following rules apply:

1. if there are minor deviations from the underwriting policy; approval by a senior underwriter/team manager is required;

2. if there are major deviations from the underwriting policy; management approval is required;
3. any mortgage loan exceeding euro 500,000; management approval and/or approval by senior credit adviser/investment advisor is required;
4. each individual overrule is discussed;
5. periodically, all overrules and overrule requests are reviewed by Delta Lloyd Bank; and
6. any mortgage loan exceeding euro 800,000 has to be approved by a special credit commission of Delta Lloyd Bank.

Since 1 August 2011, no overruling is allowed. Any mortgage loan exceeding euro 1,000,000 has to be approved by a special credit commission of Delta Lloyd Bank.

### **Description of the Origination Department**

The principal items in the underwriting protocol are:

#### *(a) Maximum amounts*

If the mortgage loan is guaranteed by Stichting WEW, the maximum amount of the mortgage loan which will be granted in 2016 is €245,000 (the maximum amount was €265,000 from 1 July 2014 until 1 July 2015, €290,000 from 1 July 2013 until 1 July 2014, €320,000 from 1 July 2012 until 1 July 2013, €350,000 from 1 July 2009 until 1 July 2012 and €265,000 from 1 January 2007 until 1 July 2009). Higher amounts are only possible without an NHG Guarantee and to be approved by the relevant credit approving authorities within Delta Lloyd Bank. The minimum amount at Delta Lloyd Bank is €10,000. The interest-only part of any Mortgage Loan has a maximum 50% of the Market Value of the mortgaged asset.

#### *(b) Creditworthiness*

The process of verifying the creditworthiness is set up to determine whether the prospective borrower has sufficient monthly income available to meet its payments on the requested mortgage loan as well as to support other financial obligations and monthly living expenses. A check on the income is conducted by requesting a recent employer's declaration. NHG rules, Code of Conduct and special underwriting legislation (*Tijdelijke Regeling Hypothecair Krediet*) are followed.

#### *(c) Collateral*

With each application, the potential borrower has to send an original certified appraisal called "valuation report" (*taxatierapport*), which is drawn up by an external valuer. For newly built property no valuation is required if the property is built by professional builders unless the Mortgage Loan to be granted exceeds 104 per cent. (this was 108 per cent. until 1 August 2011). of the purchase and construction costs of the property involved. A valuation is however required if the maximum amount of the mortgage loan exceeds euro 500,000 and/or the additional construction costs (*meerwerk*) exceed 20% of the aggregate purchase/construction costs. A valuation is also required in respect of refurbishments initiated by the borrower for existing buildings (*onder eigen beheer*). Since 1 January 2010, all valuations are performed by a Stichting WEW recognised validation institution.

#### *(d) Market Value*

In 2016 the maximum amount under a mortgage loan is 102% of the Market Value. This will be decreased to 100% in 2018 (the maximum amount was 103% in 2015, 104% in 2014 and 105% in 2013).

From 1 August 2011 up to 31 December 2012, mortgage loans that did not have the benefit of a Municipality Guarantee or an NHG Guarantee were granted up to a maximum of 104% of the Market Value plus transfer tax.

Until 1 August 2011 these mortgage loans were granted up to a maximum of 125% of the foreclosure value. The appraised foreclosure value (*executiewaarde*) is approximately 85% of the Market Value (*vrije verkoopwaarde*) at the time of loan origination.

(e) *Other underwriting conditions*

Apart from the principal underwriting factors already mentioned, the following rules apply: (i) mortgage loans are granted only to individuals, (ii) joint and several liability for the mortgage loan (all owners are joint and several debtors) and (iii) mortgage loans are only granted on the basis of owner occupancy (no investment mortgaged assets).

## **Mortgage Processing Procedures**

### *Payment Collections (inningen) Procedures*

At origination, the borrower always agrees with the Originator that monthly payments will be automatically withdrawn from its bank account by direct debit. All borrowers pay this way. Direct debit will not be successful if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. If the balance is insufficient for the full drawing on the payment date, then, in case the borrower has an ING Bank N.V. (previously Postbank) account, there will be more than one attempt to withdraw the full amount of the scheduled payment. Other banks do not provide this service.

Payments are due on the first calendar day of each month (*vervaldag*). The direct debit has to take place at the latest one calendar day before the last business day of the previous month.

Stater, on behalf of the Originator, draws the monthly payments from the borrower's bank account and is obliged to transfer these payments directly onto the Originator's accounts. The Stater computer system automatically collects the payments, and the related information is also automatically monitored daily by Stater.

### *Arrears and Defaults Procedures*

As of January 2014, a new arrear system called Credit Navigator and renewed arrears procedures were implemented. All loans in arrears are treated by a special servicing team (*Team Intensief Beheer*) at Delta Lloyd Bank. The members of this team have an average of 5 (several more than 10) years' experience in the mortgage business and it currently employs 16 people.

Pursuant to the renewed procedures all arrears are detected and signaled on a daily basis. Depending on the category of arrears, the approach towards the borrower differs. A distinction is made between the borrowers based upon the previous payment-behaviour: (i) *regulier* (regular), (ii) *sleper* (meaning the borrower has had an irregular payment pattern during a longer period) or (iii) *recidivist* (a borrower who is or has been more than three months in arrears in the last twelve months period or who has previously been in a recovery phase).

Actions commence on the first day of arrears with a reminder letter and depending on the classification of the borrower as set out above, next steps consist of calls and formal notices of default.

After three months and during a longer period of time Delta Lloyd Bank investigates whether a solution to the payment problem can be reached. This can range from payment arrangements, budget coaching, (temporary) interest discounts, rescheduling the arrears to a voluntary sale of the property by the borrower.

As a general rule, if after 12 months arrears have not been made up and intervention measures have not turned out to be effective, preservation of ownership by the borrower is no longer feasible and a sale of the property is inevitable, the foreclosure process will start. The aim is to maximize the return and to minimize the loss for the borrower. Also in the foreclosure process, intervention measures can be initiated such as making investments in the property in order to maximize return.

From the decision to foreclose until actual foreclosure and receipt of the foreclosure proceeds generally takes no more than 3 to 4 months. Delta Lloyd Bank continues to exert pressure on the borrower for any losses that remain after foreclosure, ensuring that all obligations are met to the fullest possible extent, unless if it considers it likely that it will not be able to recover such losses.

Delta Lloyd Bank is outsourcing (a part of) the arrears procedure to Novalink B.V. in Amersfoort in respect of arrears up to three months after the first day of arrears. This outsourcing arrangement will be terminated by 2017.

## 6.4 Dutch Residential Mortgage Market

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. The mortgage debt growth continued until Q4 2012, when total Dutch mortgage debt stock peaked at EUR 669 billion<sup>1</sup>. The correction on the housing market caused a modest decline in mortgage debt in subsequent years, but as the market has been recovering rapidly since 2013, there is recently again a tendency to higher debt growth visible. In Q4 2015, the mortgage debt stock of Dutch households equalled EUR 655 billion<sup>1</sup>. This represents a rise of EUR 4.4 billion in 2015 as a whole, following two years of a slight fall.

### *Tax system*

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 to 38.0% in 2042 (2016: 50.5%).

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.

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<sup>1</sup> Statistics Netherlands, household data.

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 hypotheek krediet”). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 102% (including all costs such as stamp duties), but it will be gradually lowered to 100% by 2018, by 1% per annum. 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>2</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**

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.

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<sup>2</sup> Under the “explain” clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct.

Existing house prices (PBK-index) in Q1 2016 rose by 1.1% compared to Q4 2015. Compared to Q1 2015 this was 4%, the sharpest rise since early 2008. Nonetheless, by comparison with the peak in 2008, the average price drop amounts to 15%. The continued increase in house prices is in line with the rise in sales numbers. Compared to a year ago, sales numbers rose to 24%. This growth figure, however, is somewhat flattering: during Q1 2015 the number of sales of existing homes was lower than normal due to the fact that up to the end of December 2014 households could make use of the temporary extension of the limit for tax-free gifts of EUR 100,000. This measure caused that the number of sales in Q4 2014 was particularly high and lower in Q1 2015. Even so, an annual growth rise of 24% is sizeable. The twelve month total of existing home sales now stands at 190,000, approaching pre-crisis levels.

### **Forced sales**

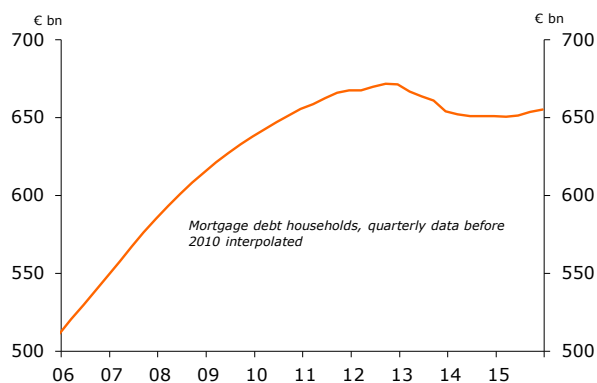
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>3</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly 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 Q1 2016, only 604 sales were forced, which is 1.4% of the total number of sales.

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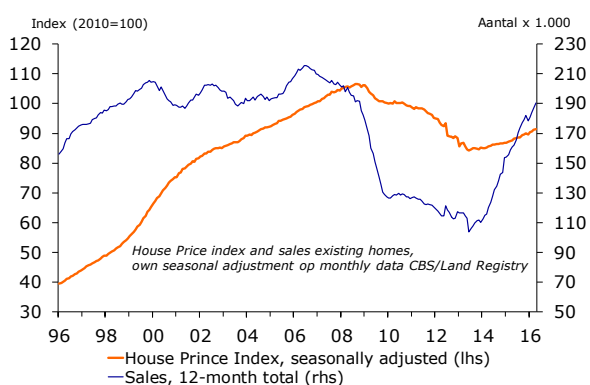
<sup>3</sup> Comparison of S&P RMBS index delinquency data.

Chart 1: Total mortgage debt



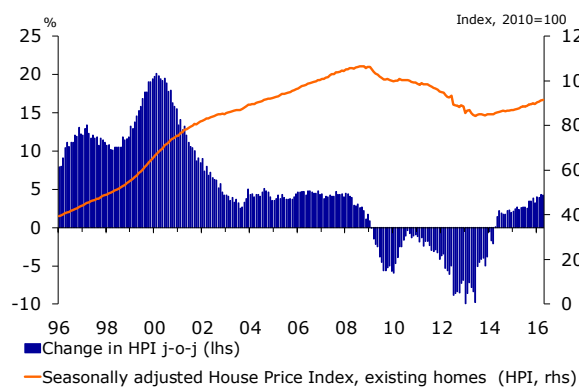
Source: Statistics Netherlands, Rabobank

Chart 2: Sales and prices



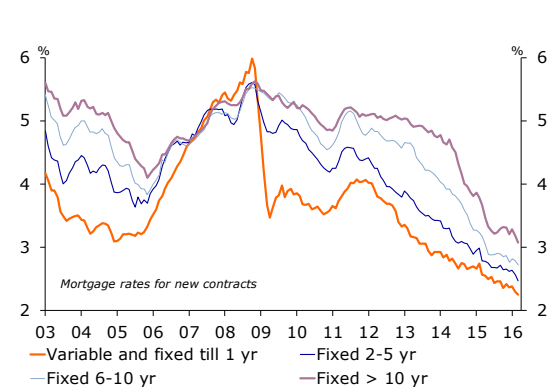
Source: Statistics Netherlands, Rabobank

Chart 3: Price index development



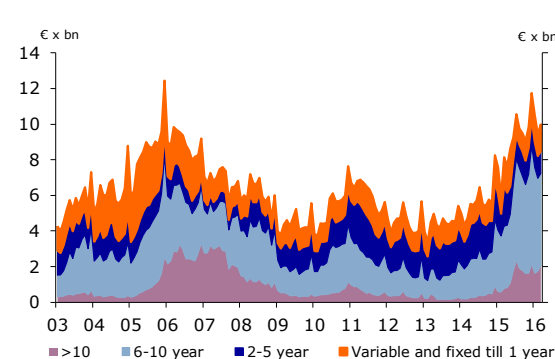
Source: Statistics Netherlands, Rabobank

Chart 4: Interest rate on new mortgage loans



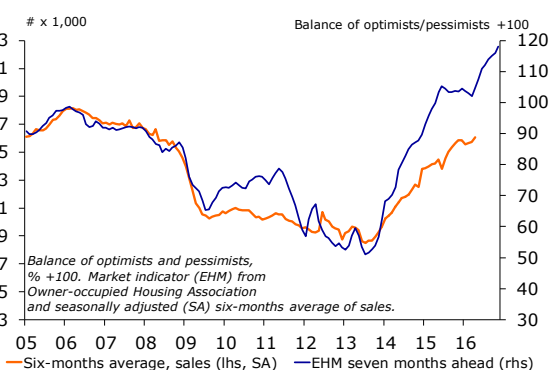
Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence points to rise in sales



Source: Delft University OTB, Rabobank

## 6.5 NHG Guarantee Programme

### NHG Guarantee

In 1956, the Dutch government introduced the Municipality Guarantee also referred to as 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 lower income groups.

Since 1 January 1995, Stichting WEW is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and foreclosure costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments relating to principal as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan. More information on Stichting WEW and the NHG Guarantee can be found on [www.nhg.nl](http://www.nhg.nl).

#### *Financing of the Stichting WEW*

The Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 1.00% (as of 1 January 2014) of the principal amount of the mortgage loan at origination. In the past, the Stichting WEW charged the following charges per loan:

<b>NHG one-off charge</b>		
<b>Starting</b>	<b>Until</b>	<b>%</b>
1-1-2014		1.00%
1-1-2013	1-1-2014	0.85%
1-1-2012	1-1-2013	0.70%
1-1-2010	1-1-2012	0.55%
1-1-2008	1-1-2010	0.45%
1-1-2007	1-1-2008	0.40%
1-1-2005	1-1-2007	0.28%
1-1-2001	1-1-2005	0.30%
1-1-2000	1-1-2001	0.32%

Besides this, the NHG scheme provides for liquidity support to the Stichting WEW from the Dutch State and, in respect of mortgage loans benefiting from the NHG Guarantee originated before 1 January 2011, from the participating municipalities. If the Stichting WEW is not able to meet its obligations under guarantees issued relating to mortgage loans originated before 1 January 2011, the Dutch State will provide subordinated interest free loans to the Stichting WEW of up to 50% of the difference between the Stichting WEW's own funds and a pre-determined average loss level, while municipalities participating in the NHG scheme will provide subordinated interest free loans to the Stichting WEW of the other 50% of the difference. If the Stichting WEW is not able to meet its obligations under guarantees issued relating to mortgage loans originated after 1 January 2011, the Dutch State will provide subordinated interest free loans to the Stichting WEW of up to 100% of the difference between the Stichting WEW's own funds and a pre-determined average loss level. Both the 'keep well' agreements between the Dutch State and the Stichting WEW and the 'keep well' agreements between the municipalities and the Stichting WEW contain general undertakings of the Dutch State and the municipalities to enable the Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of the Stichting WEW) to meet its obligations under guarantees issued.

As at the date of this Prospectus, Fitch and Moody's have assigned Stichting WEW an AAA/Aaa credit rating, respectively.

### *Terms and conditions of the NHG Guarantee*

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the applicable NHG Conditions. If the application qualifies, the mortgage is (electronically) registered with the NHG to establish the guarantee. The 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 applicable NHG Conditions, unless such non-payment is unreasonable towards the lender.

The NHG Conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc., changed over time and are set forth in published documents (available on [www.nhg.nl](http://www.nhg.nl)).

The Stichting WEW has specific rules for the level of credit risk that will be accepted. The credit worthiness of the prospective borrower must be verified with the BKR. In addition, as of 1 January 2008, the prospective borrower itself must be verified with the Stichting Fraudebestrijding Hypotheken.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second or a subsequently lower ranking mortgage right in the case of a further advance). Furthermore, the borrower is required to take out an insurance in respect of the mortgaged property against risk of fire and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant Insurance Policy connected to the mortgage loan or to create a 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 connected with the bank savings mortgage loan. The NHG Conditions also require a Risk Insurance Policy, which pays out upon the death of the borrower/insured, to the extent the amount of the mortgage loan exceeds 80% of the market value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, including, *inter alia*, the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the relevant insurance policy, the investment funds or the balance standing to credit of the bank savings account connected with the bank savings loan shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

An NHG Guarantee for new mortgage loans can be issued up to a maximum of €245,000 since 1 July 2015. The maximum loan amount will remain to be €245,000 for at least until 1 January 2017. The maximum loan amount of the NHG Guarantee previously was:

- from 1 January 2007 until 1 July 2009 €265,000;
- from 1 July 2009 until 1 July 2012 €350,000;
- from 1 July 2012 until 1 July 2013 €320,000;
- from 1 July 2013 until 1 July 2014 €290,000; and
- from 1 July 2014 until 1 July 2015 €265,000

### *Claiming under the NHG Guarantee*

When a borrower is in arrears with payments under the mortgage loan for a period of two (2) months or when a third party puts an attachment (*beslag*) on the property of the borrower, the lender informs the Stichting WEW in writing within thirty (30) days of the outstanding payments and/or the existence of the charge, including the guarantee number, borrower's name and address, information about the underlying security, the start date of the late payments and the total of outstanding payments. After an arrear period of four (4) and six (6) months the lender informs Stichting WEW again. After six (6) months arrear the lender includes a proposal for a mortgage loan restructuring or a forced sale. When the borrower is in arrears the Stichting WEW may approach the lender and/or the borrower to resolve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the Stichting WEW reviews the situation

with the lender 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. In addition to permission from the competent Dutch court (*voorzieningenrechter*) permission of the Stichting WEW is required in case of a private sale unless sold for an amount higher than 95% of the market value. A forced sale of the property is only allowed with permission of Stichting WEW.

Within one (1) month of the private or public sale of the property, the lender must make a formal request, using standard forms, to the Stichting WEW for payment. Such request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, the Stichting WEW must make payment within two (2) months. If the payment is late, provided the request is valid, the Stichting WEW must pay interest for the late payment period. In respect of mortgage loans originated as of 1 January 2014, the lender can recover from the Stichting WEW only 90 % of the incurred loss under a mortgage loan, see *Risk Risks related to the NHG Guarantee, in section 2 (Risk Factors) above*. The lender is not entitled to recover the surplus of 10% from the borrower.

If a borrower fails to meet its obligation to repay the mortgage loan and/or no full payment is made to the lender under the NHG Guarantee by the Stichting WEW because of the lender's culpable negligence (*verwijtbaar handelen of nalaten*), the lender must act *vis-à-vis* the borrower as if the 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. The only exception to this is where 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.

#### **Additional loans (*woonlastenfaciliteit*)**

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may request the Stichting WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender (the so-called *woonlastenfaciliteit*). The aim of the so-called *woonlastenfaciliteit* is to avoid a forced sale of the property. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may be used for, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of a partner.

#### **Main NHG Conditions (*Normen*) as of 1 January 2016**

The underwriting criteria include but are not limited to, and for the avoidance of doubt, are subject to the criteria set out in the Code of Conduct:

- The lender has to perform a BKR check (only a few specified registrations are allowed under NHG Conditions).
- As a valid source of income the following qualifies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for workers with flexible working arrangements a three year history of income statements, for self employed borrowers three year annual statements.
- The maximum loan based on the income of a borrower is based on the so-called "*toetsinkomen toegestane financieringslasten*" tables (i.e. the DTI table) and an annuity style redemption (even if the actual loan is (partially) interest only). Up to 1 April 2007, the applicable interest rate was set by Stichting WEW for loans with an interest rate period less than or equal to five years and the actual commercial interest rate of the relevant mortgage loan for loans with an interest rate period in excess

of five years. From 1 April 2007 up to 1 April 2014, the applicable interest rate was the published interest by NVB (*Nederlandse Vereniging van Banken*) for loans with an interest rate period less than or equal to 10 years and the actual commercial interest rate of the relevant mortgage loan for loans with an interest rate period in excess of 10 years. From 1 April 2014 onwards the applicable interest rate is determined and published by the AFM for loans with an interest rate period less than 10 years, based on a weighted average (according to market share) of the mortgage interest rate of at least five (5) of the six (6) large mortgage originators. According to law, the applicable rate is a minimum of 5 %.

- The maximum loan amount is €245,000 since 1 July 2015 (the maximum amount was €265,000 from 1 July 2014 until 1 July 2015, €290,000 from 1 July 2013 until 1 July 2014, €320,000 from 1 July 2012 until 1 July 2013, €350,000 from 1 July 2009 until 1 July 2012 and €265,000 from 1 January 2007 until 1 July 2009). The loan amount is also limited by the amount of income of a borrower and the market value of the property. The maximum loan amount will remain to be €245,000 for at least until 1 January 2017.
- For the purchase of existing properties, the maximum loan amount is broadly based on the sum of (i) the lower of the purchase price and the Market Value based on a valuation report, (ii) the costs of improvements, (iii) 6% of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty (*vrij op naam*), the purchase amount under (i) is multiplied by 97%. The maximum loan to market value is 102% (in case of energy savings measures 106%).
- For the purchase of properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 6% of the amount under (i).
- The maximum loan amount that is interest only is 50% of the market value (as defined by Stichting WEW) of the property. As of January 2013, for new borrowers the redemption types are limited to annuity mortgage loans and linear mortgage loans with a maximum term of 30 years.
- A risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value of the property (as defined by Stichting WEW).

## **7. PORTFOLIO DOCUMENTATION**

### **7.1 Purchase, Repurchase and Sale**

Prior to the Closing Date, the Mortgage Receivables and to the extent legally possibly, the Beneficiary Rights relating thereto have from time to time been sold and assigned from the Originator to the Seller. Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and to the extent legally possibly and upon notification thereof to the relevant Insurance Company, the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Originator to the Seller and from the Seller to the Issuer will not be notified to the Borrowers and the Insurance Companies, except that notification of both assignments of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events (see paragraph *Assignment Notification Events* below). Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Originator. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the Cut-Off Date.

#### ***Purchase Price***

The purchase price for the Mortgage Receivables shall consist of the Initial Purchase Price and the Deferred Purchase Price. The Initial Purchase Price payable by the Issuer for the Mortgage Receivables assigned to it on the Closing Date will be euro 613,399,798.53. Of the Initial Purchase Price, an amount equal to the Aggregate Construction Deposit Amount, being euro 7,441,399.91 will be withheld by the Issuer and will be deposited in the Construction Deposit Account.

The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments (see section 5 (*Credit Structure*) above).

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

##### ***General***

Other than in the events set out below, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer. See under paragraph *Sale of Mortgage Receivables* below for a description of the calculation of the repurchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables to the Seller.

##### ***Repurchase in case of breach of representations and warranties***

If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable or the Beneficiary Rights relating thereto proves to have been untrue or incorrect in any material respect, the Seller shall within 30 calendar days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the aforementioned period of 30 calendar days, the Seller shall on the immediately succeeding Mortgage Collection Payment Date or such earlier date as practically possible repurchase and accept re-assignment of such Mortgage Receivable and the Beneficiary Rights relating thereto.

##### ***Repurchase in case of Other Claim(s)***

On the Mortgage Collection Payment Date immediately following the date on which the Originator has obtained any Other Claim(s) *vis-à-vis* any Borrower including resulting from a Further Advance, the Seller shall repurchase and accept re-assignment of the Mortgage Receivable.

### *Repurchase in case of Amendment of Terms*

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable if the Originator agrees with a Borrower to either amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which include the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria (as set out below in section 7.3 (*Mortgage Loan Criteria*)) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out below in section 7.2 (*Representations and Warranties*)), 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 on the immediately succeeding Mortgage Collection Payment Date.

### *Repurchase in case of Switches*

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable if the Originator agrees with a Borrower to switch a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element, as the case may be, or a Bank Savings Mortgage Loan into (a part of) any type of Mortgage Loan other than a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element or a Bank Savings Mortgage Loan on the immediately succeeding Mortgage Collection Payment Date.

### *Repurchase in case of breach of NHG Conditions*

If (a) prior to foreclosure the relevant Mortgage Loan no longer has the benefit of the NHG Guarantee or (b) following foreclosure of the relevant Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each time as a result of action taken or omitted to be taken by the Originator, the Seller, the Servicer or the Non-performing Mortgage Loan Servicer, the Seller shall also repurchase and accept re-assignment of such Mortgage Receivable on (i) the Mortgage Collection Payment Date immediately following the date on which the Originator, the Seller, the Servicer or the Non-performing Mortgage Loan Servicer has become aware or has been notified hereof or (ii) if such Mortgage Collection Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Collection Payment Date following such date.

### *Repurchase in case of Post-FORD Mortgage Interest Rate Policy*

The Seller will use its best efforts, subject to applicable laws and regulations, including, without limitation, principles of reasonableness and fairness, to ensure that the interest rates of each Mortgage Receivable that has a reset date after the First Optional Redemption Date will be reset at the Post-FORD Mortgage Interest Rate.

If after the First Optional Redemption Date, the interest rate of a Mortgage Receivable that has a reset date after the First Optional Redemption Date has been reset by or on behalf of the Originator or the Seller, as the case may be, at a rate lower than the Post-FORD Mortgage Interest Rate, the Seller shall undertake to repurchase and accept re-assignment of such entire Mortgage Receivable and the Beneficiary Rights relating thereto on the Mortgage Collection Payment Date immediately following the date on which such interest rate has been reset.

### **Clean-up Call Option**

On each Notes Payment Date the Seller may exercise the Clean-up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-up Call Option.

## Regulatory Call Option

On each Notes Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a **Regulatory Change** (the **Regulatory Call Option**). A **Regulatory Change** means a change which (a) is published on or after the Closing Date in (i) the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the **Basel Accord**), the European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (the **Solvency II Framework Directive**) or (ii) the international, European or Dutch regulations, rules and instructions (which includes rules on solvency requirements) (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or (iii) the manner in which the Basel Accord, Basel II Accord, the Solvency II Framework Directive or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) and (b) in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in paragraph *Sale of Mortgage Receivables* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Mortgage-Backed Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Mortgage-Backed Notes in accordance with Condition 6(b).

## Sale of Mortgage Receivables

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

The Issuer may only sell and assign all but not some of the Mortgage Receivables, provided that in accordance with Condition 6(e) the purchase price of such Mortgage Receivables shall (x) until and including the Optional Redemption Date falling in November 2021 be (1) sufficient, taking into account the Reserve Fund, to redeem (a) the Class A Notes at their Principal Amount Outstanding plus accrued interest due, costs, Class A Excess Consideration due as reflected in any Class A Excess Consideration Deficiency Ledger and (b) the other Classes of Mortgage-Backed Notes at their Principal Amount Outstanding less the relevant Principal Shortfall plus accrued interest and costs, and (2) equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Mortgage Receivables under which amounts which are due have remained unpaid for a period exceeding 90 days or in respect of which an instruction has been given to a civil law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the relevant Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions in respect of such Mortgage Receivable up to the relevant Optional Redemption Date and (b) an amount equal to the sum of (i) the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value and (ii) the amount of other collateral (including amounts claimable under the NHG Guarantee in respect of the Mortgage Receivables) including the relevant Participation, if any and, if the Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and re-assignment and (y) as of the Optional Redemption Date falling in December 2021 be (a) sufficient, taking into account the Reserve Fund, to redeem the Class A Notes at their Principal Amount Outstanding plus

accrued interest due, costs, Class A Excess Consideration due as reflected in any Class A Excess Consideration Deficiency Ledger or (b) such lower purchase price as acceptable to the Class A Noteholders and sanctioned in a Meeting of Class A Noteholders. Any Reserve Fund may be applied by the Issuer to compensate the Class A Noteholders in accordance with the Redemption Priority of Payments on a *pro rata* and *pari passu* basis for any difference between (i) the Principal Amount Outstanding plus accrued interest due, costs, accrued Class A Excess Consideration due and any shortfall reflected in any Class A Excess Consideration Deficiency Ledger and (ii) the lower purchase price as sanctioned in the Meeting of Class A Noteholders.

### Assignment Notification Events

If:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and such failure is not remedied within 10 business days after the Seller having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after the Seller having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables (which the Seller consequently repurchases), 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 provided for in any Transaction Document, untrue or incorrect in any material respect; or
- (d) the Seller or the Originator takes any corporate action or other steps are taken or legal proceedings are started or threatened against such entity (i) for its dissolution (*ontbinding*) and liquidation (*vereffening*), legal merger (*fusie*) or legal demerger (*juridische splitsing*) involving a substantial part of its assets, other than its dissolution, liquidation, legal merger or legal demerger in a transaction with each other or any other entity in the Group and provided that the surviving or resulting entity assumes all of the rights and obligations of the Seller or the Originator under the Transaction Documents or (ii) for its conversion (*conversie*) into a foreign legal entity or its assets are placed under administration (*onder bewind gesteld*); or
- (e) the Seller or the Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against such entity becoming subject to (preliminary) suspension of payments ((*voorlopige*) *surseance van betaling*), emergency regulations or for bankruptcy (*faillissement*), as referred to in the Dutch Bankruptcy Act or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Transaction Documents; or
- (g) the Seller has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into the Mortgage Receivables Purchase Agreement and/or any of the other Transaction Documents; or
- (h) a Pledge Notification Event occurs; or

(i) notification of Assignment 1 is made,

then the Seller, acting for its own account and on behalf of the Originator, provided that the Security Trustee (i) has notified the Credit Rating Agencies and (ii) in its reasonable opinion does not expect that the then current ratings assigned to the Class A Notes, will be adversely affected as a result of not giving notice as described below, and unless the Security Trustee instructs it otherwise, shall forthwith notify the relevant Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee of both Assignment 1 and Assignment 2 at the same time and in the same notification letter or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, pursuant to the Beneficiary Waiver Agreement, the Originator, the Seller and the Savings Insurance Company (but only in respect of Insurance Policies with the Savings Insurance Company) will use their best efforts to obtain the co-operation from the Borrower and all other parties to (a) waive its rights as first beneficiary under the Insurance Policies up to the Outstanding Principal Amount of the relevant Mortgage Receivable, (b) appoint as first beneficiary (x) the Issuer until the occurrence of a Pledge Notification Event and (y) the Security Trustee upon the occurrence of a Pledge Notification Event, and (c) with respect to Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of a Borrower Insurance Proceeds Instruction in favour of the Originator to the Savings Insurance Company, withdraw such Borrower Insurance Proceeds Instruction and to issue a Borrower Insurance Proceeds Instruction up to the Outstanding Principal Amount of the relevant Mortgage Receivable in favour of (x) the Issuer until the occurrence of a Pledge Notification Event and (y) the Security Trustee upon the occurrence of a Pledge Notification Event.

## 7.2 Representations and Warranties

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

- (a) each of the Mortgage Receivables and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment (*vernietiging*) or dissolution (*ontbinding*) as a result of circumstances which have occurred prior to or on the Closing Date;
- (b) it has full right and title (*titel*) to the Mortgage Receivables and power (*beschikkingsbevoegdheid*) to sell and assign the Mortgage Receivables and no restrictions on the sale and assignment of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being assigned and pledged;
- (c) each Mortgage Receivable is (i) secured by a first-ranking Mortgage (*eerste recht van hypotheek*) or, in the case of Mortgage Loans secured on the same Mortgaged Asset, first and sequentially lower ranking 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;
- (d) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option rights (*opties*) to acquire the Mortgage Receivables and the Beneficiary Rights relating thereto have been granted in favour of any third party;
- (e) the mortgage deeds in respect of the Mortgage Loans originated by the Originator prior to 8 September 2005, (i) contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment and (ii) do not contain, nor any other agreements between the Originator and the relevant Borrower in respect of the relevant Mortgage Receivables contain, any explicit provision on the issue whether (x) the rights of pledge follows the receivable upon its assignment or pledge and (y) the mortgage right follows the receivable upon its pledge;
- (f) the mortgage deeds in respect of the Mortgage Loans originated by the Originator after 8 September 2005, contain the provision that the mortgage right and the rights of pledge will partially follow, *pro rata*, the receivable upon its assignment and pledge;
- (g) each Mortgaged Asset concerned was appraised when application for the relevant Mortgage Loan was made by an external valuer, except that no valuation was required if such Mortgaged Asset was to be constructed or in construction at the time of application for a Mortgage Loan, provided that the Mortgage Loan to be granted did not exceed 104 per cent. (until 1 August 2011 108 per cent.) of the purchase and construction costs (*koop-/aanneemsom*) of the property involved. A valuation was however required if the maximum amount of the Mortgage Loan exceeded EUR 500,000 and/or the additional construction costs (*het meerwerk*) exceeded 20 per cent. of the aggregate purchase and construction costs (*koop-/aanneemsom*). A valuation was also required in respect of refurbishments initiated by the borrower for existing buildings (*onder eigen beheer*);
- (h) each Mortgage, Mortgage Receivable and Borrower Pledge, if any, constitutes legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the Originator in accordance with its terms and is not subject to annulment (*vernietiging*);
- (i) each Mortgage and Borrower Pledge (i) constitutes valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the assets identified to be Mortgaged Assets and the assets which are identified to be the subject of the rights of pledge, (ii) is governed by Dutch law and, to the extent relating to the mortgage rights to secure the Mortgage Receivables, have been entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (iii) has first priority (*eerste in rang*) or first and sequentially lower ranking priority, and (iv) was vested

for an outstanding principal amount which is at least equal to the Outstanding Principal Amount when originated, increased with interest, penalties, costs and insurance premium, together up to an amount equal to at least 140 per cent. of the Outstanding Principal Amount in respect of the Mortgage Receivables upon origination;

- (j) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement, which general terms and conditions do not materially deviate from any general terms and conditions previously used by the Originator;
- (k) each of the Mortgage Loans and, to the extent offered by the Originator, the relevant Insurance Policy (i) has been granted in accordance with applicable legal requirements prevailing at the time of origination in all material respects, including, after coming into force, the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) including borrower income requirements' (ii) met in all material respects (x) the Originator's standard underwriting criteria and procedures (including those relating to manual overrules) prevailing at that time, which do not materially differ from the criteria and procedures set forth in the Acceptation overview (*Acceptatieoverzicht 2016*, as amended from time to time) as attached to the Mortgage Receivables Purchase Agreement and (y) the NHG Underwriting Criteria, and (iii) is subject to terms acceptable at the time of origination to a reasonable lender of Dutch residential mortgage loans to borrowers in the Netherlands, which is acting as a reasonable creditor in protection of its own interests;
- (l) without prejudice to the representation and warranty included in paragraph (k) above, as at the Cut-Off Date, each Mortgage Loan has been concluded in compliance with all applicable consumer protection legislation to the extent that failure to comply would have a material adverse effect on the enforceability or collectability of such Mortgage Loan;
- (m) as at the Cut-Off Date to the best of the Seller's knowledge and belief (having made all reasonable enquiries), no Borrower is, or has been, since the date of the relevant Mortgage Loan, in material breach of any obligation owed in respect of such Mortgage Loan, Mortgage and Borrower Pledge, if applicable, and no steps have been taken by the Seller or the Originator to enforce any Mortgage as a result of such breach;
- (n) each Mortgage Loan was granted by the Originator to a private individual only;
- (o) on the Cut-Off Date, no amounts due and payable under any of the Mortgage Loans, were in arrears;
- (p) each of the Mortgage Loans meets the Mortgage Loan Criteria as set forth below;
- (q) with respect to each of the Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*), the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates, if the leaseholder materially breaches or ceases to perform its payment obligation under the long lease (*canon*) or if the leaseholder in any other manner breaches the conditions of the long lease;
- (r) other than the Aggregate Construction Deposit Amount in respect of construction mortgage loans (*bouwhypotheken*), the Originator did not offer and will not offer any current (savings) accounts or savings deposits to the Borrowers;
- (s) other than the Aggregate Construction Deposit Amount in respect of construction mortgage loans (*bouwhypotheken*), all Mortgage Loans have been fully disbursed, whether or not through the civil law notary, and no amounts are held in deposit with respect to the Mortgage Loans as premiums and interest payments (*rente- en premiedepot*) by (i) the Savings Insurance Company in excess of an aggregate amount of EUR 7,114,386.17 and (ii) by the Bank Savings Participant in excess of an aggregate amount of EUR 8,101,618.93 as at the Cut-Off Date;

- (t) in respect of each of the Savings Mortgage Receivables and the Life Mortgage Receivables, the Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policy and the Life Insurance Policy, respectively, and either (i) the Originator has been validly appointed as beneficiary (*begunstigde*) under such Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Insurance Policies, which has been notified to the Insurance Company or (ii) to the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
- (u) the Originator has no Other Claim against the Borrower which is secured by the same Mortgage or Borrower Pledge securing the relevant Mortgage Receivable;
- (v) in the administration of the Originator and that of the Seller can be determined without any uncertainty which Beneficiary Rights belong to which Mortgage Receivables;
- (w) each Mortgage Loan constitutes the entire mortgage loan granted by the Originator to the relevant Borrower and not merely one or more Loan Parts (*leningdelen*);
- (x) there is no relationship between the Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Originator;
- (y) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Originator and the securities are purchased for the account of the Borrowers and these securities are held in custody by an admitted institution of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. in accordance with the Wge or, if they do not qualify as securities within the meaning of the Wge, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises;
- (z) it has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
- (aa) the Mortgage Conditions provide that all payments by the relevant Borrowers should be made without any deduction or set-off;
- (bb) it and the Originator have accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans and the Beneficiary Rights;
- (cc) all Bank Savings Accounts are held with the Bank Savings Participant;
- (dd) in the Mortgage Conditions no further drawings and/or further credits have been agreed or anticipated;
- (ee) each Mortgage Loan has the benefit of an NHG Guarantee (i) which has been granted for the full Outstanding Principal Amount in respect of the Mortgage Loan at origination provided that in respect of Mortgage Loans offered as of 1 January 2014, in determining the loss incurred after foreclosure of the relevant Mortgaged Asset an amount of 10% will be deducted from such loss in accordance with the NHG-Conditions, (ii) constitutes legal, valid and binding obligations of Stichting WEW enforceable in accordance with its terms, (iii) all terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee at the time of origination of the Mortgage Loans were complied with and (iv) the Seller is not aware of any reason why any claim under the NHG Guarantee granted by Stichting WEW in respect of any Mortgage Receivable should not be met in full and in a timely manner;
- (ff) the particulars of each Mortgage Receivable, Mortgage and Borrower Pledge, as applicable, as set forth in (i) the List of Loans as attached to the Mortgage Receivables Purchase Agreement and (ii) the Escrow List of Loans are correct and complete in all material respects;

- (gg) the notarial mortgage deeds (*minuut*) relating to the Mortgages are kept by a civil law notary in the Netherlands, while the Seller keeps the Loan Files relating to the Mortgage Loans, which Loan Files include certified copies of the notarial mortgage deeds;
- (hh) the Mortgage Conditions provide that each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable should at the time of origination of the Mortgage Loan, have the benefit of a buildings insurance (*opstalverzekering*) satisfactory to the Originator;
- (ii) under each of the Mortgage Receivables interest and, if applicable, principal due in respect of a period of at least one (interest) payment has been received by the Originator;
- (jj) each of the Savings Mortgage Receivables and Life Mortgage Receivables has the benefit of Savings Insurance Policies and Life Insurance Policies respectively and either (i) the Originator has been validly appointed as beneficiary (*begunstigde*) under such Insurance Policies, upon the terms of the Savings Mortgage Loans and the relevant Savings Insurance Policies and the Life Mortgage Loans and the relevant Life Insurance Policies, (ii) under certain circumstances, the Seller has the benefit of the Beneficiary Rights or (iii) a Borrower Insurance Proceeds Instruction has been issued;
- (kk) the Savings Insurance Policies and the Life Insurance Policies are in full force and effect and the lapse of time will not result in any event affecting such force and effectiveness;
- (ll) with respect to each of the Bank Savings Mortgage Receivables, the Originator has the benefit of the Borrower Bank Savings Deposit Pledge and such right of pledge has been notified to the Bank Savings Participant;
- (mm) each of the Beneficiary Rights constitute legal, valid, binding and enforceable obligations of the relevant Insurance Company *vis-à-vis* the Originator;
- (nn) each Mortgage Receivable will be, upon offer for registration of the relevant deed of assignment with the Dutch tax authorities on the date of such deed, transferred and such transfer is enforceable against creditors of the Seller and the Originator and is neither prohibited nor invalid, save for applicable laws affecting the rights of creditors generally;
- (oo) the Mortgage Loans do not include self-certified mortgage loans or equity-release mortgage loans where Borrowers have monetised their properties for either a lump sum of cash or regular periodic income;
- (pp) other than in respect of any Bank Savings Mortgage Loan, any current account or savings deposit of the Borrower held with the Seller and the relevant Mortgage Loan are offered in such manner that it should be clear to the Borrower that (i) the current account or savings deposit is held with the Seller, (ii) the relevant Mortgage Loan is granted by the Originator, (iii) the Seller and the Originator are different legal entities and (iv) the conditions pertaining to the Bank Savings Mortgage Loans and the current accounts or saving deposits do not contain contractual provisions entitling the Borrower to set off claims under these legal relationships against each other;
- (qq) as at the time of application, the relevant Borrower did either (i) not have a record of any negative registration with the BKR; or (ii) the Originator has received confirmation that such registration was onerous and has been removed from the BKR register prior to the granting of the relevant Mortgage Loan, (iii) have a record of negative registration with the BKR in relation to a remission of debt by Stichting WEW which debt has already been remitted by Stichting WEW, but has not yet been removed from the BKR register prior to the granting of the relevant Mortgage Loan; or (iv) such registration was allowed under the NHG Conditions applicable at the time of origination;
- (rr) at the time of origination, all mortgage rights in respect of the Mortgage Loans were secured against an owner-occupied first residence;
- (ss) at the Cut-Off Date, the number of Borrowers is not less than 1,000;

- (tt) no Mortgage Loan agreement contains confidentiality provisions which restrict a purchaser's exercise of its rights as (new) owner of the Mortgage Loan;
- (uu) each Mortgage Loan was originated by the Originator;
- (vv) as at the Cut-Off Date, no Mortgage Loan agreement has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its terms or its enforceability or collectability;
- (ww) no Mortgage Loan agreement has been entered into as a consequence of any conduct constituting fraud of the Originator and, to the best of the Seller's knowledge, no Mortgage Loan has been entered into fraudulently by the relevant Borrower;
- (xx) the Mortgage Loans, secured by a mortgage right on a long lease, provide that the Mortgage Loan becomes immediately due and payable in the event that, (i) the leaseholder has not paid the remuneration for the long lease, (ii) the conditions of the long lease are changed, (iii) the leaseholder breaches any obligation under the long lease or (iv) the long lease is dissolved or terminated;
- (yy) the Originator is entitled to collect payments from the Borrowers in connection with the Mortgage Loans;
- (zz) to the best of its knowledge, the Mortgage Loans have not been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects their enforceability or collectability; and
- (aaa) payments made under the Mortgage Receivables are not subject to withholding tax.

### 7.3 Mortgage Loan Criteria

Each of the Mortgage Loans will meet the following Mortgage Loan Criteria:

- (i) the Mortgage Loans are in the form of:
  - (a) linear mortgage loans (*lineaire hypotheek*);
  - (b) annuity mortgage loans (*annuïteitenhypotheek*);
  - (c) interest-only mortgage loans (*aflossingsvrije hypotheek*);
  - (d) investment mortgage loans (*beleggingshypotheek*);
  - (e) savings mortgage loans (*spaarhypotheek*);
  - (f) bank savings mortgage loans (*bankspaarhypotheek*);
  - (g) unit-linked mortgage loans (*unit-linked hypotheek*);
  - (h) universal life mortgage loans (*universeel levenhypotheek*);
  - (i) life mortgage loans with the option to choose between the Savings Alternative and the Unit-linked Alternative (*levenhypotheek*); and/or
  - (j) traditional life and with an external insurance policy (*levenhypotheek op basis van traditioneel gemengde verzekering*);
- (ii) the Borrower is an individual (*natuurlijk persoon*) and not an employee of the Seller or the Originator or of any other company belonging to the same group of companies as the Seller and the Originator and the Borrower is a resident of the Netherlands;
- (iii) the interest rate of each Mortgage Loan is floating or fixed, subject to a reset from time to time;
- (iv) the Mortgaged Assets are located in the Netherlands and are not the subject of residential letting and are occupied by the relevant Borrower at origination;
- (v) interest payments and, to the extent applicable, principal payments with respect to each Mortgage Loan are scheduled to be made monthly;
- (vi) the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured on the same Mortgaged Asset together does not exceed EUR 350,000;
- (vii) the Principal Amount of each Mortgage Loan does not exceed the maximum loan amount as stipulated by the relevant NHG Underwriting Criteria at origination;
- (viii) each Mortgage Loan was originated on or after 1 January 2003;
- (ix) the legal final maturity of each Mortgage Loan, does not extend beyond April 2046;
- (x) the weighted average original LTV of the Mortgage Loans determined at the Cut-Off Date was not greater than 110 per cent;
- (xi) each Mortgage Loan is (i) secured by a first ranking mortgage right (*eerste recht van hypotheek*) or, in case of Mortgage Loans secured on the same Mortgaged Asset, as the case may be, first and sequentially lower ranking mortgage rights over real estate (*onroerende zaak*), an apartment right

(*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands or, if applicable, a right of pledge (ii) governed by Dutch Law;

- (xii) on the Cut-Off Date no amounts due under such Mortgage Loan were overdue and unpaid;
- (xiii) the Mortgage Loan is denominated in euro and has a positive Outstanding Principal Amount;
- (xiv) the Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
- (xv) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date; and
- (xvi) as at the Cut-off Date, no Mortgage Loan has an outstanding principal balance which exceeds an amount equal to 1.00 per cent. of the aggregate outstanding principal balance of all the Mortgage Loans and the sum of those Mortgage Loans with an outstanding principal balance greater than 0.25 per cent. of the outstanding principal balance of the Mortgage Loans shall not exceed 5 per cent. of the outstanding principal balance of the Mortgage Loans.

## **7.4 Portfolio Conditions**

*Left blank intentionally*

## **7.5 Servicing Agreement**

### **Mortgage Loan Services**

In the Servicing Agreement (i) the Servicer will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables, and including the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto, and prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer, as required by law, for submission to the relevant regulatory authorities, and (ii) the Non-performing Mortgage Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further section 6.3 (*Origination and Servicing*) above) and to provide information on the relevant Participation in the Savings Mortgage Loan or Life Mortgage Loan with a Savings Element and the Bank Savings Mortgage Loans.

### **Issuer Administration Services**

In the Servicing Agreement the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (i) drawings (if any) to be made by the Issuer under the Cash Advance Facility and from the Reserve Account, (ii) all payments to be made by the Issuer under the Transaction Documents, (iii) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (iv) all payments to be made by the Issuer under the Participation Agreements, (v) the maintaining of all required ledgers in connection with the above, (vi) all calculations to be made pursuant to the Conditions under the Notes and (vii) the submission of certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

### **Exemption under Wft**

The Issuer has outsourced the servicing and administration of the Mortgage Loans and the implementation of arrears procedures, respectively, to Delta Lloyd Bank as the Servicer and the Non-performing Mortgage Loan Servicer. Delta Lloyd Bank holds a banking licence under the Wft. As a result, the Issuer benefits from an exemption from the licence requirement pursuant to the Wft (see also the paragraph *Licence requirement under the Wft* in section 2 (*Risk Factors*)). Pursuant to the Servicing Agreement, in its role as the Servicer and the Non-performing Mortgage Loan Servicer, Delta Lloyd Bank will be obliged to administer the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

### **Sub-delegation**

The Servicer will, in accordance with the Servicing Agreement, appoint Stater as its Sub MPT Provider to carry out certain of the activities of the Servicer as provided for in the Servicing Agreement. Stater will accept this appointment and will commit itself, in favour of the Issuer, to carry out certain activities of the Servicer as provided for in the Servicing Agreement subject to and on the terms agreed with Stater. The Issuer and the Security Trustee have consented to the appointment of Stater as Sub MPT Provider. The appointment of Stater as Sub MPT Provider of the Servicer is without prejudice to the obligations of the Servicer under the Servicing Agreement and the Servicer shall continue to be liable as if no such appointment had been made and as if the acts and omissions of Stater were the acts and omissions of the Servicer.

### **Termination**

The appointment of the Servicer, the Non-performing Mortgage Loan Servicer and/or the Issuer Administrator under the Servicing Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the relevant party in

the payment on the due date of any payment due and payable by it under the Servicing Agreement, without being remedied within the agreed period, (b) a default by the relevant party in the performance or observance of any of its other covenants and obligations under the Servicing Agreement without being remedied within the agreed period or (c) the relevant party has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into (preliminary) suspension of payments (only in respect of the Issuer Administrator) or emergency regulations as referred to in Chapter 3 of the Wft (only in respect of the Servicer and the Non-performing Mortgage Loan Servicer) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) (only in respect of the Servicer and/or the Non-performing Mortgage Loan Servicer) the Servicer and/or Non-performing Mortgage Loan Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder van krediet*) under the Wft.

The Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer, non-performing mortgage loan servicer and/or issuer administrator (as the case may be) to the extent possible prior to the termination of the appointment of the relevant party under the Servicing Agreement, and such substitute servicer, non-performing mortgage loan servicer and/or issuer administrator 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, non-performing mortgage loan servicer and/or issuer administrator shall have the benefit of a fee at a level then to be determined. Any such substitute servicer and/or non-performing mortgage loan servicer is obliged to (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Wft. 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.

The appointment of the Servicer, the Non-performing Mortgage Loan Servicer and/or the Issuer Administrator under the Servicing Agreement may be terminated by the relevant party, the Issuer and/or the Security Trustee upon the expiry of not less than 12 months' notice of termination given by the relevant party to each of the Issuer and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute servicer, non-performing mortgage loan servicer and/or issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement and the relevant party shall not be released from its obligations under the Servicing Agreement until such substitute servicer and/or non-performing mortgage loan servicer and/or issuer administrator has entered into such new agreement.

## 7.6 Sub-Participation

### Insurance Savings Participation Agreement

Under the Insurance Savings Participation Agreement the Issuer will grant to the Savings Insurance Company an Insurance Savings Participation in the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element.

### Insurance Savings Participation

In the Insurance Savings Participation Agreement, the Savings Insurance Company will undertake to pay to the Issuer:

- (a) the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element; and
- (b) on each Mortgage Collection Payment Date an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies and Savings Investment Insurance Policies;

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

As a consequence of such payments, the Savings Insurance Company will acquire the Insurance Savings Participation in each of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, which is equal to the Initial Savings Participation in respect of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertakings of the Savings Insurance Company described above, the Issuer will undertake to pay to the Savings Insurance Company on each Mortgage Collection Payment Date an amount equal to the Insurance Savings Participation in each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element in full, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, (ii) in connection with a repurchase of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element or 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 of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Trust Agreement to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element to the extent such amounts relate to principal (the **Insurance Savings Participation Redemption Available Amount**).

### Reduction of Insurance Savings Participation

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or a Life Mortgage Receivable with a Savings Element, based on any failure of the Originator, the Seller or the Savings Insurance Company or for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full

or in part, under the relevant Savings Insurance Policy or the Savings Investment Insurance Policy, respectively, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, the Insurance Savings Participation of the Savings Insurance Company in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

### **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 the Savings Insurance Company may, and if so directed by the Savings Insurance Company shall, by notice to the Issuer:

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

### **Termination**

If one or more of the Savings Mortgage Receivables and Life Mortgage Receivable with a Savings Element are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Agreement, and the Issuer has sufficient funds available to repay the Insurance Savings Participation, the Insurance Savings Participation in such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element will be paid by the Issuer to the Savings Insurance Company. The Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element will enter into an insurance savings participation agreement with the Savings Insurance Company in a form similar to the Insurance Savings Participation Agreement. Furthermore, the Insurance Savings Participation envisaged in the Insurance Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Savings Insurance Company has received the Insurance Savings Participation in respect of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element.

### **Bank Savings Participation Agreement**

Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a Participation in the Bank Savings Mortgage Receivables.

### **Bank Savings Accounts**

The conditions applicable to the Bank Savings Mortgage Loans stipulate that amounts paid by the Borrowers will be deposited by the Bank Savings Participant on the relevant Bank Savings Account held with Delta Lloyd Bank.

### **Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer:

- (a) the Initial Bank Savings Participation in relation to each of the Bank Savings Mortgage Receivables; and
- (b) on each Mortgage Collection Payment Date an amount equal to the amount received by the Bank Savings Participant on the relevant Bank Savings Account in relation to the Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date,

provided that no amounts will be paid to the extent that, as a result thereof, the Bank Savings Participation in the Bank Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the Bank Savings Mortgage Receivable.

As a consequence of such payments, the Bank Savings Participant will acquire a Bank Savings Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation in respect of the Bank Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Bank Savings Participation Increase.

In consideration for the undertakings 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 equal to the Bank Savings Participation in each of the Bank Savings Mortgage Receivables in respect of which amounts have been received by the Issuer during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (i) by means of repayment and prepayment under the Bank Savings Mortgage Receivables in full, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Bank Savings Mortgage Receivable, (ii) in connection with a repurchase of Bank Savings Mortgage Receivables or 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 of Bank Savings Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Bank Savings Mortgage Receivables to the extent such amounts relate to principal (the **Bank Savings Participation Redemption Available Amount**).

### **Reduction of Bank Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Bank Savings Mortgage Receivable, based on any failure of the Originator, the Seller or the Bank Savings Participant or for whatever reason, the Bank Savings Participant does not pay the amounts due under the Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Bank Savings Mortgage Receivable, the Bank Savings Participation of the Bank Savings Participant in respect of such Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

### **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 the Bank Savings Participant may, and if so directed by the Bank Savings Participant shall, by notice to the Issuer:

- (a) declare that the obligations of the Bank Savings Participant under the Bank Savings Participation Agreement are terminated; and
- (b) declare the Bank Savings Participation in relation to the Bank Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Bank Savings Participation Redemption Available Amount

received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Bank Savings Mortgage Receivables.

### **Termination**

If one or more of the 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 Trust Agreement and the Issuer has sufficient funds available to repay the Bank Savings Participation, the Bank Savings Participation in such Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount in respect of the Bank Savings Mortgage Receivables will be paid by the Issuer to the Bank Savings Participant. The Issuer will use its best efforts to ensure that the acquirer of the Bank Savings Mortgage Receivables will enter into a bank savings participation agreement with the Bank Savings Participant in a form similar to the Bank Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Bank Savings Participant has received the Bank Savings Participation in respect of the Bank Savings Mortgage Receivables.

## **8. GENERAL**

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 13 June 2016.
2. Application has been made to list the Class A Notes on Euronext Amsterdam on the Closing Date. The estimated total costs involved with such admission amount to approximately euro 9,000.
3. The Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 141051253, ISIN Code XS1410512534 and WKN Code A181SC.
4. The Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 141051296, ISIN Code XS1410512963 and WKN Code A181SD.
5. The Class A3 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 141051342, ISIN Code XS1410513425 and WKN Code A181SE.
6. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 141051482, ISIN Code XS1410514829 and WKN Code A181SF.
7. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 141051539, ISIN Code XS1410515396 and WKN Code A181SG.
8. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream, Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
9. Since its incorporation, the Issuer is not involved in any legal, arbitration or governmental proceedings which may have a significant effect on the Issuer's financial position or profitability nor are any such proceedings pending or, as far as the Issuer is aware, threatened against the Issuer.
10. Hard copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agents free of charge during normal business hours as long as the Notes are outstanding:
  - (a) the deeds of incorporation dated 3 May 2016, including the articles of association of the Issuer and the Shareholder and the deed of incorporation dated 9 June 2016, including the articles of association of the Security Trustee;
  - (b) the Mortgage Receivables Purchase Agreement;
  - (c) the Deed of Assignment;
  - (d) the Notes Purchase Agreement;
  - (e) the Paying Agency Agreement;
  - (f) the Trust Agreement;
  - (g) the Parallel Debt Agreement;
  - (h) the Issuer Mortgage Receivables Pledge Agreement;

- (i) the Issuer Rights Pledge Agreement;
  - (j) the Servicing Agreement;
  - (k) the Issuer Account Agreement;
  - (l) the Cash Advance Facility Agreement;
  - (m) the Participation Agreements;
  - (n) the Beneficiary Waiver Agreement;
  - (o) the Subordinated Loan Agreement;
  - (p) the Interest Rate Cap Agreement;
  - (q) the Management Agreements; and
  - (r) the Master Definitions Agreement.
11. The articles of association of the Issuer are incorporated herein by reference. The Issuer's articles of association will be available free of charge at the registered office of the Issuer, the Security Trustee and the Paying Agent as long as any Notes are outstanding.
  12. A copy of the Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Paying Agents as long as any Notes are outstanding.
  13. US taxes:  
  
The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.
  14. The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
  15. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer. The Issuer's auditors are Ernst & Young Accountants LLP, whose auditors are a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The auditors of the Issuer have no material interest in the Issuer.
  16. Reports on the performance, including the arrears and the losses, of the transaction and loan level data can be obtained by investors and potential investors at: [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) and at [www.intertrustgroup.com](http://www.intertrustgroup.com).  
  
Such information will be made available as of the Closing Date and will remain available until all Notes have been fully redeemed.
  17. The Issuer, or the Issuer Administrator on its behalf, will prior to the Closing Date and on a quarterly basis make available loan-by-loan information on the Mortgage Receivables, which information can be obtained at the website of the European Data Warehouse <http://www.eurodw.eu/edwin.html> (or any other website as disclosed by the Issuer) within one calendar month after each Notes Payment Date.

## 18. Responsibility Statements

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Issuer accepts responsibility accordingly.

In addition to the Issuer, the Seller and Stater are responsible for the information referred to in the respective paragraphs below.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: Retention and disclosure requirements under the CRR, AIFM Regulation and Solvency II Regulation in section 1.4 (*Notes*), 1.6 (*Portfolio Information*) 3.4 (*Seller / Originator*), 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*) and 6.5 (*NHG Guarantee Programme*) and all the confirmations and undertakings for and in respect of the retained interest and, as applicable, the making available of certain information to investors pursuant to Section 51 of the AIFM Regulation, Section 405 and Section 409 of the CRR and Section 256 of the Solvency II regulation. To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Seller is not responsible for information contained in any section other than the sections mentioned above, and consequently does not assume any liability with respect to the information contained in any other section. Any information from third parties contained and specified as such in aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case). The Seller accepts responsibility accordingly.

Stater is responsible solely for the information contained in section 3.5 (*Stater Nederland B.V.*) of this Prospectus and not for the information contained in any other section and consequently, Stater does not assume any liability in respect of the information contained in any other section other than section 3.5 (*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 contained in section 3.5 (*Stater Nederland B.V.*) is in accordance with the facts and does not omit anything likely to effect the import of such information. Stater accepts responsibility accordingly.

Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The most recent available information from Independent Sources has been included in this Prospectus and has been identified where appropriate. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of Delta Lloyd, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed. The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure that such is the case).

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

## 9. GLOSSARY OF DEFINED TERMS

### 1. DEFINITIONS

*The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association on (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 'NA' in front of the relevant defined term;*

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

+ **ABN AMRO** means ABN AMRO Bank N.V., a public company with limited liability (*naamloze vennootschap*) organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

\* **AFM** means the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);

+ **Aggregate Construction Deposit Amount** means on any date the aggregate of the Construction Deposits in relation to all Mortgage Loans on such date;

+ **AIFM Regulation** means the Commission Delegated Regulation (EU) 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;

**All Moneys Mortgage** means any mortgage right (*hypotheekrecht*) 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 Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

**All Moneys Pledge** means any right of pledge (*pandrecht*) which secures (i) 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 Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

**All Moneys Security Rights** means any All Moneys Mortgages and All Moneys Pledges jointly;

+ **Amstelhuys** means Amstelhuys N.V., a public company with limited liability (*naamloze vennootschap*) organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

**Annuity Mortgage Loan** 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;

**Annuity Mortgage Receivable** means the Mortgage Receivable resulting from an Annuity Mortgage Loan;

**Arranger** means ABN AMRO;

+ **Assignment 1** means the transfers of the legal title to the Mortgage Receivables from the Originator to the Seller effected from time to time before the Closing Date, each by means of a private deed of assignment which is registered with the Dutch tax authorities, without notification of the assignments to the Borrowers (*stille cessie*);

+ **Assignment 2** means the transfer of the legal title to the Mortgage Receivables from the Seller to the Issuer by means of a private deed of assignment which is registered on the Closing Date with the Dutch tax authorities, without notification of the assignment to the Borrowers (*stille cessie*);

**Assignment Notification Event** means any of the events set out in section 7.1 (*Purchase, Repurchase and Sale*);

**Available Principal Funds** has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

**Available Revenue Funds** has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

+ **Available Termination Amount** means on any Notes Payment Date prior to the First Optional Redemption Date:

(i) if (x) a new replacement interest rate cap agreement has been entered into prior to such Notes Payment Date and the Initial Interest Rate Cap Payment due from the Issuer has been paid in full or (y) the Mortgage-Backed Notes have been redeemed in full, the full amount standing to the credit of the Interest Rate Cap Termination Payment Ledger; or

(ii) if (x) an Initial Interest Rate Cap Payment is due and payable to a replacement interest rate cap provider on such Notes Payment Date and/or (y) the Available Revenue Funds are insufficient to satisfy items (a) up to and including (e) of the Revenue Priority of Payments on such Notes Payment Date, an amount equal to the sum of the amount payable under (ii)(x) and the shortfall under (ii)(y) (subject to a maximum of the amount standing to the credit of the Interest Rate Cap Termination Payment Ledger on such Notes Payment Date);

+ **Bank of America National Association, London Branch** means Bank of America National Association, London Branch, a national banking association organised and existing under the laws of the United States of America, acting through its London branch;

**Bank Savings Account** means, in respect of a Bank Savings Mortgage Loan, a blocked savings account in the name of a Borrower held with the Bank Savings Participant;

**Bank Savings Deposit** means, in relation to a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;

+ **Bank Savings Deposit Instalment** means any instalment by a Borrower into the relevant Bank Savings Account;

**Bank Savings Mortgage Loan** 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;

**Bank Savings Mortgage Receivable** means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

**Bank Savings Participant** means Delta Lloyd Bank N.V.;

**Bank Savings Participation** means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable increased with each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

**Bank Savings Participation Agreement** means the bank savings participation agreement between the Issuer, the Bank Savings Participant and the Security Trustee dated the Signing Date;

\* **Bank Savings Participation Increase** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = the Participation Fraction in respect of such Bank Savings Mortgage Receivable;

S = 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; and

I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

**Bank Savings Participation Redemption Available Amount** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of this Prospectus;

**Basic Terms Change** has the meaning set forth as such in Condition 14(b);

**Beneficiary Rights** means all rights which the Originator has *vis-à-vis* the relevant Insurance Company in respect of an Insurance Policy, under which the Originator has been appointed by the Borrower in connection with the relevant Mortgage Receivable;

**Beneficiary Waiver Agreement** means the beneficiary waiver agreement between the Originator, the Seller, the Security Trustee and the Issuer dated the Signing Date;

**BKR** means National Credit Register (*Bureau Krediet Registratie*);

**Borrower** means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

+ **Borrower Bank Savings Deposit Pledge** means a right of pledge (*pandrecht*) on the rights of the relevant Borrower against the Bank Savings Participant in respect of the relevant Bank Savings Deposit securing the relevant Bank Savings Mortgage Receivables, as created under the Mortgage Conditions;

\* **Borrower Insurance Pledge** means a right of pledge (*pandrecht*) originally created in favour of the Originator on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

**Borrower Insurance Proceeds Instruction** 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;

**Borrower Investment Account** means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

- + **Borrower Investment Pledge** means a right of pledge (*pandrecht*) on the rights of the relevant Borrower in connection with the relevant Borrower Investment Account, such as options (*opties*) securing the relevant Mortgage Receivables, as created under the Mortgage Conditions;

**Borrower Pledge** means a right of pledge (*pandrecht*) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge, a Borrower Bank Savings Deposit Pledge and a Borrower Investment Pledge;

- + **BRRD** means the Bank Recovery and Resolution Directive adopted by the European Council on 6 May 2014;

- \* **Business Day** means a TARGET 2 Settlement Day, provided such day is also a day on which banks are generally open for business in Amsterdam and London;

- + **Cap Notional Amount** means on any Notes Payment Date the cap notional amount under the Interest Rate Cap Agreement set forth in the schedule as set out in section 5.4 (*Hedging*) of this Prospectus in respect of such Notes Payment Date;

- + **Cap Required Ratings** means the ratings that each of Moody's and Fitch require the Interest Rate Cap Provider to hold in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations, its long-term issuer default rating and, as applicable, short-term issuer default rating in order to perform the role of Interest Rate Cap Provider without posting collateral or obtaining a guarantor or co-obligor, in accordance with the highest rating afforded to the Class A Notes and, as at the Closing Date, meaning that the Interest Rate Cap Provider is required to have (i) in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations, a rating of at least A3 by Moody's, (ii) in respect of its long-term issuer default rating, a rating of at least A by Fitch and (iii) in respect of its short-term issuer default rating, a rating of at least F1 by Fitch;

- + **Cap Strike Rate** means a three-month EURIBOR rate of 3.5 per cent;

- + **Cash Advance Facility** means the cash advance facility as referred to in Clause 3.1 of the Cash Advance Facility Agreement, in the form of a current account with a credit limit up to the Cash Advance Facility Maximum Amount;

**Cash Advance Facility Agreement** means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;

**Cash Advance Facility Drawing** means a drawing under the Cash Advance Facility;

- \* **Cash Advance Facility Maximum Amount** means (a) on each Notes Calculation Date, the higher of (i) 2.0 per cent. of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes, on such date or (ii) 1.5 per cent. of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes, on the Closing Date;

**Cash Advance Facility Provider** means NV Bank Nederlandse Gemeenten;

**Cash Advance Facility Stand-by Drawing** 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;

**Cash Advance Facility Stand-by Drawing Account** means the bank account of the Cash Advance Facility Provider for the purpose of the Cash Advance Facility Stand-by Drawing;

- \* **Cash Advance Facility Stand-by Drawing Event** means any of the following events: if (a) the rating on any day of the debt obligations of the Cash Advance Facility Provider is below the Requisite Credit Rating or any rating is withdrawn; or (b) the Cash Advance Facility Provider refuses to comply with an Extension Request made pursuant to Clause 3.2 (and as defined therein) of the Cash Advance Facility Agreement; or (c) the Issuer requests that the Cash Advance Facility Provider transfer its rights and obligations under the Cash Advance Facility Agreement to a third party;
- + **CET** means Central European Standard Time which is 1 hours ahead of Greenwich Mean Time;
- + **Class** means either the Class A Notes, the Class B Notes or the Class C Notes;
- + **Class A Additional Amounts** means on any Notes Payment Date after the First Optional Redemption Date, as long as Class A Notes are outstanding, the Available Revenue Funds less any amount drawn under the Reserve Account pursuant to item (vii) of the Revenue Available Amount, remaining after amounts payable under the items (a) to (i) (inclusive) in the Post-First Optional Redemption Date Revenue Priority of Payments have been fully satisfied on such Notes Payment Date;
- + **Class A Additional Amount Payments** means the payments of Class A Additional Amounts to be made *pro rata* and *pari passu* to the Class A1 Noteholders, Class A2 Noteholders and Class A3 Noteholders in accordance with the Post-First Optional Redemption Date Revenue Priority of Payments;
- + **Class A Excess Consideration** means the applicable Class A Step-up Consideration and EURIBOR Excess Consideration;
- + **Class A Excess Consideration Deficiency** means any shortfall reflected in the Class A Excess Consideration Deficiency Ledgers, if any, of the relevant Class A Excess Consideration Deficiency Ledger;
- + **Class A Excess Consideration Deficiency Ledgers** means the Class A1 Excess Consideration Deficiency Ledger, the Class A2 Excess Consideration Deficiency Ledger and the Class A3 Excess Consideration Deficiency Ledger;
- + **Class A Excess Consideration Revenue Shortfall** means on any Notes Calculation Date after the First Optional Redemption Date, an amount equal to the lower of (i) part of the Available Principal Funds remaining (if any) after items (a) and (b) of the Redemption Priority of Payments have been satisfied and (ii) the Class A Excess Consideration due on the Class A Notes on the immediately succeeding Notes Payment Date after application of the Available Revenue Funds;
- + **Class A1 Excess Consideration Deficiency Ledger** means the class A1 excess consideration deficiency ledger relating to the Class A1 Notes;
- + **Class A2 Excess Consideration Deficiency Ledger** means the class A2 excess consideration deficiency ledger relating to the Class A2 Notes;
- + **Class A3 Excess Consideration Deficiency Ledger** means the class A3 excess consideration deficiency ledger relating to the Class A3 Notes;
- Class A Notes** means the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- + **Class A Step-up Consideration** means for the Class A1 Notes, a margin of 0.240 per cent. per annum, for the Class A2 Notes, a margin of 0.330 per cent. per annum and for the Class A3 Notes, a

margin of 0.273 per cent. per annum, multiplied by the Principal Amount Outstanding on the relevant Sub-Class of the Class A Notes, from time to time;

- \* **Class A1 Notes** means the EUR 142,800,000 senior class A1 mortgage-backed notes due 2048;
- \* **Class A2 Notes** means the EUR 257,200,000 senior class A2 mortgage-backed notes due 2048;
- \* **Class A3 Notes** means the EUR 100,000,000 senior class A3 mortgage-backed notes due 2048;
- \* **Class B Notes** means the EUR 113,400,000 mezzanine class B mortgage-backed notes due 2048;
- \* **Class C Notes** means the EUR 9,200,000 subordinated class C notes due 2048;

**Clean-up Call Option** 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 Principal Amount Outstanding of the Mortgage-Backed Notes (in the case of a Principal Shortfall in respect of any Class of Mortgage-Backed Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes on the Closing Date;

**Clearstream, Luxembourg** means Clearstream Banking, société anonyme;

**Closing Date** means 21 June 2016 or such later date as may be agreed between the Issuer and the Seller;

**Code of Conduct** means the Mortgage Code of Conduct (*Gedragcode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*) as amended from time to time;

**Conditions** means the terms and conditions of the Notes set out in Schedule 5 to the Trust Agreement as from time to time modified in accordance with the Trust Agreement and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

- \* **Construction Deposit** means in relation to 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 Originator, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

**Construction Deposit Account** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**Coupons** means the interest coupons appertaining to the Notes;

N/A **CPR**;

- + **CRA Regulation** means Regulation (EU) No 1060/2009 of the European Parliament and of the Council, as amended and as the same may be further amended;

N/A **CRD**;

**Credit Rating Agency** means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's;

**Credit Rating Agency Confirmation** 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:

- (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 **confirmation**);
- (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 **indication**); or
- (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 Class A 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:
  - (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
  - (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;

+ **CRR** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013;

**Cut-Off Date** means 31 May 2016;

+ **Deed of Assignment** means a deed of assignment in the form set out in the Mortgage Receivables Purchase Agreement;

**Deferred Purchase Price** means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;

**Deferred Purchase Price Instalment** 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;

**Definitive Notes** means Notes in definitive bearer form in respect of any Class of Notes;

+ **Delta Lloyd Bank** means Delta Lloyd Bank N.V., a public company with limited liability (*naamloze vennootschap*) organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

+ **Delta Lloyd Levensverzekering** means Delta Lloyd Levensverzekering N.V.;

**Directors** means Intertrust Management B.V. as the sole director of each of the Issuer and the Shareholder and SGG Securitisation Services B.V. as the sole director of the Security Trustee collectively;

**DNB** means the Dutch central bank (*De Nederlandsche Bank N.V.*);

**DSA** means the Dutch Securitisation Association;

**Enforcement Date** means the date of an Enforcement Notice;

**Enforcement Notice** means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (*Events of Default*);

**EONIA** means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;

**EUR** or **euro** 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;

**EURIBOR** has the meaning ascribed to it in Condition 4(e) (*Interest*);

+ **EURIBOR Agreed Rate** means an interest rate equal to one-month EURIBOR up to a maximum rate of 5 per cent. per annum;

+ **EURIBOR Agreed Rate Amount** means the EURIBOR Agreed Rate multiplied by the outstanding Class A Notes;

+ **EURIBOR Excess Consideration** means, if one-month EURIBOR exceeds the EURIBOR Agreed Rate, the relevant one-month EURIBOR rate to the extent it exceeds the EURIBOR Agreed Rate, multiplied by the Principal Amount Outstanding on the relevant Sub-Class of the Class A Notes, from time to time;

**Euroclear** means Euroclear Bank SA/NV as operator of the Euroclear System;

**Euronext Amsterdam** means Euronext in Amsterdam;

**Eurosystem Eligible Collateral** means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;

**Events of Default** means any of the events specified as such in Condition 10 (*Events of Default*);

+ **Excess Interest Rate Cap Collateral** means (x) in respect of the date the Interest Rate Cap Agreement is terminated an amount equal to the amount by which (i) the value of the Credit Support Balance (as defined in the credit support annex forming part of the Interest Rate Cap Agreement) exceeds (ii) the value of the amounts owed by the Interest Rate Cap Provider (if any) to the Issuer pursuant to clause 6(e) of the Interest Rate Cap Agreement, provided that for the purposes of this calculation under this limb (x)(ii) only, the value of the Credit Support Balance (as defined in the credit support annex forming part of the Interest Rate Cap Agreement) shall be deemed to zero and (y) in respect of any other valuation date under the Interest Rate Cap Agreement an amount equal to the amount by which the Credit Support Balance exceeds the Interest Rate Cap Provider's collateral posting requirements under the credit support annex forming part of the Interest Rate Cap Agreement on such date;

**Exchange Date** means the date, not earlier than forty (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;

\* **Extraordinary Resolution** means a resolution adopted at a meeting of Noteholders of a Class duly convened and held by the Noteholders of a Class 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 seventy-five (75) per cent of the validly cast votes;

+ **FATCA Withholding** means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (or regulations thereunder or official

interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);

**Final Maturity Date** means the Notes Payment Date falling in June 2048;

+ **Final Pool** has the meaning ascribed thereto in section 6.1 (*Stratification Tables*);

**First Optional Redemption Date** means the Notes Payment Date falling in June 2021;

**Fitch** means Fitch Ratings Ltd., and includes any successor to its rating business;

**Foreclosure Value** means the foreclosure value of the Mortgaged Asset;

**Further Advance** means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;

**Global Note** means any Temporary Global Note or Permanent Global Note;

+ **Higher Ranking Class** means, in relation to a Class, each Class which has not been previously redeemed or written of and ranks higher in priority to it in the Redemption Priority of Payments than such Class;

**Initial Bank Savings Participation** means (a) on the Closing Date in respect of each Bank Savings Mortgage Receivable assigned to the Issuer on such date, or (b) on the relevant Mortgage Collection Payment Date following a switch from any other type of Mortgage Loan into a Bank Savings Mortgage Loan, an amount equal to the relevant Bank Savings Deposit with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Collection Payment Date, as the case may be;

**Initial Insurance Savings Participation** means (a) on the Closing Date in respect of each Participation-Linked Mortgage Receivable assigned to the Issuer on such date, or (b) on the relevant Mortgage Collection Payment Date following a switch from any type of Mortgage Loan, other than a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element, into a Savings Mortgage Loan or Life Mortgage Loan with a Savings Element, an amount equal to the sum of the Savings Premiums received by the Savings Insurance Company with accrued interest up to the first calendar day of the month of the Closing Date or the relevant Mortgage Collection Payment Date, as the case may be;

+ **Initial Interest Rate Cap Payment** means the premium payment to be made by the Issuer (a) to the Interest Rate Cap Provider on the Closing Date under the Interest Rate Cap Agreement or (b) to a replacement interest rate cap provider upon entry into a replacement interest rate cap agreement;

\* **Initial Purchase Price** means the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date;

**Initial Savings Participation** means an Initial Bank Savings Participation and/or an Initial Insurance Savings Participation;

**Insurance Company** means (a) the Savings Insurance Company or (b) any insurance company established in the Netherlands, other than the Savings Insurance Company;

**Insurance Policy** means a Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy;

**Insurance Savings Participation** means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Life Mortgage Receivable with a Savings Element, an

amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element increased with the Insurance Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;

**Insurance Savings Participation Agreement** means the insurance savings participation agreement between the Issuer, the Savings Insurance Company and the Security Trustee dated the Signing Date;

\* **Insurance Savings Participation Increase** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = Participation Fraction in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;

S = the amount received by the Issuer pursuant to the 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 Life Mortgage Receivable with a Savings Element from the Savings Insurance Company; and

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

**Insurance Savings Participation Redemption Available Amount** has the meaning ascribed thereto in section 7.6 (*Sub-Participation*) of the Prospectus;

**Interest Period** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in September 2016 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

**Interest Rate** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4(f) (*Interest*);

+ **Interest Rate Cap Agreement** means the interest rate cap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) between the Issuer, the Interest Rate Cap Provider and the Security Trustee dated the Signing Date;

+ **Interest Rate Cap Collateral** means, at any time, any cash which is paid or transferred by the Interest Rate Cap Provider to the Issuer as collateral to secure the performance by the Interest Rate Cap Provider of its obligations under the Interest Rate Cap Agreement together with any income or distributions received in respect of such cash;

+ **Interest Rate Cap Collateral Account** means the bank account which is opened by the Issuer in respect of any Interest Rate Cap Collateral;

+ **Interest Rate Cap Provider** means ABN AMRO, in its capacity as interest rate cap provider under the Interest Rate Cap Agreement or its successor or successors or replacement interest rate cap provider pursuant to a novation;

+ **Interest Rate Cap Termination Payment Ledger** means the ledger created in the Issuer Collection Account for the purpose of recording any amounts received by the Issuer from the Interest Rate Cap Provider upon early termination of the Interest Rate Cap Agreement (whether or not through application of any collateral standing to the credit of the Interest Rate Cap Collateral Account);

**Interest-only Mortgage Loan** means a mortgage loan or part thereof in respect of which the

Borrower is not required to repay principal until maturity;

**Interest-only Mortgage Receivable** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

+ **Intermediaries** means independent intermediaries, which include independent financial advisers, underwriting agents (*volmacht*, with respect to general insurance), actuarial consulting firms (with respect to group life insurance) and brokers;

**Investment Mortgage Loan** 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;

**Investment Mortgage Receivable** means the Mortgage Receivable resulting from an Investment Mortgage Loan;

**Issuer** means Arena NHG 2016-I B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organised under Dutch law and established in Amsterdam, the Netherlands;

N/A **Issuer Accounts;**

**Issuer Account Agreement** means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;

**Issuer Account Bank** means NV Bank Nederlandse Gemeenten;

**Issuer Administrator** means Intertrust Administrative Services B.V.;

**Issuer Collection Account** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**Issuer Management Agreement** means the issuer management agreement between the Issuer, Intertrust Management B.V., the Security Trustee and the Seller dated the Signing Date;

**Issuer Mortgage Receivables Pledge Agreement** means the issuer mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

**Issuer Rights** means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement *vis-à-vis* the Seller and the Originator, the Issuer Account Agreement including the Issuer Account Funds *vis-à-vis* the Issuer Account Bank, the Servicing Agreement *vis-à-vis* the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator, the Cash Advance Facility Agreement *vis-à-vis* the Cash Advance Facility Provider, the Interest Rate Cap Agreement *vis-à-vis* the Interest Rate Cap Provider and the Participation Agreements *vis-à-vis* the Bank Savings Participant and the Savings Insurance Company, respectively;

\* **Issuer Rights Pledge Agreement** means the issuer rights pledge agreement to be entered into by the Issuer, the Security Trustee, the Issuer Administrator, the Non-performing Mortgage Loan Servicer, the Interest Rate Cap Provider, the Savings Insurance Company, the Bank Savings Participant, the Servicer, the Seller, the Originator, the Issuer Account Bank and the Cash Advance Facility Provider dated the Signing Date;

\* **Issuer Transaction Account** means any of the Issuer Collection Account, the Construction Deposit Account, the Cash Advance Facility Stand-by Drawing Account, the Interest Rate Cap Collateral Account and the Reserve Account;

**Land Registry** means the Dutch land registry (*het Kadaster*);

**Life Insurance Policy** 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;

**Life Mortgage Loan** 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;

+ **Life Mortgage Loan with a Savings Element** means a Life Mortgage Loan of which the relevant Borrower has opted for a Savings Alternative;

**Life Mortgage Receivable** means the Mortgage Receivable resulting from a Life Mortgage Loan;

**Life Mortgage Receivable with a Savings Element** means a Mortgage Receivable resulting from a Life Mortgage Loan with a Savings Element;

**Linear Mortgage Loan** 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;

**Linear Mortgage Receivable** means a Mortgage Receivable resulting from a Linear Mortgage Loan;

**Listing Agent** means ABN AMRO;

+ **Loan to Foreclosure Value Ratio** means, in case of a sale of a Mortgage Receivable by the Issuer in accordance with Clause 22 of the Trust Agreement on any date, if the foreclosure value was assessed within one year prior to such date, such foreclosure value or, if the foreclosure value was assessed more than one year prior to such date, such foreclosure value indexed to median price levels of the year in which the relevant Quarterly Payment Date falls as reported by the "*Nederlandse Vereniging van Makelaars*" or, in case no such report is available, as reported by any other authoritative organisation in this field;

**Loan Parts** means one or more of the loan parts (*leningdelen*) of which a Mortgage Loan consists;

**Management Agreement** means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

**Manager** means each of ABN AMRO, Rabobank and Société Générale;

**Market Value** means (i) the market value (*marktwaaarde*) 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 the purchase price of the relevant building lot provided that construction costs which do not qualify as a refurbishment or enlargement of the building lot, are capped at 20% of the total construction costs;

**Master Definitions Agreement** means the master definitions agreement between, among others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**Moody's** means Moody's Investors Service Ltd., and includes any successor to its rating business;

**Mortgage** means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivables;

+ **Mortgage-Backed Notes** means the Class A Notes and the Class B Notes jointly;

**Mortgage Calculation Date** means, in relation to a Mortgage Collection Payment Date, the 2nd day prior to such Mortgage Collection Payment Date or, in case such day is not a Business Day, the next succeeding Business Day;

**Mortgage Calculation Period** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of June 2016;

**Mortgage Collection Payment Date** means the 12th day of each calendar month or, in case such day is not a Business Day, the next succeeding Business Day;

**Mortgage Conditions** 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;

+ **Mortgage Loan Amendment** means an amendment by the Originator and the relevant Borrower of the terms of a Mortgage Loan, or part of such Mortgage Loan, as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement;

**Mortgage Loan Criteria** means the criteria relating to the Mortgage Loans set forth as such in section 7.3 (*Mortgage Loan Criteria*) of this Prospectus;

**Mortgage Loan Services** means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

**Mortgage Loans** means the mortgage loans granted by the Originator to the relevant Borrowers which may consist of one or more Loan Parts (*leningdelen*) as set forth in the List of Loans attached to the Mortgage Receivables Purchase Agreement, to the extent not retransferred or otherwise disposed of by the Issuer, which all have the benefit of an NHG Guarantee;

\* **Mortgage Receivable** means any and all rights of the Seller (and after Assignment 2, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (and the Issuer after Assignment 2) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

\* **Mortgage Receivables Purchase Agreement** means the mortgage receivables purchase agreement between the Originator, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**Mortgaged Asset** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpachtsrecht*) situated in the Netherlands on which a Mortgage is vested;

+ **Most Senior Class** means the Class A Notes or if there are no Class A Notes outstanding, the Class B Notes, or if there are no Class B Notes outstanding, the Class C Notes;

**Net Foreclosure Proceeds** 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;

**NHG Conditions** means the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;

**NHG Guarantee** means a guarantee (*borgtocht*) under the NHG Conditions granted by Stichting WEW;

+ **Non-performing Mortgage Loan Servicer** means Delta Lloyd Bank N.V.;

**Non-performing Mortgage Loan Services** means the services to be provided by the Non-performing Mortgage Loan Servicer to the Issuer and the Security Trustee with respect to the Non-performing Mortgage Loans, as set out as such in the Servicing Agreement;

**Noteholders** means the persons who for the time being are the holders of the Notes;

**Notes** means the Class A Notes, the Class B Notes and the Class C Notes;

**Notes Calculation Date** means, in relation to a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;

\* **Notes Calculation Period** means, in relation to a Notes Calculation Date prior to (and excluding) the First Optional Redemption Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on and including the Cut-Off Date and ends on and includes the last day of August and after the First Optional Redemption Date (but including the First Optional Redemption Date), the Mortgage Calculation Period immediately preceding such Notes Calculation Date;

\* **Notes Payment Date** means prior to (and excluding) the First Optional Redemption Date the 17th 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, and after the First Optional Redemption Date (including the First Optional Redemption Date) the 17th day of each month or, if such day is not a Business Day, the immediately succeeding Business Day;

**Notes Purchase Agreement** means the purchase agreement relating to the Notes, between the Issuer, the Seller, the Arranger and the Managers, dated the Signing Date;

**NVM** means the Dutch Association of Real Estate Brokers and Immovable Property Experts (*Nederlandse Vereniging van Makelaars en vastgoeddeskundigen*);

**Optional Redemption Date** means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

N/A **Original Foreclosure Value**;

N/A **Original Market Value**;

**Originator** means Amstelhuys N.V., a public company with limited liability (*naamloze vennootschap*) organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

+ **Originator Collection Account** means the bank account maintained by the Originator with the Originator Collection Account Bank to which payments made by the relevant Borrowers under or in connection with the Mortgage Receivables will be paid;

+ **Originator Collection Account Bank** means ING Bank N.V.;

- + **Originator Collection Account Bank Requisite Credit Rating** means (i) a rating of the short-term, unsecured and unguaranteed debt obligations of the Originator Collection Account Bank of F-2 by Fitch, P-2 by Moody's or (ii) a rating of the long-term, unsecured and unguaranteed debt obligations of the Originator Collection Account Bank falls of A- by Fitch;
  - \* **Other Claim** means any claim the Originator has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;
  - \* **Outstanding Principal Amount** means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b), zero;
- Parallel Debt** has the meaning ascribed thereto in section 4.7 (*Security*) of this Prospectus;
- Parallel Debt Agreement** means the parallel debt agreement between, among others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
- Participant** means each of the Bank Savings Participant and the Savings Insurance Company;
- Participation** means, in respect of each Savings Mortgage Receivable and each Life Mortgage Receivable with a Savings Element, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;
- Participation Agreement** means the Bank Savings Participation Agreement or the Insurance Savings Participation Agreement;
- Participation Fraction** means in respect of each Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and/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 Amount of such Savings Mortgage Receivable, Life Mortgage Receivable with a Savings Element and/or Bank Savings Mortgage Receivable, as the case may be, on the first day of the relevant Mortgage Calculation Period;
- + **Participation-Linked Mortgage Receivable** means each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element;
- Paying Agency Agreement** means the paying agency agreement between the Issuer, the Paying Agents, the Reference Agent, and the Security Trustee dated the Signing Date;
- Paying Agent** means ABN AMRO;
- + **Paying Agents** means ABN AMRO, in its respective capacities as Principal Paying Agent and Paying Agent under the Paying Agency Agreement or its successor or successors;
- Permanent Global Note** means a permanent global note in respect of a Class of Notes;
- Pledge Agreements** means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;
- Pledge Notification Event** means any of the events specified in Clause 5.1 of the Issuer Mortgage Receivables Pledge Agreement;
- + **Post-Enforcement Priorities of Payments** means the Pre-First Optional Redemption Date Post-Enforcement Priority of Payments and the Post-First Optional Redemption Date Post-Enforcement Priority of Payments;
  - + **Post-First Optional Redemption Date Post-Enforcement Priority of Payments** means the priority

of payments upon enforcement set out in section 5.2 (*Priority of Payments*) of this Prospectus applicable after the First Optional Redemption Date;

- + **Post-First Optional Redemption Date Revenue Priority of Payments** means the revenue priority of payments set out in section 5.2 (*Priority of Payments*) of this Prospectus applicable after the First Optional Redemption Date;
- + **Post-FORD Mortgage Interest Rate** means the interest rate of a Mortgage Receivable that has a reset date after the First Optional Redemption Date of at least one-month EURIBOR plus 43 basis points;
- + **Pre-First Optional Redemption Date Post-Enforcement Priority of Payments** means the priority of payments upon enforcement set out in section 5.2 (*Priority of Payments*) of this Prospectus applicable until and including the First Optional Redemption Date;
- + **Pre-First Optional Redemption Date Revenue Priority of Payments** means the revenue priority of payments set out in section 5.2 (*Priority of Payments*) of this Prospectus applicable until and including the First Optional Redemption Date;

**Prepayment Penalties** means any prepayment penalties (*boeterente*) 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;

**Principal Amount Outstanding** has the meaning ascribed to it in Condition 6(g)(vi) (*Definitions*);

**Principal Deficiency** means the debit balance, if any, of the relevant Principal Deficiency Ledger;

**Principal Deficiency Ledger** means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

**Principal Paying Agent** means ABN AMRO;

**Principal Shortfall** means an amount equal to the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Notes Payment Date divided by the number of the Notes of the relevant Class on such Notes Payment Date;

- \* **Priority of Payments** means any of the Pre-First Optional Redemption Date Revenue Priority of Payments, the Post-First Optional Redemption Date Revenue Priority of Payments, Redemption Priority of Payments, Pre-First Optional Redemption Date Post-Enforcement Priority of Payments or Post-First Optional Redemption Date Post-Enforcement Priority of Payments in respect of which the Available Revenue Funds is applied as set out in the Trust Agreement;

**Prospectus** means this prospectus dated 17 June 2016 relating to the issue of the Notes;

**Prospectus Directive** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

- + **Rabobank** means Coöperatieve Rabobank U.A., incorporated under the laws of the Netherlands as a cooperative (*coöperatie*), having its corporate seat in Amsterdam, the Netherlands;

**Realised Loss** has the meaning ascribed thereto in section 5.3 (*Loss allocation*) of this Prospectus;

**Redemption Amount** means the principal amount redeemable in respect of a Note as defined in Condition 6(g)(vii) (*Definitions*);

**Redemption Priority of Payments** means the priority of payments set out as such in section 5.2 (*Priority of Payments*) of this Prospectus;

**Reference Agent** means ABN AMRO;

+ **Regulatory Call Option** has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*);

**Regulatory Change** has the meaning given thereto in section 7.1 (*Purchase, Repurchase and Sale*);

**Requisite Credit Rating** means (i) a rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the relevant entity are assigned a rating of no less than F1 by Fitch or P-1 by Moody's (ii) a long-term issuer default rating of at least A by Fitch or (iii) such other lower rating or ratings as may be agreed by the relevant Credit Rating Agency as would maintain the then current ratings of the Class A Notes;

**Reserve Account** means the bank account of the Issuer, designated as such in the Issuer Account Agreement;

+ **Reserve Account Required Amount** means on any Notes Calculation Date a level equal (a) 1.5% of the aggregate Principal Amount Outstanding of the Mortgage-Backed Notes, on the Closing Date or (b) zero, on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full;

\* **Reserve Fund** means, at any time, the amount standing to the credit of the Reserve Account;

\* **Retained Notes** means the Class B Notes and the Class C Notes;

\* **Revenue Priorities of Payments** means the Post-First Optional Redemption Date Revenue Priority of Payments and the Pre-First Optional Redemption Date Revenue Priority of Payments;

N/A **Risk Insurance Policy**;

N/A **RMBS Standard**;

+ **Savings Alternative** means, in respect of the alternative under a Savings Investment Policy under which a certain pre-agreed amount to be received upon payout of the policy with, in such case, the Savings Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of investment are equal to the amount due by the Borrower to the Originator at maturity of (part of) the relevant Life Mortgage Loan;

**Savings Insurance Company** means Delta Lloyd Levensverzekering N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*);

**Savings Insurance Policy** 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;

**Savings Investment Insurance Policy** means an insurance policy taken out by any Borrower, in connection with a Life Mortgage Loan with a Savings Element, 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;

**Savings Mortgage Loan** 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 Savings Insurance Company;

**Savings Mortgage Receivable** means the Mortgage Receivable resulting from a Savings Mortgage Loan;

- \* **Savings Premium** means the savings part of the premium due and any extra saving mounts 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 and to be paid to the Issuer under the Insurance Savings Participation Agreement;

**Secured Creditors** means (a) the Noteholders under the Notes (b) the Directors under the Management Agreements, (c) the Servicer, the Non-performing Mortgage Loan Servicer and the Issuer Administrator under the Servicing Agreement, (d) the Paying Agents and the Reference Agent under the Paying Agency Agreement, (e) the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (f) the Seller under the Mortgage Receivables Purchase Agreement, (g) the Subordinated Loan Provider under the Subordinated Loan Agreement, (h) the Savings Insurance Company under the Insurance Savings Participation Agreement, (i) the Bank Savings Participant under the Bank Savings Participation Agreement, (j) the Interest Rate Cap Provider under the Interest Rate Cap Agreement and (k) the Issuer Account Bank under the Issuer Account Agreement;

**Securities Act** means the United States Securities Act of 1933 (as amended);

**Security** means any and all security interest created pursuant to the Pledge Agreements;

**Security Trustee** means Stichting Security Trustee Arena NHG 2016-I, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

**Security Trustee Management Agreement** means the security trustee management agreement between the Security Trustee, SGG Securitisation Services B.V., the Issuer and the Seller dated the Signing Date;

**Seller** means Delta Lloyd Bank;

**Servicer** means Delta Lloyd Bank;

- \* **Servicing Agreement** means the agreement titled "Issuer Services Agreement" between the Issuer Administrator, the Servicer, the Non-performing Mortgage Loan Servicer, the Originator, the Issuer and the Security Trustee dated the Signing Date;

**Shareholder** means Stichting Holding Arena NHG 2016-I, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

**Shareholder Management Agreement** means the shareholder management agreement between the Shareholder, Intertrust Management B.V., the Security Trustee and the Seller dated the Signing Date;

**Signing Date** means 17 June 2016 or such later date as may be agreed between the Issuer and the Seller;

- + **Société Générale** means Société Générale, a credit institution (bank) organised under the laws of France with its registered office at 29, boulevard Haussmann, 75009 Paris, France;
- + **Solvency II Regulation** 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 Insurance and Reinsurance;
- + **Stater** means Stater Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*);

**Stichting WEW** means Stichting Waarborgfonds Eigen Woningen;

+ **SRM Regulation** or **Single Resolution Mechanism Regulation** 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, and the rules and regulations promulgated pursuant thereto;

+ **Sub MPT Provider** means Stater or any subsequent sub-agent of the Servicer;

**Subordinated Loan** means the subordinated loan to be provided by the Subordinated Loan Provider on the Closing Date pursuant to the Subordinated Loan Agreement;

**Subordinated Loan Agreement** means the subordinated loan agreement between the Subordinated Loan Provider, the Issuer and the Security Trustee dated the Signing Date;

**Subordinated Loan Provider** means Delta Lloyd Bank;

N/A **Sub-servicer**;

**TARGET 2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

**TARGET 2 Settlement Day** means any day on which TARGET 2 is open for the settlement of payments in euro;

**Tax Change** has the meaning given thereto in Condition 6(f);

+ **Tax Credit** has the meaning ascribed to it in the Interest Rate Cap Agreement;

**Temporary Global Note** means a temporary global note in respect of a Class of Notes;

**Transaction Documents** means the Mortgage Receivables Purchase Agreement, the Deposit Agreement, the Deed of Assignment, the Master Definitions Agreement, the Servicing Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Trust Agreement, the Participation Agreements, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Management Agreements, the Beneficiary Waiver Agreement, the Subordinated Loan Agreement, the Interest Rate Cap Agreement and the Parallel Debt Agreement;

**Trust Agreement** means the trust agreement entered into by the Issuer, the Shareholder and the Security Trustee dated the Closing Date;

**Unit-Linked Alternative** has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*) of this Prospectus;

**Wft** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time; and

**WOZ** means the Dutch Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) as amended from time to time.

## 2. INTERPRETATION

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.

2.2 Any reference in this Prospectus to:

a “Class” of Notes shall be construed as a reference to the Class A Notes, Class B Notes or Class C Notes, as applicable;

a “Class A” or “Class B” or “Class C” Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Deficiency Limit or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, a Principal Deficiency Limit, the Principal Deficiency Ledger or a Redemption pertaining to, as applicable, the relevant Class of Notes;

“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” shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order 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, statute or treaty 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 surséance 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”, “directive”, “regulation” or “treaty” shall be construed as a reference to such statute, directive or regulation 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.

- 2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and vice versa.
- 2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## 10. REGISTERED OFFICES

### ISSUER

**Arena NHG 2016-I B.V.**  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### SELLER

**Delta Lloyd Bank N.V.**  
Omval 300  
1096 HP Amsterdam  
The Netherlands

### SECURITY TRUSTEE

**Stichting Security Trustee Arena NHG 2016-I**  
Hoogoorddreef 15  
1101 BA Amsterdam  
The Netherlands

### SERVICER and NON-PERFORMING MORTGAGE

#### LOAN SERVICER

**Delta Lloyd Bank N.V.**  
Omval 300  
1096 HP Amsterdam  
The Netherlands

### ISSUER ADMINISTRATOR

**Intertrust Administrative Services B.V.**  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### PRINCIPAL PAYING AGENT and REFERENCE AGENT

**ABN AMRO BANK N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

### PAYING AGENT

**ABN AMRO BANK N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

### COMMON SAFEKEEPER

*In respect of the Class A Notes:*  
**Euroclear Bank S.A/N.V.**  
1 Boulevard de Roi Albert II  
1210 Brussels  
Belgium

*In respect of the Notes (other than the Class A Notes):*  
**Bank of America National Association, London  
Branch**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

### ARRANGER AND MANAGER

**ABN AMRO BANK N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

### MANAGER

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

### MANAGER

**Coöperatieve Rabobank U.A.**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**AUDITORS**

**Ernst & Young Accountants LLP**  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

**TAX ADVISER**

**Meijburg & Co.**  
Laan van Langerhuize 9  
1186 DS Amstelveen  
The Netherlands

**LEGAL ADVISERS**

**To the Seller:**

**Allen & Overy LLP**  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

**To the Arranger and Managers:**

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

**LISTING AGENT**

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands