

## IMPORTANT NOTICE

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**IF YOU ARE A RETAIL INVESTOR, DO NOT CONTINUE**

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THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Prohibition of sales to EEA retail investors:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

**Confirmation of your Representation:** In order to be eligible to view this prospectus or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). If this prospectus is being sent at your request, by accepting the e-mail and accessing this prospectus, you shall be deemed to have represented to us that you are not a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. (including, but not limited to, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any States of the United States or the District of Columbia and that you consent to delivery of such

prospectus by electronic transmission.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this prospectus to any other person.

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

This prospectus is obtained by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Lowland Mortgage Backed Securities 5 B.V. nor de Volksbank N.V. nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from Lowland Mortgage Backed Securities 5 B.V. or de Volksbank N.V.

**PROSPECTUS DATED 18 May 2018**  
**LOWLAND MORTGAGE BACKED SECURITIES 5 B.V.**

as Issuer

(incorporated with limited liability in the Netherlands)

	<b>Class A1</b>	<b>Class A2</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>
<b>Principal Amount</b>	EUR 212,700,000	EUR 4,411,700,000	EUR 127,300,000	EUR 140,700,000	EUR 80,400,000	EUR 53,800,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Floating rate Notes</b> Euribor for one month's deposit plus a margin, with a minimum interest rate of 0 per cent. per annum	margin: 0.5 per cent. p.a.	N/A	N/A	N/A	N/A	N/A
<b>Fixed rate Notes - interest rate</b>	N/A	1.0 per cent. p.a.	N/A	N/A	N/A	N/A
<b>Expected credit ratings (Fitch/Moody's)</b>	AAAsf / Aaa(sf)	AAAsf / Aaa(sf)	AAAsf / Aa3(sf)	AA-sf / A2(sf)	A-sf / Baa1(sf)	BB+sf / Not rated
<b>First Notes Payment Date</b>	June 2018	June 2018	June 2018	June 2018	June 2018	June 2018
<b>First Optional Redemption Date</b>	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023
<b>Final Maturity Date</b>	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055

<b>Seller</b>	de Volksbank N.V. ( <b>de Volksbank</b> ).
<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 comprising mortgage loans originated by de Volksbank and secured over residential properties located in the Netherlands. Legal title to the resulting Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, the Issuer will purchase and accept assignment of Further Advance Receivables and New Mortgage Receivables from the Closing Date until (but excluding) the First Optional Redemption 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, the Beneficiary Rights, the Issuer Rights and the Securities (see section 4.7 ( <i>Security</i> )).
<b>Denomination</b>	The Notes will have a denomination of EUR 100,000.

<b>Form</b>	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest</b>	The Class A1 Notes will carry a floating rate of interest as set out above, payable in arrear on each Notes Payment Date. The Class A2 Notes will carry a fixed rate of interest as set out above, payable in arrear on each Notes Payment Date. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not carry any interest. See further section 4.1 ( <i>Terms and Conditions</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 (but not some only) of the Notes. See further section 4.1 ( <i>Terms and Conditions</i> ), Condition 6 ( <i>Redemption</i> ).
<b>Subscription and sale</b>	The Manager has agreed to purchase the Notes on the Closing Date, subject to certain conditions precedent being satisfied.
<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>Credit Ratings</b>	<p>Credit ratings will be assigned to the Notes, other than the Class E Notes, as set out above on or before the Closing Date. It is not a condition precedent for the issuance of the Notes (other than the Class A Notes) that the credit ratings assigned to the Notes (other than the Class A Notes) are the expected credit ratings.</p> <p>The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class of Notes held by such Noteholder by the Final Maturity Date.</p> <p><b>The assignment of credit ratings to the Notes, other than the Class E Notes, is not a recommendation to invest in the 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 Notes.</b></p>
<b>Listing</b>	<p>Application has been made to Euronext Amsterdam for the Class A1 Notes and the Class A2 Notes to be admitted to the official list and trading on its regulated market. The Class A1 Notes and Class A2 Notes are expected to be listed on the Closing Date. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not be listed.</p> <p>This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow it to be Eurosystem Eligible Collateral. 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 Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.
<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer 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 principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated and may be limited as more fully described in the section 4.1 ( <i>Terms and Conditions</i> ).
<b>Retention undertaking</b>	<p>de Volksbank, in its capacity as Seller, has undertaken to the Issuer and the Security Trustee that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5 per cent., in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation. See section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p> <p>The Seller has also undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, Articles 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation, which information can be obtained from the Seller upon request. Each prospective Noteholder should ensure that it complies with the CRR, the AIFMR or the Solvency II Regulation to the extent they apply to such Noteholder.</p>

**For a discussion 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 to ensure that the correct technical meaning is ascribed to them under applicable law.

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 9.1 (*Definitions*) of the *Glossary of Defined Terms* set out in this Prospectus.

The principles of interpretation set out in paragraph 9.2 (*Interpretation*) of the *Glossary of Defined Terms* in this Prospectus shall apply to this Prospectus.

The date of this Prospectus is 18 May 2018.

**Manager and Arranger**

**de Volksbank**

## IMPORTANT INFORMATION AND 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 import of such information. Any information from third-parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

The Seller is also responsible for the information contained in the following sections of this Prospectus: all paragraphs dealing with article 405 of the CRR, article 51 of the AIFMR and articles 254 and 256 of the Solvency II Regulation, section 1.6 (*Portfolio Information*), section 3.4 (*Seller*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification tables*), 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing*), section 6.4 (*Dutch residential mortgage market*) and section 6.5 (*NHG Guarantee Programme*). 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 and specified as such in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

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 and the Manager.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of any information contained in this Prospectus.

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in section 4.3 (*Subscription and sale*).

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

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus. Neither the Issuer nor the Seller has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading.

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

The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the

Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act (see section 4.3 (*Subscription and sale*)).

ABN AMRO Bank N.V. has been engaged by the Issuer (i) as Paying Agent for the Notes, upon the terms and subject to the conditions set out in the Paying Agency Agreement, for the purpose of paying sums due on the Notes and of performing all other obligations and duties imposed on it by the Conditions and the Paying Agency Agreement, (ii) as Reference Agent to perform the duties expressed to be performed by it in Condition 4 and (iii) as Listing Agent for the Notes and is not itself seeking admission of the Notes to Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive. ABN AMRO Bank N.V. in its capacity of Paying Agent, Reference Agent and Listing Agent is acting for the Issuer only and will not regard any other person as its client in relation to the offering of the Notes, other than the Security Trustee in accordance with the Trust Deed and the Paying Agency Agreement. Neither ABN AMRO Bank N.V. nor any of its directors, officers, agents or employees makes any representation or warranty, express or implied, or accepts any responsibility, as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Issuer or the offering of the Notes. Accordingly, ABN AMRO Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise, in respect of this Prospectus and or any such other statements.

## TABLE OF CONTENTS

1.	TRANSACTION OVERVIEW.....	10
	1.1 Structure diagram.....	11
	1.2 Risk factors.....	12
	1.3 Principal parties.....	13
	1.4 Notes.....	15
	1.5 Credit structure.....	23
	1.6 Portfolio information.....	26
	1.7 Portfolio documentation.....	29
	1.8 General.....	34
2.	RISK FACTORS.....	35
3.	PRINCIPAL PARTIES.....	70
	3.1 Issuer.....	70
	3.2 Shareholder.....	73
	3.3 Security Trustee.....	74
	3.4 Seller.....	76
	3.5 Servicer.....	79
	3.6 Issuer Administrator.....	80
	3.7 Other parties.....	81
4.	NOTES.....	83
	4.1 Terms and Conditions.....	83
	4.2 Form.....	98
	4.3 Subscription and sale.....	100
	4.4 Regulatory and industry compliance.....	104
	4.5 Use of proceeds.....	105
	4.6 Taxation in the Netherlands.....	106
	4.7 Security.....	109
5.	CREDIT STRUCTURE.....	112
	5.1 Available funds.....	112
	5.2 Priorities of Payments.....	120
	5.3 Loss allocation.....	122
	5.4 Hedging.....	123
	5.5 Liquidity support.....	124
	5.6 Issuer accounts.....	125
	5.7 Administration Agreement.....	127
	5.8 Repo Agreement and Custody Agreement.....	129
6.	PORTFOLIO INFORMATION.....	131
	6.1 Stratification tables.....	131
	6.2 Description of Mortgage Loans.....	149
	6.3 Origination and servicing.....	153
	6.4 Dutch residential mortgage market.....	155
	6.5 NHG Guarantee programme.....	159



7.	PORTFOLIO DOCUMENTATION.....	163
	7.1 Purchase, repurchase and sale .....	163
	7.2 Representations and warranties.....	167
	7.3 Mortgage Loan Criteria .....	171
	7.4 Portfolio conditions .....	172
	7.5 Servicing Agreement .....	175
	7.6 Sub-Participations .....	176
8.	GENERAL.....	180
9.	GLOSSARY OF DEFINED TERMS .....	183
	9.1 Definitions .....	183
	9.2 Interpretation .....	218
10.	REGISTERED OFFICES.....	220

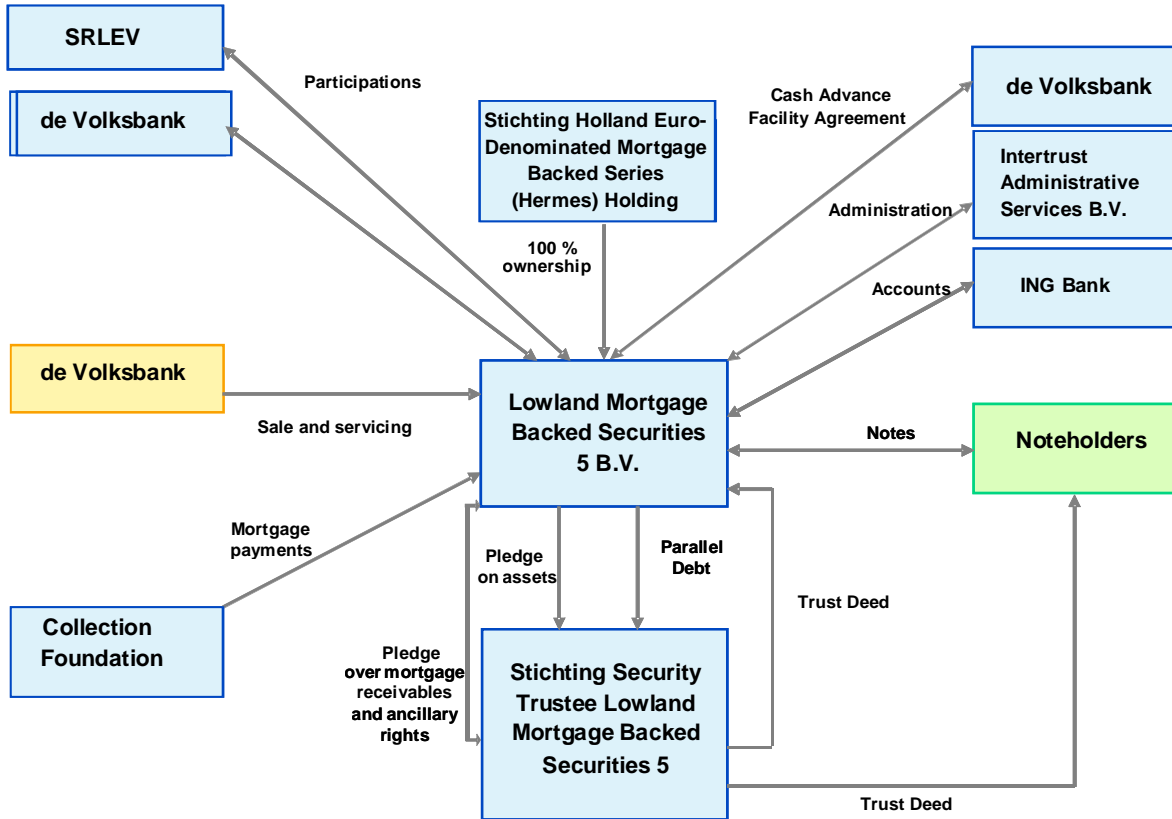
## **1. TRANSACTION OVERVIEW**

*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 amendment and/or any supplement thereto and any documents incorporated by reference therein.*

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Relevant Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity that has prepared the information in this section, but only if such information is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.

## 1.1 Structure diagram

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. 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 mitigants, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk (if any) relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the Mortgage Receivables and the Mortgaged Assets (see section 2 (*Risk Factors*)).

### 1.3 Principal parties

#### PARTIES:

<b>Issuer:</b>	Lowland Mortgage Backed Securities 5 B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 71112820. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding, organised under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 34157955.
<b>Security Trustee:</b>	Stichting Security Trustee Lowland Mortgage Backed Securities 5, organised under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 71547711.
<b>Seller:</b>	de Volksbank N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), having its corporate seat in Utrecht and registered with the Commercial Register of the Chamber of Commerce under number 16062338.
<b>Servicer:</b>	de Volksbank.
<b>Issuer Administrator:</b>	Intertrust Administrative Services B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 33210270.
<b>Cash Advance Facility Provider:</b>	de Volksbank.
<b>Issuer Account Bank:</b>	ING Bank N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 33031431.

<b>Custodian</b>	ING Bank.
<b>Repo Counterparty</b>	de Volksbank.
<b>Collection Foundation:</b>	Stichting Hypotheken Incasso, organised under Dutch law as a foundation ( <i>stichting</i> ) and having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 52181553.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer, and SGG Securitisation Services B.V., the sole director of the Security Trustee and Intertrust (Netherlands) B.V., the sole director of the Shareholder, each incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), having its corporate seat in Amsterdam.
<b>Paying Agent:</b>	ABN AMRO Bank N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 34334259.
<b>Reference Agent:</b>	ABN AMRO Bank.
<b>Listing Agent:</b>	ABN AMRO Bank.
<b>Arranger</b>	de Volksbank.
<b>Manager</b>	de Volksbank.
<b>Insurance Savings Participant:</b>	SRLEV N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), having its corporate seat in Alkmaar and registered with the Commercial Register of the Chamber of Commerce under number 34297413.
<b>Bank Savings Participant:</b>	de Volksbank.
<b>Common Safekeeper:</b>	Clearstream, Luxembourg in respect of the Class A Notes.  Bank of America National Association, London Branch in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

## 1.4 Notes

	<b>Class A1</b>	<b>Class A2</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>
<b>Principal Amount</b>	EUR 212,700,000	EUR 4,411,700,000	EUR 127,300,000	EUR 140,700,000	EUR 80,400,000	EUR 53,800,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Floating rate Notes</b> Euribor for one month's deposit plus a margin, with a minimum interest rate of 0 per cent. per annum	margin: 0.5 per cent. p.a.	N/A	N/A	N/A	N/A	N/A
<b>Fixed rate Notes - interest rate</b>	N/A	1.0 per cent. p.a.	N/A	N/A	N/A	N/A
<b>Interest accrual</b>	Act/360	30/360	N/A	N/A	N/A	N/A
<b>Expected credit ratings (Fitch/Moody's)</b>	AAAsf / Aaa(sf)	AAAsf / Aaa(sf)	AAAsf / Aaa3(sf)	AA-sf / A2(sf)	A-sf / Baa1(sf)	BB+sf / NR
<b>Notes Payment Dates</b>	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following
<b>Redemption</b>	Mandatory redemption on each Notes Payment Date by application of the Floating Rate Available Principal Funds and, upon redemption in full of the Class A2 Notes, any Fixed Rate Available Principal Funds	Mandatory redemption on each Notes Payment Date by application of the Fixed Rate Available Principal Funds and, upon redemption in full of the Class A1 Notes, any Floating Rate Available Principal Funds	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes and the Class B Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes, the Class B Notes and the Class C Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been fully redeemed
<b>First Optional Redemption Date</b>	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023	Notes Payment Date falling in May 2023
<b>Final Maturity Date</b>	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055	Notes Payment Date falling in May 2055
<b>Subordination</b>	Class B Notes, Class C Notes, Class D Notes and Class E Notes	Class B Notes, Class C Notes, Class D Notes and Class E Notes	Class C Notes, Class D Notes and Class E Notes	Class D Notes and Class E Notes	Class E Notes	Not applicable

**Notes:**

The Notes shall be the following classes of notes of the

Issuer, which are expected to be issued on or about the Closing Date:

- (i) the Class A Notes, consisting of two sub-classes: the Class A1 Notes and the Class A2 Notes;
- (ii) the Class B Notes;
- (iii) the Class C Notes;
- (iv) the Class D Notes; and
- (v) the Class E Notes.

**Issue Price:**

The issue prices of each Class or Sub-Class of Notes, as applicable, will be as follows:

- (i) the Class A1 Notes 100 per cent.;
- (ii) the Class A2 Notes 100 per cent.;
- (iii) the Class B Notes 100 per cent.;
- (iv) the Class C Notes 100 per cent.;
- (v) the Class D Notes 100 per cent.; and
- (vi) the Class E Notes 100 per cent.

**Form:**

The Notes are in bearer form and in the case of Notes in definitive form, serially numbered with coupons attached.

**Denomination:**

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

**Status and Ranking:**

The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes, (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal, and, in certain circumstances, interest on the Class A Notes and payments of principal on the Class B Notes, (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes, and payments of principal on the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes and payments of principal on the Class B Notes, the Class C Notes and the Class D Notes.

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



**Interest:**

The Class A1 Notes will carry a floating rate of interest, payable in arrear on each Notes Payment Date. The Class A2 Notes will carry a fixed rate of interest, payable in arrear on each Notes Payment Date. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not carry any interest. See further section 4.1 (*Terms and Conditions*) and Condition 4 (*Interest*).

Interest on the Class A1 Notes and the Class A2 Notes is payable by reference to successive Notes Calculation Periods.

Interest on the Class A1 Notes and the Class A2 Notes will be payable in arrear in euros in respect of the Principal Amount Outstanding of each of such Notes, on each Notes Payment Date.

The interest on the Class A1 Notes will be calculated on the basis of the actual days elapsed in each applicable Notes Calculation Period divided by 360 days.

The interest on the Class A2 Notes will be calculated on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30-day months) in each applicable Notes Calculation Period divided by 360 days, provided that the number of days in each Notes Calculation Period shall be calculated as if the relevant Notes Payment Dates were not subject to adjustment.

The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not bear any interest.

**Floating rate of interest on the Class A1 Notes:**

*Interest on the Class A1 Notes until the First Optional Redemption Date*

Interest on the Class A1 Notes for each Notes Calculation Period will accrue at an annual rate equal to the sum of Euribor for one month deposits in euros (determined in accordance with Condition 4(d)), plus a margin which will be 0.5 per cent. per annum, with a minimum interest rate of 0 per cent. per annum.

*Interest on the Class A1 Notes from the First Optional Redemption Date*

Interest on the Class A1 Notes for each Notes Calculation Period will accrue at an annual rate equal to the sum of Euribor for one month deposits in euros (determined in accordance with Condition 4(d)), plus a margin which will be 0.5 per cent. per annum, with a minimum interest rate of 0 per cent. per annum.

**Fixed rate of interest on Class A2**

Interest on the Class A2 Notes will accrue at a fixed

**Notes**

rate of 1 per cent. per annum.

**Mandatory Redemption of the Notes:**

The Issuer will be obliged to apply an amount equal to the Available Principal Funds (consisting of the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds and excludes all amounts applied towards the purchase of New Mortgage Receivables and/or Further Advance Receivables or reserved for such purpose), to redeem, whether in full or in part, at their respective Principal Amount Outstanding, the Notes on each Notes Payment Date on a *pro rata* basis within a Class or Sub-Class, as applicable. The Notes will be redeemed in the following order:

- (i) *first*, (a) an amount equal to the Floating Rate Available Principal Funds will be applied in or towards satisfaction of amounts due under the Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Class A2 Notes until fully redeemed and (b) an amount equal to the Fixed Rate Available Principal Funds will be applied in or towards satisfaction of amounts due under the Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Class A1 Notes until fully redeemed; and
- (ii) *second*, the Class B Notes until fully redeemed, and, thereafter,
- (iii) *third*, the Class C Notes until fully redeemed and, thereafter,
- (iv) *fourth*, the Class D Notes until fully redeemed and, thereafter,
- (v) *fifth*, the Class E Notes until fully redeemed.

**Optional Redemption of the Notes:**

Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, but not some only, on each Optional Redemption Date at their Principal Amount Outstanding less (i) in the case of the Class B Notes, a Class B Principal Shortfall (if any), (ii) in the case of the Class C Notes, a Class C Principal Shortfall (if any), (iii) in the case of the Class D Notes, a Class D Principal Shortfall (if any) and (iv) in the case of the Class E Notes, a Class E Principal Shortfall (if any), all subject to and in accordance with the Conditions, in particular Conditions 6(d) and 9(a).

**Redemption of the Notes on the Final Maturity Date:**

Unless previously redeemed, the Issuer will, subject to and in accordance with Condition 9(a), redeem all of the Notes at their respective Principal Amount Outstanding, less (i) in the case of the Class B Notes, a Class B Principal Shortfall (if any), (ii) in the case of the Class C Notes, a Class C Principal Shortfall (if any), (iii) in the case of the Class D Notes, a Class D Principal Shortfall (if any) and (iv) in the case of the Class E Notes, a Class E Principal Shortfall (if any), all subject to and in accordance with the Conditions, on

the Final Maturity Date. The Class A Notes may not be redeemed with a principal shortfall.

**Redemption for tax reasons:**

Pursuant to Condition 6(e), (i) if the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the application of the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and (ii) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and, to the extent applicable, interest, due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class or Sub-Class of Notes in accordance with the Trust Deed then the Issuer has the option to redeem the Notes, in whole but not in part, on any Notes Payment Date at their Principal Amount Outstanding, subject to and in accordance with Condition 9(a), together with interest accrued up to and including the date of redemption. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

**Retention and disclosure requirements under the CRR, the AIFMR and the Solvency II Regulation:**

In respect of the issue of the Notes, de Volksbank in its capacity as Seller shall retain, for as long as the Notes are outstanding, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less than five (5) per cent in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation.

The Notes Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, articles 408 and 409 of the CRR and articles 254 and 256 paragraph (3) sub (a) up to and including sub (c) and sub (e) of the Solvency II 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 Article 405 up to and including 409 of the CRR, Article 51 and 52

of the AIFMR and Article 254 and 256 of the Solvency II Regulation (see section 8 (*General*) and section 4.4 (*Regulatory and Industry Compliance*) for more details).

**Use of proceeds:**

The Issuer will use the net proceeds from the issue of the Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables pursuant to the provisions of the Mortgage Receivables Purchase Agreement and made between each of the Seller, the Issuer and the Security Trustee.

**Withholding Tax:**

All payments of, or in respect of, principal and, to the extent applicable, interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands (or any other jurisdiction), 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.

**FATCA Withholding:**

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.

**Method of Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and, to the extent applicable, interest, on the Notes will be made in euros to the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.

**Security for the Notes:**

The Notes will have the benefit of:

(i) 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) upon written notification thereof to the relevant Insurance Companies, the Beneficiary Rights (to the extent legally possible); and

(ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights and the Securities.

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, *inter alia*, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made in accordance with the Post-Enforcement Priority of Payments subject to certain amounts which will be paid outside the Post-Enforcement Priority of Payments. See further section 5 (*Credit Structure*) and section 4.7 (*Security*).

**Security over Collection  
Foundation Accounts balances:**

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

**Parallel Debt Agreement:**

On the Signing Date, *inter alia*, the Issuer and the Security Trustee 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.

**Paying Agency Agreement:**

On the Signing Date the Issuer and the Security Trustee will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

**Listing:**

Application has been made to Euronext Amsterdam for the Class A1 Notes and the Class A2 Notes to be admitted to the official list and trading on its regulated market. The Class B Notes, Class C Notes, Class D Notes and Class E Notes will not be listed.

**Credit ratings:**

It is a condition precedent to issuance that each of the Class A1 Notes and the Class A2 Notes, on issue, be assigned a 'AAAsf' credit rating by Fitch and a 'Aaa(sf)' credit rating by Moody's. It is expected that the Class B

Notes, on issue, be assigned a 'AAAsf' credit rating by Fitch and a 'Aa3(sf)' credit rating by Moody's, the Class C Notes, on issue, be assigned a 'AA-sf' credit rating by Fitch and a 'A2(sf)' credit rating by Moody's, the Class D Notes, on issue, be assigned a 'A-sf' credit rating by Fitch and a 'Baa1(sf)' credit rating by Moody's, the Class E Notes, on issue, be assigned a 'BB+sf' credit rating by Fitch and will not be rated by Moody's. The Credit Rating Agencies are registered as credit rating agencies under the CRA Regulation. It is not a condition precedent for the issuance of the Notes (other than the Class A Notes) that the credit ratings assigned to the Notes (other than the Class A Notes) are the expected credit ratings.

**Settlement:**

Euroclear and/or Clearstream, Luxembourg.

**Governing Law:**

The Notes will be governed by and construed in accordance with Dutch law.

**Selling Restrictions:**

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 (*Subscription and sale*).

## 1.5 Credit structure

### Available Funds:

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Participation Agreements and the Issuer Collection Account, to make payments of, *inter alia*, principal and, to the extent applicable, interest due in respect of the Notes.

### Priority of Payments:

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 (*Credit Structure*) below) and the right to payment of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to the Class A Notes and limited as more fully described herein under section 5 (*Credit Structure*) and section 4.1 (*Terms and Conditions*).

### Cash Advance Facility Agreement:

On the Signing Date, the Issuer will enter into the Cash Advance Facility Agreement with a term of 364 days with the Cash Advance Facility Provider 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 (*Credit Structure*).

Since a Cash Advance Facility Stand-by Drawing Event will have occurred and is continuing on the Closing Date, the Issuer will on the Closing Date make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger.

### Issuer Accounts:

The Issuer shall maintain with the Issuer Account Bank the following accounts:

- (i) the Issuer Collection Account, to which all amounts of interest, Prepayment Penalties and principal received under the Mortgage Receivables will be transferred; and
- (ii) the Construction Deposit Account, to which the amounts equal to the aggregate Construction Deposits which are withheld by the Issuer from the relevant Initial Purchase Price, if any, shall be deposited.

### Issuer Account Agreement:

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Signing Date, under which the Issuer Account Bank will agree to pay a rate of interest on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference

to EONIA or (ii) subject to certain conditions being met, as otherwise reasonable determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement.

In the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

**Collection Foundation:**

All payments to be made by the Borrowers in respect of the Mortgage Receivables will be made or have been directed to be made into the Collection Foundation Accounts.

**Administration Agreement:**

Under the terms of the Administration Agreement between the Issuer, the Issuer Administrator and the Security Trustee, 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 and in connection with the Financial Collateral Agreements.

**Set-off Financial Collateral Agreement:**

On or about the Signing Date, the Issuer will enter into the Set-Off Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller undertakes, subject to certain rating triggers, to transfer collateral to the Issuer in order to mitigate the risk of set-off by Borrowers with amounts standing to the credit of current accounts or deposits held with the Seller. See section 5.1 (*Available Funds*).

On the Closing Date, de Volksbank's long-term unsecured, unsubordinated and unguaranteed debt obligations are rated (i) 'A3' (stable) by Moody's and (ii) in respect of Fitch, (x) de Volksbank's long-term issuer default rating is 'A-' (stable) by Fitch and (y) de Volksbank's short-term issuer default rating is 'F2' by Fitch. The Seller shall therefore transfer Eligible Collateral to the Issuer Collection Account in accordance with the Set-Off Financial Collateral Agreement on the Closing Date.

**Commingling Financial Collateral Agreement:**

On or about the Signing Date, the Issuer will enter into the Commingling Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller undertakes, subject to certain rating triggers, to transfer collateral to the Issuer in order to mitigate the potential commingling risk that any amounts received by the Collection Foundation in respect of the Mortgage Receivables are not received by the Issuer. See section 5.1 (*Available Funds*).

On the Closing Date, de Volksbank's long-term



unsecured, unsubordinated and unguaranteed debt obligations are rated (i) 'A3' (stable) by Moody's and (ii) in respect of Fitch, (x) de Volksbank's long-term issuer default rating is 'A-' (stable) by Fitch and (y) de Volksbank's short-term issuer default rating is 'F2' by Fitch. The Seller shall therefore on the Closing Date transfer Eligible Collateral to the Issuer Collection Account in accordance with the Commingling Financial Collateral Agreement.

**Financial Cash Collateral Ledger:** Any Eligible Collateral transferred by the Seller to the Issuer under the relevant Financial Collateral Agreement shall be deposited in the Issuer Collection Account with a corresponding credit to the relevant Financial Cash Collateral Ledger. The Issuer shall on each Notes Payment Date debit from the Issuer Collection Account with a corresponding debit to the relevant Financial Cash Collateral Ledger an amount equal to the Set-Off Amount and the Commingling Amount, as applicable, which the Seller is due to pay to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

#### **Custody Agreement**

The Issuer, the Security Trustee, the Issuer Administrator and the Custodian will enter into the Custody Agreement on the Signing Date pursuant to which the Custodian will hold the Securities Account to which the Securities under the Repo Agreement will be delivered and the Custody Cash Account to which the cash proceeds of such Securities will be transferred from time to time, as further set out in the Custody Agreement.

If at any time, the interest rate determined by reference to EONIA would result in a negative interest rate, the Custodian has the right to charge such negative interest.

#### **Repo Agreement**

The Issuer and the Repo Counterparty will enter into the Repo Agreement on the Signing Date pursuant to which the Issuer may on or about any Notes Calculation Date purchase Securities from the Repo Counterparty up to the sum of the balance of the Financial Collateral Ledger and the Cash Advance Standby Ledger to mitigate counterparty risk and negative interest. The Repo Counterparty will repurchase such Securities on or about the next Notes Calculation Date.

## 1.6 Portfolio information

### **Mortgage Loans:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the Seller the Mortgage Receivables, which include a certain amount of NHG Mortgage Receivables. The Mortgage Receivables will result from Mortgage Loans secured by first-ranking mortgage rights over the Mortgaged Assets, situated in the Netherlands and entered into by the Seller 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 or, in respect of New Mortgage Receivables and Further Advance Receivables, prior to or on the relevant Notes Payment Date.

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

All Mortgage Loans are secured by a first 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, each of which normally constitutes a different mortgage type agreed with the relevant Borrower. The Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, Loan Parts of such Mortgage Loan. See section 6.2 (*Description of Mortgage Loans*).

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

### **NHG Guarantee:**

Certain Mortgage Loans or certain Loan Parts are NHG Mortgage Loans. The aggregate Outstanding Principal Amount of the NHG Mortgage Loan Receivables on the Cut-Off Date amounts to EUR 1,954,273,365.62. See further section 6.2 (*Description of Mortgage Loans*) and section 6.5 (*NHG Guarantee Programme*).

### **Annuity Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Annuity Mortgage Loans. An Annuity Mortgage Loan is 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.

**Linear Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Linear Mortgage Loans. A Linear Mortgage Loan is 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, such that at maturity the entire mortgage loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Linear Mortgage Loan declines over time.

**Interest-Only Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Interest-Only Mortgage Loans. An Interest-Only Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

**Investment Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Investment Mortgage Loans. An Investment Mortgage Loan is 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. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds and principal of these investments. The rights under these investments are subject to a right of pledge of the Seller as security for repayment of the relevant Investment Mortgage Loan.

**Savings Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Savings Mortgage Loans. A Savings Mortgage Loan is 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 Insurance Savings Participant under a Savings Insurance Policy. The premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy are equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. The rights under the Savings Insurance Policy are subject to a right of pledge of the Seller as security for repayment of the relevant Savings Mortgage Loan.

**Bank Savings Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Bank Savings Mortgage

Loans. A Bank Savings Mortgage Loan is 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. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the Seller at maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposits are subject to a right of pledge of the Seller as security for repayment of the relevant Bank Savings Mortgage Loan.

**Life Mortgage Loans:**

A portion of the Mortgage Loans (or Loan Parts thereof) will be in the form of Life Mortgage Loans. A Life Mortgage Loan is 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 under a Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the investments under the Life Insurance Policy. The rights under the Life Insurance Policy are subject to a right of pledge of the Seller as security for repayment of the relevant Life Mortgage Loan.

## 1.7 Portfolio documentation

### **Purchase of Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Signing Date purchase and on the Closing Date accept the assignment of the Mortgage Receivables. The Seller has the benefit of Beneficiary Rights which entitle the Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, to the extent legally possible, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

Part of the Mortgage Receivables are Floating Rate Mortgage Receivables, which result from a Mortgage Loan or Loan Part bearing a floating rate of interest and part of the Mortgage Receivables are Fixed Rate Mortgage Receivables, which result from a Mortgage Loan or Loan Part bearing a fixed rate of interest. The Mortgage Receivables in connection with a Mortgage Loan may consist of both a Floating Rate Mortgage Receivable and a Fixed Rate Mortgage Receivable.

The aggregate Outstanding Principal Amount of the Floating Rate Mortgage Receivables on the Cut-Off Date amounts to EUR 228,353,065.29 and the aggregate Outstanding Principal Amount of the Fixed Rate Mortgage Receivables on the Cut-Off Date amounts to EUR 4,910,038,096.90. See further section 6.2 (*Description of Mortgage Loans*).

### **Substitution and purchase of New Mortgage Receivables and Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement provides that on each Notes Payment Date until the First Optional Redemption Date, (a) the Seller shall offer for sale and assignment any Further Advance Receivables resulting from Further Advances granted by the Seller in the preceding Mortgage Calculation Period and the Issuer shall apply the Further Advance Purchase Available Amount towards the purchase of any such Further Advance Receivables and (b) the Seller may offer for sale and assignment any New Mortgage Receivables and the Issuer shall apply the New Mortgage Receivables Purchase Available Amount towards the purchase of any such New Mortgage Receivables, if and to the extent offered by the Seller, subject to certain conditions being met.

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

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase a Mortgage Receivable and accept re-assignment of such Mortgage Receivable and the Beneficiary Rights on the immediately succeeding Mortgage Collection Payment

Date if:

- i. at any time any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect in any material respect and the Seller has not within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter or if such matter is not capable of being remedied within the said period of fourteen (14) days;
- ii. in a Mortgage Calculation Period the Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on the Notes Payment Date immediately succeeding such Mortgage Calculation Period;
- iii. after the First Optional Redemption Date, the Seller resets the Mortgage Interest Rate in respect of a Mortgage Receivable and as a result thereof (a) the Receivables Floating Rate Fraction would fall or falls below 2.0 per cent. or would exceed 10 per cent. or (b) the Receivables Fixed Rate Fraction would fall or falls below 90 per cent. or would exceed 98 per cent.;
- iv. the Seller resets the Mortgage Interest Rate in respect of a Floating Rate Mortgage Receivable and as a result thereof the weighted average margin would fall or falls below 0.5 per cent. above Euribor for one month deposits;
- v. the Seller resets the Mortgage Interest Rate in respect of a Fixed Rate Mortgage Receivable and as a result thereof the weighted average interest rate would fall or falls below 1.0 per cent.;
- vi. the Seller agrees with a Borrower to a Non-Permitted Mortgage Loan Amendment; or
- vii. (a) prior to foreclosure of a NHG Mortgage Loan, such NHG Mortgage Loan no longer has the benefit of a NHG Guarantee, or (b) following foreclosure of a NHG 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 an action taken or omitted to be taken by the Seller or the Servicer.

The purchase price for the Mortgage Receivable in any such event payable by the Seller will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), accrued up to but excluding the date of repurchase and re-assignment of the Mortgage Receivable, save that in the event of a repurchase set forth in item (vii) sub (b) above, the purchase price shall be equal to the amount that was not reimbursed under the relevant NHG Guarantee as a result of an action taken or omitted to be taken by the Seller or the Servicer.

**Sale of Mortgage Receivables:** The Issuer will have the right to sell and assign all, but not some, of the Mortgage Receivables (i) on each Optional Redemption Date and (ii) if it exercises the Tax Call Option, each provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes at their respective Principal Amount Outstanding, subject to and in accordance with Condition 9(a).

*Right of first refusal by the Seller*

If the Issuer decides to offer for sale the Mortgage Receivables, it will first offer the Mortgage Receivables to the Seller.

*Purchase Price*

The purchase price of each Mortgage Receivable in the event of such sale shall be at least equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and reasonable costs, if any, of each Mortgage Receivable, except that with respect to Defaulted Mortgage Loans, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of the Mortgaged Assets and (b) with respect to the NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

**Clean-Up Call Option**

If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Seller has the right to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables.

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 shall be applied by the Issuer towards redemption of the Notes subject to and in accordance with Condition 6(b) and Condition 9(a). 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 Insurance Savings Participant, the Insurance Savings Participant will acquire participations in the relevant Savings Mortgage Receivables equal to the amounts of Savings Premium paid by the relevant Borrower to the Insurance Savings Participant in respect of a Savings Insurance Policy and interest accrued thereon. In the Insurance Savings Participation Agreement the Insurance Savings Participant will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium on the relevant Savings Insurance Policies. In return, the Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount from the Issuer. The amount of the Insurance Savings Participation with respect to a Savings Mortgage Receivable consists of (a) the Initial Insurance Savings Participation, being an amount equal to EUR 69,072,178,76 at the Closing Date, increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Insurance Savings Participant and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the relevant Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable. See further section 7.6 (*Sub-participations*).

**Bank Savings Participation  
Agreement:**

Under the terms of the Bank Savings Participation Agreement with the Bank Savings Participant, the Bank Savings Participant will 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. As a result, 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 an amount equal to EUR 42,729,713.41 at the Closing Date, increased on a monthly basis with (b) the sum of (i) the increase of the Bank Savings Deposit 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 received by the Issuer in respect of such Bank Savings Mortgage Receivable. See section 7.6 (*Sub-participations*).

**Servicing Agreement:**

Under the terms of the Servicing Agreement, the Servicer will agree (i) to provide 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 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. See section 7.5 (*Servicing Agreement*).

## 1.8 General

### **Management Agreements:**

Each of the Issuer, the Security Trustee and the Shareholder have entered into a Management Agreement 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.

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

### **RISK FACTORS REGARDING THE ISSUER**

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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank, the Custodian, the Repo Counterparty and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank, the Custodian, the Repo Counterparty and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank, the Custodian, the Repo Counterparty and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Cash Advance Facility Agreement by the Cash Advance Facility Provider).

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

The ability of the Issuer to meet its obligations in full to pay principal on and, to the extent applicable, interest, on the Notes will be dependent solely on (a) the receipt by it of funds under the Mortgage Receivables and the Beneficiary Rights, (b) the proceeds of the sale of any Mortgage Receivables, (c) the receipt by it of funds under the Securities and proceeds of the sale of any Securities and any cash collateral received by it, (d) the receipt of amounts under the Participation Agreements, (e) drawings under the Cash Advance Facility Agreement and (f) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts. See section 5 (*Credit Structure*). The Issuer does not have any other resources available to it to meet its obligations under the Notes. Consequently, the Issuer may be unable to recover fully and/or timely funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

#### **The Issuer has counterparty risk exposure**

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

**Risk that the Seller fails to repurchase the Mortgage Receivables**

The Seller is obliged under certain limited circumstances to repurchase Mortgage Receivables from the Issuer that are in breach of the representations and warranties made by the Seller in the Mortgage Receivables Purchase Agreement. If the Seller is unable to repurchase loans or perform its ongoing obligations under the transactions described in this Prospectus, the performance of the Notes may be adversely affected.

**Risk that the ratings of the counterparties change**

Certain Transaction Documents to which the Issuer is a party such as the Issuer Account Agreement, the Custody Agreement, the Cash Advance Facility Agreement and the Receivables Proceeds Distribution Agreement provide for minimum required credit ratings of the counterparties to such Transaction Documents. If the credit ratings of a counterparty fall below these minimum required credit ratings, remedial actions are required to be taken, which may be, for example, replacement of such counterparty. If a replacement counterparty must be appointed or another remedial action must be taken, it is not certain whether a replacement counterparty can be found which complies with the criteria or is willing to perform such role or such remedial action is available. In addition, such replacement or action when taken, may lead to higher costs and expenses, as a result of which the Issuer may have insufficient funds to pay its liabilities in full. Moreover, a deterioration of the credit quality of any of the Issuer's counterparties, a downgrade of any of their credit ratings and/or the failure to take remedial actions could have an adverse effect on the credit rating assigned to, and/or the value of, the Notes. In respect of the Issuer Account Bank, the Issuer may mitigate this risk by entering into Repo Transactions with the Repo Counterparty.

**Risk that the interest rate on the Issuer Accounts is less than zero**

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Signing Date, under which the Issuer Account Bank will agree to pay an interest rate on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference to EONIA or (ii) subject to certain conditions being met, as otherwise reasonable determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement. The Issuer Account Agreement provides that in the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank. This payment obligation to the Issuer Account Bank is subject to the Revenue Priority of Payments. Consequently, the Issuer may be unable to recover fully and/or timely funds necessary to fulfil its payment obligations under the Notes.

**Risk of limited effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer**

Under and pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle, most creditors (including the parties to the Transaction Documents) of which have agreed to limited recourse and non-petition provision, and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee and after bankruptcy or suspension of payments of the Issuer, will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to recover such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four (4) months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise (*uitwinnen*) of the right of pledge on the Mortgage Receivables and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer, if such

future receivables come into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Issuer Accounts following the Issuer's bankruptcy or suspension of payments.

In view of the foregoing, the effectiveness of the rights of pledge to the Security Trustee may be limited in case of insolvency of the Issuer.

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a person which is not the creditor of the claim purported to be secured by the security right. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and on the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge. However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements and the Deed of Assignment and Pledge. Should the Parallel Debt not constitute a valid basis for the creation of security rights, the Pledged Assets may secure only some or even none of the liabilities of the Issuer to the Secured Creditors.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Creditors therefore incur a credit risk on the Security Trustee, which may lead to losses under the Notes.

**Risk related to license requirement under the Wft**

Under the Wft, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Servicer. The Servicer is licensed as a bank and therefore licensed to act as intermediary (*bemiddelaar*) and offeror of credit (*aanbieder van krediet*) under the Wft and the Issuer thus benefits from the exemption. If 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 license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and may have to sell the Mortgage Receivables, which could lead to losses under the Notes.

**RISK FACTORS REGARDING THE NOTES**

**Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes**

The Notes are complex financial products. Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined in this section 2 (*Risk Factors*), placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful

evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined in this section 2 (*Risk Factors*);

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

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

#### **Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage 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. The Issuer will report the Mortgage Loans in arrears and the Realised Losses in respect thereof in the report on the performance of the Mortgage Receivables on an aggregate basis. Investors should be aware that the Realised Losses reported may not reflect all losses that already have occurred or are expected to occur, because a Realised Loss is recorded, *inter alia*, only after the Servicer has determined that foreclosure of the Mortgage and other collateral securing the Mortgage Receivable has been completed which process may take a considerable amount of time and may not necessarily be in line with the policies of other originators in the Dutch market.

#### **Risk that the Issuer will not exercise its right to redeem the Notes at the Optional Redemption Dates**

No guarantee can be given that the Issuer will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise its right to redeem the Notes. There is no incentive to exercise the right to redeem any of the Notes on the Optional Redemption Dates. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time. The purchase price will be calculated as described in section 7.1 (*Purchase, Repurchase and Sale*). Upon exercise of its right to redeem the Notes, the Issuer shall first offer the Mortgage Receivables to the Seller but the Seller does not have an obligation to repurchase the Mortgage Receivables. As a result, there is no guarantee that such a sale of the Mortgage Receivables will take place.

#### **Risk that the Notes are not redeemed on the Final Maturity Date**

The ability of the Issuer to redeem all of the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the amounts received in respect of

the Mortgage Receivables are sufficient to redeem the Notes.

**Risks related to prepayments on the Mortgage Loans**

The Issuer is obliged to apply the Available Principal Funds towards repayment of the Notes in accordance with Condition 6(b). The maturity of the Notes will depend on, *inter alia*, the amount and timing of payment of principal (including, *inter alia*, full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a Mortgage Receivable and repurchase by the Seller of Mortgage Receivables) on all Mortgage Loans and the Outstanding Principal Amount of New Mortgage Receivables and Further Advance Receivables offered by the Seller and purchased by the Issuer on any Notes Payment Date until the First Optional Redemption Date. The average maturity of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions, declines in real estate prices, lack of liquidity or bankruptcy of Borrowers, damage or destruction of the Mortgaged Assets and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). Currently the market interest rates are low compared to the average Mortgage Interest Rates, this may lead to an increase in the rate of prepayments of the Mortgage Loans.

**Risks related to early redemption of the Notes in case of the exercise of the Clean-up Call Option or the Tax Call Option**

The Issuer has the option to redeem the Notes prematurely subject to and in accordance with Condition 6(e), for certain tax reasons by exercise of the Tax Call Option. Should the Tax Call Option be exercised, all Notes may be redeemed prematurely. The Seller may also exercise the Clean-up Call Option, as a result of which the Notes will be mandatorily redeemed by the Issuer using the proceeds of the repurchase of the Mortgage Receivables in accordance with Condition 6(b). Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions similar to those of the Notes.

**Risk of redemption of Class B Notes, Class C Notes, Class D Notes and Class E Notes with a Principal Shortfall**

In accordance with Condition 9(a), a Class B Note, a Class C Note, a Class D Note and/or a Class E Note may be redeemed in part, subject to a Class B Principal Shortfall, a Class C Principal Shortfall, a Class D Principal Shortfall or a Class E Principal Shortfall respectively. As a consequence a holder of a Class B Note, a Class C Note, a Class D Note or a Class E Note may not receive the full Principal Amount Outstanding of such Note upon redemption in accordance with and subject to Condition 6. This applies not only to redemption of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on the Final Maturity Date, but also to redemption in accordance with Condition 6(b) (*Mandatory Redemption of the Notes*), Condition 6(d) (*Optional Redemption*) and Condition 6(e) (*Redemption for tax reasons*). The Class A Notes may not be redeemed with a principal shortfall.

**Risk that changes of law will have an effect on the Notes**

The structure of the issue of the Notes and the credit ratings which are to be assigned to the Notes, other than the Class E Notes, are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to the laws or regulations of the Netherlands or any other jurisdiction or administrative practice in the Netherlands after the date of this Prospectus.

Currently, the laws, regulations and administrative practice relating to mortgage-backed securities such as the Notes are in a significant state of flux in Europe and it is impossible for the Issuer to predict how these changes may in the future impact investors in the Notes, whether directly or indirectly.

**Subordinated Notes bear a greater risk of non-payment than higher ranking Classes of Notes**

To the extent set forth in Conditions 6 and 9, (a) the Class B Notes are subordinated in right of payment to the Class A Notes, (b) the Class C Notes are subordinated in right of payment to the Class

A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment to the Class A Notes, the Class B Notes and the Class C Notes and (d) the Class E Notes are subordinated in right of payment to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. The Noteholders of any Class of Notes with a lower payment priority bear a greater risk of non-payment than any Class of Notes with a higher payment priority than such Class of Notes. See section 4.1 (*Terms and Conditions*) and section 5 (*Credit Structure*).

**Risk related to the split between the Class A1 Notes and the Class A2 Notes**

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, (i) payments of principal resulting from the Floating Rate Mortgage Receivables are applied firstly to the Class A1 Notes until fully redeemed and then to the Class A2 Notes and (ii) payments of principal resulting from the Fixed Rate Mortgage Receivables are applied firstly to the Class A2 Notes until fully redeemed and then to the Class A1 Notes.

To the extent that the Available Principal Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of seven (7) days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes therefore do not purport to provide credit enhancement to the Class A1 Notes and the Class A1 Notes therefore do not purport to provide credit enhancement to the Class A2 Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were 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 to a greater extent than the Class A2 Notes, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes. If at such time each of the Class A2 Notes have been redeemed (in part or in full) to a greater extent than the Class A1 Notes, this will result in the Class A1 Notes bearing a greater loss than that borne by the Class A2 Notes.

No indication can be given as to the extent in which the Class A1 Notes and the Class A2 Notes will have been redeemed in the event that the Security is to be enforced, and therefore no indication can be given as to the potential level of losses that may be borne by either the Class A1 Notes or the Class A2 Notes. However, the following may be relevant circumstances. The Outstanding Principal Amount of the Fixed Rate Mortgage Receivables is on the Closing Date EUR 498,338,096.90 higher than the Principal Amount Outstanding of the Class A2 Notes, while the aggregate Outstanding Principal Amount of the Floating Rate Mortgage Receivables is on the Closing Date EUR 15,653,065.29 higher than the Principal Amount Outstanding of the Class A1 Notes. This may affect the extent of redemption of the Class A2 Notes compared to the Class A1 Notes in the event that the Security is to be enforced. In addition, the amounts to be credited to the Principal Deficiency Ledger that will form part of the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds respectively are allocated *pro rata* based on the Floating Rate Fraction and the Fixed Rate Fraction respectively. As a consequence, the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds do not necessarily correspond to the actual redemption of the Floating Rate Mortgage Receivables and the Fixed Rate Mortgage Receivables. Therefore in the event that the Security is to be enforced, each of the Class A1 Notes may be redeemed to a greater extent than the Class A2 Notes, or each of the Class A2 Notes may be redeemed to a greater extent than the Class A1 Notes.

**Interest rate risk in respect of the Class A Notes**

The interest rate risk on the Class A Notes has not been hedged under an interest rate swap agreement with a swap counterparty. Accordingly, the Issuer is exposed to interest rate risk, including the risk that the (scheduled) interest receipts are insufficient to pay interest due 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 relevant Mortgage Receivables is below the interest rate payable on the Class A Notes. The Issuer is not exposed to interest rate risk in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as these Classes of Notes will not carry any interest.



**The obligations of the Issuer under the Notes are limited recourse**

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

If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the Mortgage Receivables, the Issuer does not receive the full amount due from such Borrowers, the Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Class A Notes, to the extent set forth in Condition 9. On any Notes Payment Date, any such losses on the Mortgage Receivables will be allocated as described in section 5 (*Credit Structure*).

**Risk relating to conflict of interest between the interests of holders of different Classes of Notes and other Secured Creditors**

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors and, in case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails. Noteholders should be aware that the interests of Secured Creditors ranking higher in the Post-Enforcement Priority of Payments than the relevant Class of Notes shall prevail.

de Volksbank has the intention to retain all Notes on the Closing Date. de Volksbank will be able to exercise the voting rights in respect of the Notes. Should de Volksbank sell part of the Notes in the secondary market after the Closing Date, the purchaser of such Notes should be aware that de Volksbank will remain able to exercise its voting rights in respect of the Notes it has retained. In case de Volksbank retains the majority of the Notes after such purchase, this means that de Volksbank could have the effective control when resolutions are taken by the meeting of Noteholders. It should further be noted that in exercising its voting rights de Volksbank may take into account factors specific to it. In this respect de Volksbank may, *inter alia*, take into account its different roles in the transaction, including its role as Seller and Cash Advance Facility Provider, when exercising its voting rights with respect to such Notes.

**A resolution adopted at a meeting of the Class A Noteholders is binding on all Noteholders and a resolution adopted by a Noteholders' meeting of another relevant Class is binding on all Noteholders of that relevant Class only**

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of the Conditions or certain provisions of the Transaction Documents. An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, provided that in case of an Extraordinary Resolution approving a Basic Terms Change, such Extraordinary Resolution shall not be effective unless it has been approved by Extraordinary Resolutions of Noteholders of each such Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be

materially prejudicial to the interests of Noteholders of each such Class. All resolutions, including Extraordinary Resolutions, duly adopted at a Meeting are binding upon all Noteholders of the relevant Class, whether or not they are present at the Meeting. Changes to the Transaction Documents and the Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in case of a resolution of the Noteholders of the Most Senior Class of Notes or individual Noteholder in case of a resolution of the relevant Class and/or in each case without the Noteholder being present at the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their consent and/or which may have an adverse effect on it.

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

Pursuant to the Trust Deed, in case the Issuer Administrator does not receive a Mortgage Report from the Servicer with respect to a Mortgage Calculation Period, the Issuer (or the Issuer Administrator on its behalf) shall have the right to calculate and determine the Available Revenue Funds, the Available Principal Funds and all amounts payable under the Transaction Documents using the three most recent Mortgage Reports available in accordance with the Administration Agreement.

When the Issuer or the Issuer Administrator on its behalf receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments and credit or debit, as applicable, such amounts from the Interest Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, (ii) payments made and payments not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more interest, to the extent applicable, and, respectively, less or more principal on the Notes than would have been payable if Mortgage Reports were available.

#### **Risk related to the limited liquidity of the Notes**

The secondary market for mortgage-backed securities is experiencing limited liquidity. The conditions may continue or worsen in the future. Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market. Thus, Noteholders bear the risk of limited liquidity of the secondary market for mortgage-backed securities and the effect thereof on the value of the Notes.

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

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the 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 April 2016 to EUR 80 billion and that it will include investment-grade euro-denominated bonds issued by non-banking corporations established in the euro area in the list of assets eligible for regular purchases under a new corporate sector purchase programme. As of March 2017 the monthly purchases were reduced to EUR 60 billion. In October 2017, the ECB announced that the combined monthly purchases would be further reduced from EUR 60 billion to EUR 30 billion from January 2018 until the end of September 2018. These programmes are intended to be carried out until a sustained adjustment can be seen in the path of inflation that is consistent with the ECB's aim of achieving inflation rates below, but close to, 2 per cent. over the medium term. 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.

#### **Risk related to Notes held in global form**

The Notes will initially be held by the Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg in the form of a Global Note which will be exchangeable for Definitive Notes in limited circumstances as more fully described in section 4.2 (*Form*). For as long as any Notes are represented by a Global Note held by the Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest, to the extent applicable, and any other amounts on a Global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant Global Note, being the common depositary for Euroclear and/or Clearstream, Luxembourg, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest, to the extent applicable, and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Thus, the Noteholders will have to rely on the procedures of Euroclear and/or Clearstream, Luxembourg for transfers, payments and communications from the Issuer, which may cause the Issuer being unable to meet its obligations under the Notes.

#### **The Security Trustee may agree to waivers, modifications or authorisations without the Noteholders' prior consent**

Pursuant to the terms of the Trust Deed, the Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Deed, 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 or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes 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 a Credit Rating Agency Confirmation is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

#### **Tax initiatives of Dutch government; no obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority**

On 10 October 2017, the four parties that have formed the new Dutch government released their coalition agreement (*regeerakkoord*) 2017-2021. The coalition agreement does not include concrete legislative proposals, but instead sets out a large number of policy objectives of the new Dutch

government. On 23 February 2018, the Dutch State Secretary for Finance published a letter (*Brief Aanpak belastingontwijking en belastingontduiking*) with an annex containing further details on the government's policy objectives against tax avoidance and tax evasion.

One of the policy objectives is the introduction of a withholding tax as of 1 January 2021, on interest payments directly or indirectly made to beneficiaries in 'low-tax jurisdictions' or countries that are included in the EU list of non-cooperative jurisdictions. The interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to group companies in a low-tax or non-cooperative jurisdiction. As at the date of this prospectus it is unclear which jurisdictions will be considered 'low tax jurisdictions' and, more generally, what the exact scope and impact of the measures will be. It seems unlikely that the proposed measure will apply to interest on debt instruments that are issued in the market and/or listed. However it cannot be ruled out that it will have a wider application and, as such, it could potentially be applicable to interest payments on the Notes.

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

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

FATCA imposes a new reporting regime and potentially a 30 per cent. 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 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 (unless otherwise exempt from FATCA) 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 2019.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, and **IGA**). Pursuant to FATCA and the **Model 1** and **Model 2** IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have entered into an agreement (**U.S.-Netherlands IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Netherlands IGA it does not anticipate that it will be obliged to deduct FATCA Withholding on payments it makes. 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. 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.

Whilst the Notes are in the form of Global Notes and will initially held by the Common Safekeeper on

behalf of Euroclear and/or Clearstream, Luxembourg (the **CSDs**), 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 depository, given that each of the entities in the payment chain between the Issuer and the participants in the CSDs 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 Global Notes may go into definitive form and therefore that they may be taken out of the CSDs. 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 the 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 uncertain 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 own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes**

ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

**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 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 Manager, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date of this Prospectus or at any time in the future.

On 26 June 2013 the Council and the European Parliament adopted the package known as "CRD IV". The CRD IV package replaces the previous CRD with the CRD IV and the CRR which aims to create a sounder and safer financial system. The CRD IV governs amongst other things the access to deposit-taking activities while the CRR establishes the majority of prudential requirements with which certain categories of investors need to comply. The CRR has come into force in all European Union Member States from 1 January 2014. The CRD IV has been implemented in the Netherlands on 1 August 2014. Certain provisions stemming from the aforementioned regulations have yet to become applicable.

Following certain proposals of the Basel Committee and the Financial Stability Board, the European Commission proposed on 23 November 2016 a comprehensive package of banking reforms (the "**EU Banking Reforms**"). This includes changes to CRD IV, CRR, BRRD and SRM Regulation (as defined below). In short the following key elements are included in the proposal: (a) a binding 3% leverage ratio for banks, (b) a binding detailed net stable funding ratio for banks, (c) macroprudential tools for supervisory authorities, (d) a new category of "non-preferred" senior debt, (e) revisions in the framework for a minimum requirement for own funds and eligible liabilities, (f) a requirement to have more risk-sensitive own funds for banks trading in certain instruments (further to Basel Committee's fundamental review of the trading book), (g) the introduction of the new total loss-absorbing capacity standard for global systemically important institutions, (h) a revised calculation method for derivatives exposures, (i) changes to the framework for institution-specific additional own funds ('pillar 2') and (j) the introduction of (additional) moratorium powers of competent authorities to suspend contractual obligations. This European Commission proposal does not yet incorporate certain amendments discussed on the level of the Basel Committee in the context of Basel IV, such as the regulatory treatment of credit and operational risk.

Investors should, *inter alia*, be aware of the EU risk retention and due diligence requirements which 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 and UCITS funds. 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 such investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by such requirements. Failure to comply with one or more of these requirements may result in various penalties including, in the case those investors are 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 which funds those investors are required to retain pursuant to mandatory rules and regulations.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and this uncertainty is increased by certain legislative developments. In particular, in the context of the requirements which apply in respect of EU regulated investors, including credit institutions, insurance and reinsurance undertakings, investment firms and authorised alternative investment fund managers, the corresponding interpretation materials (to be made in the form of technical standards) have not yet been finalised. No assurance can be provided that such final materials will not affect the compliance position of previously issued transactions and securities (including the Notes) and/or the requirements applying to relevant investors in general.

For a description of the undertakings and representations and warranties of the Seller relating to the above, see section 4.4 (*Regulatory and Industry Compliance*) and section 8 (*General*). Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with the risk retention and due diligence requirements described above and none of the Issuer, the Security Trustee, the Seller nor the Manager makes any representation that the information described above in relation to the EU risk retention and due diligence requirements described above is sufficient in all circumstances for such purposes.

On 30 September 2015, the European Commission published the proposal for a regulation laying down common rules on securitisation and creating a Securitisation Regulation. This Securitisation Regulation creates a single set of common rules for European “institutional investors” regarding (i) risk retention, (ii) due diligence, (iii) transparency and (iv) underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace the existing provisions in CRR, Solvency II, Solvency II Regulation and the AIFMR and introduce similar rules for UCITS management companies regulated by the UCITS Directive, institutions for occupational retirement provisions falling within the scope of the IORP Directive or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of the IORP Directive. Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("**STS Securitisations**"). The Securitisation Regulation was adopted by the European Parliament and by the European Council on 12 December 2017 and will apply from 1 January 2019. None of the transitional provisions of the Securitisation Regulation will result in the retroactive application of compliance requirements to previously structured transactions and issued securities (including the Notes). No assurance can be provided that the transaction described in this Prospectus will be designated as an STS Securitisation under the Securitisation Regulation at any point in the future.

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

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. Prospective noteholders should therefore make themselves aware of the EU risk retention and due diligence requirements, where applicable to them, in addition to any other regulatory requirements (whether or not as described above) applicable to them with respect to their investment in the Notes.

## **Proposed Changes to the Basel Capital Accord and Solvency II**

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the capital accord, Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, and serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the CRD. The Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements, referred to as Basel III. 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 liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Member countries are required to implement the new capital standards as soon as possible (with provisions for optional phased implementation).

### **Basel III reform / Basel IV**

Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. On 7 December 2017, the Basel Committee published the finalised Basel III reforms as improvements to the global regulatory framework ("**Basel III Reforms**") (informally referred to as Basel IV). Basel III Reforms seeks to restore credibility in the calculation of the risk weighted assets and improve the comparability of banks' ratios. The most important changes involve stricter rules for internal models. Internal models for operational risk will no longer be permitted; a standardised approach must be applied instead. The rules for calculating risk weighted assets for credit risk will be tightened, under the standardised approach as well as under the internal ratings-based (IRB) approach. This includes changes to the requirements for the risk-weighting of mortgages. In the revised standardised approach mortgage risk weights depend either on the original loan-to-value (LTV) ratio of the mortgage or alternatively on the loan splitting approach by which a 20 per cent. risk weight is assigned to the part of the exposure up to 55 per cent. of the property value at origination and (for loans to individuals) a 75 per cent. risk weight for the residual part. In accordance with Basel III Reforms, banks' calculations of risk weighted assets cannot, in aggregate, fall below 72.5 per cent. of the risk weighted assets computed by the standardised approaches for credit, operational and market risk. The implementation will be gradual, starting from 2022 and then over a five-year period. The Basel III Reforms may have an impact on the capital requirements in respect of the holder of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

Basel II, Basel III and the Basel III Reforms may affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the CRD IV or subsequent EU legislation or otherwise by non-EU regulators; reference is also made to the aforementioned risk factor *Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*). This could affect the market value of the Notes in general and the relative value for the investors in the Notes.

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. Pursuant to Solvency II, more stringent rules apply to 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*).

Potential investors should consult their own advisers as to the consequences to and effect on them of Basel II, Basel III, CRD IV, the EU Banking Reforms and the Basel III Reforms, and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee, the Arranger or the Manager are responsible for informing Noteholders of the effects on the changes to risk-weighting or regulatory capital which amongst others may result for investors from the adoption by their own regulator of Basel II, Basel III, CRD IV, the EU Banking Reforms, the Basel III Reforms or Solvency II (whether or not implemented by them in its current form or otherwise).



### **Risks relating to benchmarks**

Euribor and other interest rates or other types of rates and indices which are deemed to be “benchmarks” pursuant to the Benchmark Regulation are the subject of ongoing regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, which could result in the benchmarks performing differently, or being eliminated entirely. In addition, there could be other consequences, including those which cannot be predicted. Investors should be aware that, if Euribor or any other benchmark were discontinued or otherwise unavailable, the rate of interest on the Notes which reference any such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Notes will be. More generally, any of the above changes or any other consequential changes to Euribor or any other “benchmark” as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a “benchmark”.

### **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 it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, 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 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.

Given the lack of certainty surrounding the Commission’s Proposal, it is not possible to predict what effect the proposed FTT might have. Prospective investors are advised to seek their own professional advice in relation to the FTT.

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

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

### **Risk that the credit rating of the Notes changes**

The credit ratings to be assigned to the Notes, other than the Class E 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 credit 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. The Issuer does not have an obligation to maintain the credit ratings assigned to the Notes, other than the Class E Notes.

**Credit ratings may not reflect all risks**

The credit rating of each Class or Sub-Class of Notes, as applicable, other than the Class E Notes, addresses the assessments made by the Credit Rating Agencies of the likelihood of full and timely payment of interest, to the extent applicable, and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.

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

A credit 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 credit rating organisation if in its judgment, the circumstances (including possibly a reduction in, or withdrawal of the credit rating of the Issuer Account Bank, the Custodian, the Cash Advance Facility Provider or the Foundation Account Providers) in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties might have an adverse effect on the credit ratings of the Notes (other than the Class E Notes).

**Risk related to confirmations from Credit Rating Agencies and Credit Rating Agency Confirmations**

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A confirmation from a Credit Rating Agency regarding any action proposed to be taken by the Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While Noteholders are entitled to have regard to the fact that the Credit Rating Agencies have confirmed that the then current credit ratings of the relevant Class (or Sub-Class) of Notes would not be adversely affected, a confirmation from the relevant Credit Rating Agency does not impose or extend any actual or contingent liability on the Credit Rating Agencies to the Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

Any confirmation from the relevant Credit Rating Agency may or may not be given at the sole discretion of each Credit Rating Agency. It should be noted that, depending for example on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Credit Rating Agency cannot provide a confirmation in the time available or at all, and the relevant Credit Rating Agency shall not be responsible for the consequences thereof. Confirmation, if given by the relevant Credit Rating Agency, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date.

A confirmation from the relevant Credit Rating Agency represents only a restatement or confirmation of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Furthermore, it is noted that the defined term "Credit Rating Agency Confirmation" as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation that the Security Trustee has received a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "confirmation"), but also includes:

- 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
- if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: (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 (see Glossary of defined terms).

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Notes. There is, however, no obligation for any party to the Transaction Documents, including the Issuer, to cooperate with or to initiate or propose such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Notes.

#### **Forecasts and estimates**

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

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

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with the Common Safekeeper, which is a recognised International Central Securities Depository, but this does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time, which criteria will include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, the Servicer shall use its best efforts to make such loan-by-loan information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes may not be recognised as Eurosystem Eligible Collateral. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are not intended to be held in a manner which allows Eurosystem eligibility.

Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to listing on or about the Closing Date. However, there is no assurance that the Notes will be admitted to listing on Euronext Amsterdam. If the Class A Notes will not be admitted to listing, they will not be recognised as Eurosystem Eligible Collateral.

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

**Risk related to payments received by the Seller prior to notification of the assignment to the Issuer**

Under Dutch law, assignment of the legal title to claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required (*stille cessie*). The legal title to the Mortgage Receivables will be assigned on the Closing Date and, in respect of the New Mortgage Receivables and the Further Advance Receivables, on each Notes Payment Date up to but excluding the First Optional Redemption Date by the Seller to the Issuer through a deed of assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to section 7.1 (*Purchase, repurchase and sale*).

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to transfer or procure transfer by the Servicer and/or the Collection Foundation of all amounts received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

If payments were to be made by Borrowers to the Seller prior to notification of the assignment of the Mortgage Receivables to the Issuer but after bankruptcy, suspension of payments or emergency regulations in respect of the Seller having been declared, such payments would form part of the Seller's bankruptcy estate. In respect of these payments, the Issuer would be a creditor of the estate (*boedelschuldeiser*) and would receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of general bankruptcy costs (*algemene faillissementskosten*), which may be material.

The risks set out in the preceding two paragraphs are mitigated by the following structural features. The Seller has entered into a collection foundation structure including the Receivables Proceeds Distribution Agreement with the Collection Foundation. Furthermore, the Issuer has been informed by the Seller that each Borrower has given a power of attorney to the Seller or any sub-agent of the Seller respectively to collect amounts from his account due under the Mortgage Loan by direct debit from this account. Under the Receivables Proceeds Distribution Agreement, as further described in section 5.1 (*Available Funds*), the Seller has requested the Collection Foundation to collect by direct debit all amounts of principal and interest to the Collection Foundation Accounts held and maintained by the Collection Foundation. As a consequence, the Collection Foundation has a claim against the relevant Foundation Account Provider, in respect of the balances standing to credit of the Collection Foundation Accounts.

The Collection Foundation Accounts are currently held with de Volksbank and Rabobank. At the date of this prospectus, payments by the Borrowers are only made to the Collection Foundation Account held with de Volksbank and not to the Collection Foundation Account held with Rabobank. If and for so long as the Seller is the Foundation Account Provider of the accounts to which payments by the Borrowers are made, the Collection Foundation incurs in a credit risk on the Seller in its capacity of Foundation Account Provider and in the event of a bankruptcy of the Seller, it will have an unsecured claim for any amounts standing to the credit of the relevant Collection Foundation Account relating to the relevant Mortgage Receivables. In view of such risk, the Seller, the Issuer and the Security Trustee will enter into the Commingling Financial Collateral Agreement on or about the Signing Date, see section 5.1 (*Available Funds*). The remaining risk is that if the Posted Commingling Collateral Value or

the Commingling Alternative Mitigant Measures, if taken, are insufficient to enable the Issuer to meet its payment obligations, this may lead to losses under the Notes.

There is a risk that the Seller (prior to notification of the assignment) or its bankruptcy trustee (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid (*bevrjidend*). This risk is, however, mitigated by the following. Firstly, the Seller has under the Receivables Proceeds Distribution Agreement undertaken to the Issuer and the Security Trustee not to instruct the Borrowers to pay any amounts under Mortgage Receivables into an account other than the Collection Foundation Accounts without (i) the prior written approval of each of the Collection Foundation, the Issuer and the Security Trustee and (ii) a Credit Rating Agency Confirmation in respect thereof. In addition, de Volksbank in its capacity as Foundation Administrator has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from the Seller or any third party to cause the transfer of amounts in respect of the Mortgage Receivables to be made to another account than the relevant Collection Foundation Accounts without prior approval of the Issuer and the Security Trustee. Regardless of the above, the Seller is obliged to pay to the Issuer any amounts received by it in respect of the Mortgage Receivables from a Borrower which were not paid to the Collection Foundation Accounts but to the Seller directly. If the Seller or the Foundation Administrator do not comply with the relevant provisions of the Receivables Proceeds Distribution Agreement, this may lead to the Issuer having insufficient funds available to meet its obligations under the Notes.

In view of the (remote) bankruptcy risk of the Collection Foundation, the Collection Foundation will enter into the Collection Foundation Accounts Pledge Agreement, see section 4.7 (*Security*). Each Previous Transaction Security Trustee and the Security Trustee have a certain *pari passu* ranking undivided interest, or "share" (*aandeel*) in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. As a consequence, the rules applicable to co-ownership (*gemeenschap*) apply to the joint right of pledge. The share of the Security Trustee will be determined on the basis of the amounts in the Collection Foundation Accounts relating to the relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the DCC provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the DCC (*aandeel*) in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in respect of the amounts standing to the credit of the Collection Foundation Accounts which relate to the mortgage receivables owned and/or pledged to them, from time to time. In case of foreclosure of the co-owned right of pledge on the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the DCC and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. The same applies to the pledge for the Issuer and the Previous Transaction SPVs.

#### **Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables**

Under Dutch law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

The Mortgage Conditions applicable to some of the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although such clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Dutch law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this

paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has originated (*opgekomen*) and became due and payable (*opeisbaar*) prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated and became due and payable prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the terms of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The Issuer has been informed by the Seller that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable at any time. If following receipt of notification of assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or the deposit account, as the case may be, the Borrower will only be permitted to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received, after deduction of amounts which have been debited from the current account or the deposit account after receipt of such notification, notwithstanding that amounts may have been credited.

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

Claims which are enforceable (*afdwingbaar*) by a Borrower could, *inter alia*, result from current account balances or deposits made with the Seller and, in respect of Bank Savings Mortgage Loans, the Bank Savings Deposits of a Borrower held with the Bank Savings Participant. Also, such claims of a Borrower could, *inter alia*, result from (x) services rendered by the Seller to the Borrower, if rendered at all, such as investment advice rendered by the Seller in connection with Investment Mortgage Loans or for which the Seller is responsible or (y) services for which the Seller is liable.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivables, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Seller in this respect, the Issuer will enter into the Set-Off Financial Collateral Agreement with the Seller and the Security Trustee pursuant to which the Seller shall have an obligation to transfer Eligible Collateral in an amount of and having a value equal to the Set-Off Delivery Amount (see section 5 (*Credit Structure*)). Notwithstanding the above, if the Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Set-Off Financial Collateral Agreement or if the set-off amount would exceed the balance standing to the credit of the Financial Set-Off Cash Collateral Ledger, set-off by Borrowers could lead to losses under the Notes.

In order to mitigate the set-off risk in respect of Bank Savings Mortgage Loans, a Bank Savings

Participation Agreement has been entered into by the Issuer with the Bank Savings Participant. Therefore, normally the Issuer will not suffer any damages if the Borrower would invoke set-off, if and to the extent the amount for which the Borrower would invoke set-off 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 involved, exceed the amount of the relevant Bank Savings Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the relevant Bank Savings Participation, such set-off or defences could lead to losses under the Notes.

In respect of Employee Mortgage Loans, which are Mortgage Loans granted by the Seller to any employees within the group within the meaning of article 2:24b of the Dutch Civil Code of de Volksholding B.V., such Borrower has set-off rights vis-à-vis the Issuer for claims resulting from its employment relationship, provided that the conditions for set-off after notification of assignment, set out above, are met. Consequently, counterclaims resulting from the employment relationship which have become due prior to notification can be set-off against the relevant Mortgage Receivable. For counterclaims which are not due at the time of notification, it is the question whether the counterclaim results from the same legal relationship as the Employee Mortgage Loan. The Issuer has been informed by the Seller that its employees have the right to a reduced interest on a mortgage loan taken out with the Seller as part of their employment conditions. On this basis it could be argued that the Employee Mortgage Loan is part of the employment relationship and could on this basis be regarded as resulting from the same legal relationship. However, the Issuer has been advised that the better view is that the Employee Mortgage Loan and the employment relationship should not be regarded as the same legal relationship, since the Seller has represented and warranted in the Mortgage Receivables Purchase Agreement that (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan with salary payments is agreed or actually effectuated. There is no case law or literature supporting this view. If an Employee Mortgage Loan is granted by the Seller to a Borrower, which is also an employee of an entity within the group of de Volksholding B.V., other than the Seller, the requirement for set-off that the debtor has a claim and a corresponding debt to the same counterparty is not met. There may be circumstances, however, which could lead to set-off or other defences being successful in such circumstances. The Seller has informed the Issuer that the aggregate Outstanding Principal Amount of the Employee Mortgage Loans does not exceed EUR 78,860,033.99 at the Closing Date. Pursuant to the Portfolio Conditions, any Further Advance Receivables and New Mortgage Receivables may not result from Employee Mortgage Loans.

For specific set-off issues relating to the Life Insurance Policies or, as the case may be, Savings Insurance Policies connected to the Mortgage Loans or specific set off issues relating to the Investment Mortgage Loans, reference is made to the paragraph '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*' and '*Risks related to offering of Investment Mortgage Loans and Life Insurance Policies*' and '*Risk of set-off or defences in respect of investments under Investment Mortgage Loans*' below.

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

Under certain types of Mortgage Loans the Seller has the benefit of rights under the Insurance Policies. Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, recovery or resolution measures, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished (*teniet gaan*) or cannot be recovered for other reasons, which could lead to losses under the Notes.

With a view to reducing the risk of set-off by Borrowers, the Mortgage Conditions applicable to some of the Mortgage Loans originated by the Seller provide that all payments by the relevant Borrowers should be made without any deduction or set-off. This provision provides arguments for a defence against Borrowers invoking set-off rights or other defences (see below), but it is uncertain whether this provision in the Mortgage Conditions will be effective.

If set-off has not been validly excluded in the Mortgage Conditions, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers and the Mortgage Loans are contracts between the Seller and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship.

Furthermore, the Borrowers should have a counterclaim that is enforceable. If the relevant Insurance Company is declared bankrupt or has become subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment (*afkoopsom*). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment vis-à-vis the Seller. However, the Borrower may, as an alternative to the right to terminate the Insurance Policies, possibly rescind the Insurance Policy and may invoke a right of set-off vis-à-vis the Seller or, as the case may be, the Issuer for its claim for restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Set-off vis-à-vis the Issuer and/or the Security Trustee after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see '*Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables*' above). In the case of Savings Mortgage Loans (one of) these requirements is likely to be met, since it is likely that the Savings Mortgage Loans and the Savings Insurance Policies are to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off. The Issuer has been advised that it is unlikely, however, that the Mortgage Loans and the Life Insurance Policies should be regarded as one legal relationship.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Seller, the Issuer and/or the Security Trustee, as the case may be. The Borrowers will naturally have all defences afforded by Dutch law to debtors in general. A specific defence one could think of would be based upon interpretation of the Mortgage Conditions and the promotional materials relating to the Mortgage Loans. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the Seller and the relevant Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such a manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness (*redelijkheid en billijkheid*) in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" (*dwaling*), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could



lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds the relevant Mortgage Receivable.

#### *Mortgage Loans to which a Life Insurance Policy is connected*

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that, in view of the preceding paragraphs and the representation by the Seller that with respect to Mortgage Loans whereby it is a condition for the granting of the relevant Mortgage Loan that a Life Insurance Policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Seller, (ii) the Mortgage Loan and the Life Insurance Policy are in the Seller's or the Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name, and (iii) the Borrowers were not obliged to enter into the Life Insurance Policy with an relevant Insurance Company which was a group company of the Seller, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, if the relevant Insurance Company is, or at the date of origination was, not a group company of the Seller within the meaning of article 2:24b of the DCC. However, if the relevant Insurance Company is, or at the date a Mortgage Loan was granted, a group company of the Seller, the Issuer has been advised that the possibility cannot be disregarded (*kan niet worden uitgesloten*) that the courts will honour set-off or defences by the Borrowers.

#### *Savings Mortgage Loans*

In respect of Savings Mortgage Loans the Issuer has been advised that there is a considerable risk (*een aanmerkelijk risico*) that such a set-off or defence would be successful in view of, inter alia, the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage deeds relating to the Savings Mortgage Loans.

In respect of Savings Mortgage Loans, the Insurance Savings Participation Agreement will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan if, for whatever reason, the Insurance Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of the relevant Savings Mortgage Receivable, the relevant Insurance Savings Participation of the Insurance Savings Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Insurance Savings Participation is equal to the amounts of Savings Premium received by the Issuer plus the accrued yield on such amount (see section 7.6 (*Sub-participations*)), provided that the Insurance Savings Participant will have paid all amounts equal to the amounts due under the Insurance Savings Participation Agreement to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower invokes any such set-off or defence, if and to the extent that the amount for which the Borrower invokes set-off or defences does not exceed the amount of the Insurance Savings Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Insurance Savings Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the Insurance Savings Participation, such set-off or defences could lead to losses under the Notes.

#### **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 relevant securities are purchased for the account of the Borrowers by a bank or an investment firm (*beleggingsonderneming*), which are by law obliged to ensure that these securities are held in custody in accordance with the Wge (only possible for securities as defined in the Wge), through a bank or through a separate depositary vehicle (*bewaarinstelling*). The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect. However, if this is not the case and the investments were to be lost, this may lead to the

Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables and Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies.

In the case of Investment Mortgage Loans originated by former BLG Hypotheekbank N.V., investment firms provide for certain services, for example for investment advice or investment management services to the Borrowers. The Borrower may hold an investment firm liable if it does not meet its obligations towards the Borrower as investment adviser or investment manager, for example with respect to any investment advice or investment management services provided by such investment firm. In particular liability could arise if the sum of the investments is not sufficient to repay the Investment Mortgage Loan at maturity. Although the Seller has no contractual obligation to provide investment advice or investment management services to the Borrower, it cannot be excluded that the Borrower may hold the Seller liable for the non-fulfilment of the obligations of the investment firm and invoke set-off or defences similar to those described under Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies.

**Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer**

The mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide for All Moneys Mortgages, meaning that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the relevant Mortgaged Asset, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller. The Mortgage Loans also provide for All Moneys Pledges granted in favour of the Seller.

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

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

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

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

The Mortgage Conditions applicable to some of the Mortgage Loans stipulate that in case of assignment of the Mortgage Receivable, the All Moneys Security Right or the All Money Mortgage, as applicable, will follow the Mortgage Receivable upon its assignment or, in respect of part of the Mortgage Conditions, pledge. This provides a clear indication of the intentions of the parties in this respect. The Issuer has been advised that, in the absence of circumstances giving an indication to the contrary, the inclusion of these provisions in some of the Mortgage Loans makes it clear that the All Moneys Security Right or the All Moneys Mortgage, as applicable, (partially) follows the Mortgage Receivable result from such Mortgage Loan as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

The Mortgage Conditions applicable to the other Mortgage Loans do not contain any explicit provision on the issue whether the All Moneys Security Right or the All Moneys Pledge, as applicable, follow the Mortgage Receivable upon its assignment or pledge. Consequently, in respect of such Mortgage Loan there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the All Moneys Pledge or All Moneys Security Right, as the case may be, should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on All Moneys Security Rights in the past as described above, which view continues to be defended by some legal commentators.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement.

Furthermore, with respect to the NHG Mortgage Loan Receivables it is noted that if the Issuer or the Security Trustee, as the case may be, does not have the benefit of the All Moneys Mortgage, it also will not be entitled to claim under any NHG Guarantee.

#### **Risk related to jointly-held All Moneys Security Rights by the Seller, the Issuer and the Security Trustee**

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the Seller to the Issuer, the All Moneys Security Rights will be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the Seller and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and Other Claims, except for certain All Moneys Mortgages in respect of which the Mortgage Conditions provide that following assignment or pledge of the Mortgage Receivable the All Moneys Mortgage no longer secures such Other Claims.

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

The Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer has been advised

that although a good argument can be made that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee or administrator, as the case may be, this is not certain. Furthermore, it is noted that this Joint Security Right Arrangement may not be effective against the Borrower.

If the Seller, or its bankruptcy trustee or administrator, would, notwithstanding the Joint Security Right Arrangement set out above, enforce the jointly-held All Moneys Security Rights, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

To further secure the obligations of the Seller under the Joint Security Right Arrangements, the Seller shall have an obligation to pledge, upon the occurrence of an Assignment Notification Event, the Other Claims in favour of the Security Trustee and the Issuer respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the Net Foreclosure Proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower.

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

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in section 6.2 (*Description of Mortgage Loans*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Seller will take into consideration certain conditions, in particular the term of the long lease. Therefore, the Mortgage Conditions used by the Seller provide that the Outstanding Principal Amount of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates or if the lease holder materially breaches the conditions of the long lease.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease due to a leaseholder default or for other reasons. In such event 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.

**Risk that Borrower Insurance Pledges and Borrower Investment Pledges will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the Seller under a Borrower Insurance Pledge. The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The same applies to Borrower Investment Pledge to the extent the rights of the Borrower qualify as future claims, such as options (*opties*).

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

The Seller has been appointed as beneficiary under the relevant Insurance Policy, except that in certain cases another beneficiary is appointed with respect to the Beneficiary Rights who will rank ahead of the Seller, provided that, *inter alia*, there is a Borrower Insurance Proceeds Instruction.

The Issuer has been advised that it is unlikely that the appointment of the Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee, except that in certain Mortgage Conditions applicable to the Mortgage Loans any successor in title (*rechtsopvolgers onder algemene en bijzondere titel*) is also appointed as beneficiary, which may, subject to the legal requirements for a valid assignment and subject to any requirements stipulated by the Life Insurance Policy or Savings Insurance Policy, as the case may be, include the Issuer upon the assignment.

The Beneficiary Rights will be assigned by the Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see section 4.7 (*Security*)). The assignment and pledge of the Beneficiary Rights will only be completed upon notification to the relevant Insurance Company. Notification is expected to occur only upon the occurrence of an Assignment Notification Event. However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Issuer and the Security Trustee will enter into the Beneficiary Waiver Agreement with the Seller and the Insurance Savings Participant under which the Seller, without prejudice to the rights of the Issuer as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Savings Insurance Policies 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 (*opschortende voorwaarde*) of the occurrence of a Pledge Notification Event. It is, however, uncertain whether such waiver and unlikely that such appointment will be effective. In the event that such waiver and appointment are not effective in respect of the Savings Insurance Policies and, furthermore, in respect of the Life Insurance Policies, the Seller and, in respect of the Savings Insurance Policies, the Insurance Savings Participant will undertake in the Beneficiary Waiver Agreement that they will use their best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the Seller as beneficiary under the Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

In the event that a Borrower Insurance Proceeds Instruction has been given, the Seller and, in respect of the Savings Insurance Policies, the Insurance Savings Participant, 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 Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition (*ontbindende voorwaarde*) of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Pledge Notification Event. A similar best efforts obligation applies to the Seller in respect of the Insurance Policies taken out with any Insurance Companies. 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. It is uncertain whether such co-operation will be forthcoming.

If (i) the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or receiver of the final payment on the basis of the Borrower Insurance Proceeds Instruction and (ii) the assignment and pledge of the Beneficiary Rights is not effective and (iii) the waiver of the Beneficiary Rights is not effective, the Seller will be entitled to any proceeds under the Insurance Policies or another beneficiary will be entitled to such proceeds. If the proceeds are paid to the Seller, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy or of emergency regulations applicable to the Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Seller or

another beneficiary, as the case may be.

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

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

**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 by one of the Life Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

**Risks related to offering of Investment Mortgage Loans and certain 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 certain Life Insurance Policies are connected. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified (*vernietigd*) or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional 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 risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans or the relevant Life Insurance Policies not sufficient to redeem the relevant Mortgage Loans.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies (*beleggingsverzekeringen*), such as the Life Insurance Policies, commonly known as the "usury insurance policy affair" (*woekerpolisaffaire*). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. The discussion on the costs of the investment insurance policies is currently still continuing. Rulings of courts, including the Dutch Supreme Court (*Hoge Raad der Nederlanden*) and the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) have been published, some of which are still subject to appeal, which were generally favourable for consumers.

If Life Insurance Policies related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in case of insolvency of the insurer (see '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*'), except if the Seller is itself liable, whether jointly with the insurer or

separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower. Any such set-off or defences could lead to losses under the Notes.

### **Risk related to Construction Deposits**

Pursuant to the Mortgage Conditions, part of the Mortgage Loan may be applied towards construction of or improvements to the Mortgaged Asset. In that case part of the Mortgage Loan is placed on blocked account of the Borrower with the Seller. The Seller has undertaken to pay out deposits in connection with a Construction Deposit to the Borrower to pay for such construction or improvement if certain conditions are met. If the Seller is unable to pay the relevant Construction Deposit to the Borrower, such Borrower may invoke defences or set-off such amount with its payment obligation under the Mortgage Loan. This risk is mitigated as follows. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price for such Mortgage Receivables an amount equal to the Aggregate Construction Deposit Amount. Such amount will be deposited by the Issuer in the Construction Deposit Account. On each Mortgage Collection Payment Date, if applicable the Issuer will release from the Construction Deposit Account such part of the relevant Initial Purchase Price for the Mortgage Receivables 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, except if and to the extent the Borrower has invoked set-off or defences.

Construction Deposits have to be paid out after the construction activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set off against the relevant Mortgage Receivable up to the amount of the 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 consequently any remaining part of the amounts of the relevant Construction Deposit Account will form part of the Available Principal Funds. If an Assignment Notification Event set out under (e) (see section 7.1 (*Purchase, repurchase and sale*)) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price.

The amount for which a Borrower can invoke set-off or defences may, depending on the circumstances, exceed the relevant Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes a set-off or defences exceeds the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. The loan to income ratios are set out in section 6.1 (*Stratification tables*). The higher the loan to income ratio, the larger the proportion of the earnings of the Borrower that will be needed to pay interest and principal under the Mortgage Loans, especially when confronted with unexpected costs or expenses, or, in respect of an Interest-Only Mortgage Loan, the repayment of principal. A significant portion of the Mortgage Loans have relatively high loan to income ratios (in view of the current rules for the origination of mortgages in the Netherlands) and 47.80 per cent. of the Mortgage Loans are Interest-Only Mortgage Loans. This factor and other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. The ultimate effect of this could be delayed and/or reduced payments on the Notes and/or an increase of the rate of repayment of the Notes.

### **Risks related to NHG Guarantees**

NHG Mortgage Loans will have the benefit of a NHG Guarantee. Pursuant to the terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee, the 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 in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee connected to the NHG Mortgage Loan was granted for the full Outstanding Principal Amount of the NHG Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (ii) all terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee at the time of origination of the NHG Mortgage Loans were complied with and (iii) it is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of the NHG Mortgage Loan should not be met in full and in a timely manner. Should any of the NHG Mortgage Loans and the NHG Mortgage Loan Receivables not or no longer comply with this representation at the time at which the Seller has assessed with respect to any of the NHG Mortgage Loan Receivables whether the relevant NHG Mortgage Loan Receivable complies with such representation, the Seller will be required to repurchase the relevant Mortgage Receivables (see section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Furthermore, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the 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 NHG Mortgage Loan can be different (see section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of thirty (30) years. In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been introduced which is applicable to claims under the NHG Guarantees. On any claim vis-à-vis Stichting WEW for a loss incurred, a deduction of 10 per cent. will be applied. The lender is not entitled to recover this amount from the borrower. This may result in the Issuer not being able to fully recover a loss incurred with the Stichting WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such NHG Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes. For a description of the NHG Guarantees, see section 6.5 (*NHG Guarantee Programme*).

#### **Risk that the credit rating of the State of the Netherlands will be lowered**

The credit ratings assigned to the Class A Notes by the Credit Rating Agencies take into account the NHG Guarantee granted in connection with certain of the Mortgage Receivables. The NHG Guarantee is backed by the State of the Netherlands (see section 6.5 (*NHG Guarantee Programme*)) which is currently rated 'AAA' (stable outlook) by Fitch and 'Aaa' by Moody's (stable). Moreover, Stichting WEW is rated 'AAA' (stable outlook) by Fitch and 'Aaa' by Moody's. In the event that (i) the State of the Netherlands ceases to be rated 'AAA' by Fitch and 'Aaa' by Moody's, respectively, or (ii) the Stichting WEW ceases to be rated 'AAA' by Fitch and 'Aaa' by Moody's, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Notes (other than the Class E Notes) and could potentially result in a corresponding downgrade of the Notes, other than the Class E Notes.

#### **No investigations in relation to the Mortgage Loans and the Mortgaged Assets**

None of the Issuer or the Security Trustee or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Seller concerning itself, the Insurance Savings Participant, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The Issuer and the Security Trustee will rely solely on representations and warranties given by the Seller in respect thereof and in respect of itself.

Should any of the Mortgage Loans and the Mortgage Receivables not comply with the representations and warranties made by the Seller on the Closing Date and, in respect the Further Advance Receivables and/or New Mortgage Receivables, on any relevant Notes Payment Date, the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Mortgage Receivables (see section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.



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

The security for the Notes created pursuant to the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. The value of the Mortgaged Assets is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in deductibility of interest on mortgage payments). Furthermore, the value of the Mortgaged Assets is exposed to destruction and damage resulting from floods and other natural and man-made disasters.

In addition, a forced sale of those properties may, compared to a private sale, result in a lower value of such properties. A decline in value may result in losses to the Noteholders if such security is required to be enforced. To the extent that specific geographic regions within the Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region could exacerbate certain risks relating to the Mortgage Loans. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. See further sections 6.2 (*Description of Mortgage Loans*) and 6.4 (*Dutch residential mortgage market*).

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

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. For example, house prices in the Netherlands have on average (regional differences in the rate of change can be noticed) declined between 2008 and 2013 and increased in recent years (see in this respect section 6.4 *Dutch residential mortgage market*). A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

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

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of thirty (30) years and it only applies to mortgage loans secured by owner occupied properties. 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 highest income tax rate (51.95 per cent. in 2018) the interest deductibility has been reduced with 0.5 per cent. per year to 49.5 per cent. (in 2018) and will be gradually reduced until the rate is equal to 38 per cent. in 2041.

On 10 October 2017, the new Dutch government released their coalition agreement (*regeerakkoord*) 2017-2021, in which it announced, among other things, its intention to accelerate the decrease of the maximum interest deductibility for mortgage loans from 2020 with 3 per cent. annually to 37 per cent. in 2023. The coalition agreement itself does not contain the text of the proposed legislation or further explanatory remarks. Consequently, many aspects of this policy intention remains unclear. However, if this policy intention will be implemented it may have an adverse effect on the tax deductibility of interest and other factors relevant in relation to the Mortgage Loans.

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, see '*Risks of Losses associated with declining values of Mortgaged Assets*'.

#### **Risk related to prepayment penalties charged by the Seller and to interest rate averaging**

In the Netherlands borrowers of mortgage loans may generally prepay their mortgage loans before the maturity date. If the prepayment exceeds a certain limited amount in a year and does not result from certain predefined events, such as a sale of the mortgaged property, the provider of a mortgage loan may charge a prepayment penalty. A prepayment penalty may also be charged in case the borrower applies for interest rate averaging (*rentemiddeling*), as described below.

Pursuant to the entry into force of the Mortgage Credit Directive on 14 July 2016, prepayment penalties may not exceed the financial loss incurred by the provider of the mortgage loan. In view of the new regulation the AFM investigated the calculation method for, and the prepayment penalties charged by different providers of mortgage loans. As a result, the AFM published guidelines on 20 March 2017 with principles for calculating the prepayment penalty that may be charged in case of a prepayment of a mortgage loan (*Leidraad Vergoeding voor vervroegde aflossing van de hypotheek*).

According to these new AFM guidelines, the guidelines may be used for the calculation of the prepayment penalties charged as of 14 July 2016. The Seller has reviewed whether the prepayment penalties charged since then were calculated in accordance with the principles of the guidelines. Where the recalculation showed that a prepayment penalty charged was too high, the Seller notified the affected borrower of the mortgage loan and repaid such borrower the difference.

The Seller offers interest rate averaging (*rentemiddeling*) to borrowers. In case a borrower of a mortgage loan applies for interest rate averaging (*rentemiddeling*), such borrower is offered a new fixed interest rate, whereby the (agreed-upon) fixed interest will be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile, the break costs for the fixed interest and a small surcharge. It should be noted that interest rate averaging (*rentemiddeling*) - when offered to a borrower - may have a downward effect on the interest received on the relevant Mortgage Loans.

The new guidelines do not directly apply to interest rate averaging, however, the AFM expects providers of mortgage loans to act in the best interest of the borrower. Furthermore, the AFM announced that it will investigate whether providers of mortgage loans always act in accordance with the borrowers' interest. In this respect, the AFM could decide to apply these guidelines to interest rate averaging or adjust the guidelines for interest rate averaging. The AFM could also decide to request the government to adjust the regulations in this respect. This may have a downward effect on the amounts received as interest or prepayment penalties under the Mortgage Receivable by the Seller.

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

The Dutch Act on special measures regarding financial institutions (*Wet bijzondere maatregelen financiële ondernemingen*, the "**Special Measures Financial Institutions Act**"), which has to a large extent been included in the Wft, enables the Dutch Minister of Finance to intervene with a bank, insurer, other type of financial institution or parent undertaking thereof established in the Netherlands, if

the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the institution is in. The powers of the Minister of Finance consist of (i) the expropriation of assets and/or liabilities (*onteigening van vermogensbestanddelen*) of the institution, claims against the institution and securities issued by or with the cooperation of the institution and (ii) immediate measures (*onmiddellijke voorzieningen*), which measures may deviate from statutory provisions or the institution's articles of association, such as temporarily depriving the institution's shareholders from exercising their voting rights and suspending a board member or a supervisory board member. The Special Measures Financial Institutions Act also contains far-reaching intervention powers for DNB with regard to an insurer or parent undertaking thereof, including (amongst powers for DNB with respect to an insurer which it deems to be potentially in financial trouble, to procure that all or part of the assets and liabilities of such insurer or securities issued by or with the cooperation of such insurer are transferred to a third party. In order to increase the efficacy of these intervention powers of DNB, the Wft contains provisions restricting the ability of the counterparties of an insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the 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. Similar restrictions on counterparty rights apply in case of measures in respect of Banks under the BRRD and SRM Regulation (see under '*Recovery and Resolution Directive and SRM Regulation*').

Therefore there is a risk that (the enforceability of) the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Seller, the Bank Savings Participant, the Insurance Savings Participant, the Cash Advance Facility Provider and/or the Issuer Account Bank, may be affected on the basis of the Wft, which may lead to losses under the Notes.

Finally, on 28 November 2017, a legislative proposal for the recovery and resolution of insurers (*Wet herstel en afwikkeling van verzekeraars*) was published and submitted to the Dutch parliament. In short, the proposal includes a revised framework for the recovery and resolution of insurers and groups including an insurer, which is intended to replace the Special Measures Financial Institutions Act (other than the expropriation and immediate measures of the Minister of Finance discussed above). Certain other changes, such as in respect of the emergency regulations (*noodregeling*) for banks and insurers, are also envisaged. The proposal is subject to parliamentary discussion and therefore subject to change. Moreover, its envisaged date of entry into force is currently unclear.

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

The BRRD and the SRM Regulation set out a common European recovery and resolution framework which is composed of three pillars: (i) preparation (by requiring banks and other entities subject to the BRRD/SRM Regulation to draw up recovery plans and resolution authorities to draw up resolution plans), (ii) early intervention powers and (iii) resolution powers. The SRM Regulation applies to banks and banking groups subject to the SSM pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013 and provides for a single resolution mechanism in respect of such banks and banking groups. The BRRD has been transposed into the law of the Netherlands pursuant to the BRRD Implementation Act, which entered into force on 26 November 2015.

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 or to resolve an institution, the BRRD and the SRM Regulation give them certain tools and powers. In a resolution scenario, this includes the tools and powers to transfer assets or liabilities to third parties, to write-down or convert ('bail-in') capital instruments or eligible liabilities or to terminate or amend agreements. 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 and they provide for exclusion and suspension of contractual rights. The BRRD and SRM Regulation do however also provide for certain safeguards for contractual counterparties. If at any time any such powers are used by DNB in its capacity as national resolution authority or, the Single Resolution Board or any other relevant authority in relation to a counterparty of the Issuer or another party to the Transaction Documents, this could result in losses to, or otherwise affect the rights of, Noteholders

and/or could affect the credit ratings assigned to the Notes.

On 23 November 2016 the European Commission proposed the EU Banking Reforms, a comprehensive package of amendments to amongst others the BRRD and SRM Regulation, which aim to further strengthen the European resolution framework by, amongst others, the revision of the minimum requirement for own funds and eligible liabilities, the harmonisation of the priority ranking of unsecured debt instruments under national insolvency proceedings and the introduction of (additional) powers of competent authorities to suspend contractual obligations.

#### **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 applies from 1 January 2017, with the exception of article 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 Administration Agreement, the Issuer Administrator has been appointed as the reporting entity in respect of the Notes issued by the Issuer for the purposes of article 8b of the CRA Regulation and the corresponding implementing measures (including the disclosure, reporting and notification requirements under articles 2 to 7 of Regulation 2015/3).

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (ESMA) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Should any of the Credit Rating Agencies not be registered or endorsed or should such registration or endorsement be withdrawn or suspended, this may affect the market value of the Notes.

On the date of this Prospectus, there remains uncertainty as to what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance.

#### **PRIIPS Regulation**

On 15 April 2014, Regulation (no 1286/2014) on key information documents for packaged retail and insurance-based investment products ("**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 has become directly applicable in the Member States as from 1 January 2018. The PRIIPs Regulation may in certain circumstances also apply to products sold prior to 1 January 2018. It cannot be excluded that the PRIIPs Regulation will have an impact on the ability of

the Insurance Savings Participant to make changes to life 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. In addition, although the Notes are only intended to be offered to qualified investors, it cannot be excluded that the Issuer will be required to prepare a KID in relation to the Notes and incur costs and liabilities in relation thereto.

### 3. PRINCIPAL PARTIES

#### 3.1 Issuer

Lowland Mortgage Backed Securities 5 B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 9 March 2018. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam and its telephone number is +31 20 5214777. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 71112820. The Legal Entity Identifier (LEI) of the Issuer is 724500T5BI90JDS4TH12.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and to encumber assets including receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such receivables, (b) to acquire moneys to finance the acquisition of the assets including the receivables, mentioned under (a), by way of issuing notes or other securities or by way of entering into loan agreements, (c) to on-lend and invest any funds held by the Issuer, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) in connection with to the foregoing: (i) to borrow funds, amongst others to repay the obligations under the securities mentioned under (b), and (ii) to grant security rights or to release security rights to third parties; and (f) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

The Issuer has an issued share capital of EUR 1, which is fully paid. All shares of the Issuer are held by the Shareholder.

#### **Statement by Director of the Issuer**

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction described in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings 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 Director of the Issuer is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren and S.A. Jonker-Douwes. The managing directors of Intertrust Management B.V. have chosen domicile at the office address of Intertrust Management B.V., being Prins Bernhardplein 200, 1097 JB Amsterdam. The sole shareholder of Intertrust Management B.V. is Intertrust (Netherlands) B.V.

Intertrust Management B.V. belongs to the same group of companies as Intertrust Administrative Services B.V., which is appointed as the Issuer Administrator. The sole shareholder of Intertrust Management B.V., and Intertrust Administrative Services B.V. is Intertrust (Netherlands) B.V., which is also the sole managing director of the Shareholder.

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

The Issuer's Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee pursuant to which the Issuer's Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch 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) 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 as director of the Issuer agree to any modification of any agreement including, but not limited to, the Transaction Documents, except in accordance with the Trust Deed.

The management agreement may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee, upon the occurrence of certain termination events, including, but not limited to, a default by the Issuer's Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer's Director or the Issuer's Director being declared bankrupt or granted a suspension of payments. Furthermore, the management agreement can be terminated by the Issuer's Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation is available in respect of such termination. The Issuer's Director shall resign upon termination of the management agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation is available in respect of such appointment.

There are no potential conflicts of interest between any duties of the Director's duties to the Issuer and private interests or other duties of the Director.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2018.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as of the date of this Prospectus as adjusted to give effect to the issue of the Notes:

#### **Share Capital**

Issued Share Capital	euro	1
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#### **Assets**

Mortgage Receivables	euro	5,138,391,162.19
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Balance on accounts

#### **Borrowings**

Class A1 Notes	euro	212,700,000
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Class A2 Notes	euro	4,411,700,000
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Class B Notes	euro	127,300,000
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Class C Notes	euro	140,700,000
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Class D Notes	euro	80,400,000
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Class E Notes	euro	53,800,000
Initial Bank Savings Participation	euro	42,729,713.41
Initial Insurance Savings Participation	euro	69,072,178.76
Cash collateral under the Financial Collateral Agreements	euro	77,100,000
Cash Advance Facility Stand-by Drawing	euro	69,366,000



### 3.2 Shareholder

Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding is a foundation (*stichting*) incorporated under Dutch law on 19 June 2001. The statutory seat (*statutaire zetel*) of the Shareholder is in Amsterdam, the Netherlands. The registered office of the Shareholder is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its telephone number is +31 20 5214 777. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 34157955.

The objects of the Shareholder are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer, to conduct the management of and to administrate shares in the Issuer, to exercise any rights connected to the shares in the Issuer, to grant loans to the Issuer and to alienate and to encumber shares in the Issuer. The sole managing director of the Shareholder is Intertrust (Netherlands) B.V.

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

Intertrust (Netherlands) B.V. is the sole shareholder of (i) Intertrust Management B.V., which is the Director of the Issuer, and (ii) Intertrust Administrative Services B.V., which is the Issuer Administrator. The sole shareholder of Intertrust (Netherlands) B.V. is Intertrust Group B.V.

### 3.3 Security Trustee

Stichting Security Trustee Lowland Mortgage Backed Securities 5 is a foundation (*stichting*) incorporated under Dutch law on 30 April 2018. The statutory seat (*statutaire zetel*) of the Security Trustee is in Amsterdam and its registered office is at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands and its telephone number is +31 20 522 25 55. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 71547711.

The objects of the Security Trustee are (a) to act as security trustee for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer; (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the acquiring and holding of the abovementioned security rights; (c) to borrow money; and (d) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of 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.R.T. Kröner and J. van der Sluis.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other 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.

The Security Trustee Director has entered into the Security Trustee Management Agreement with the Security Trustee. In the Security Trustee Management Agreement the Security Trustee's Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice 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) refrain from taking any action detrimental to the Security Trustee's ability to meet its obligations under any of the Transaction Documents. In addition the Security Trustee Director agrees in the Security Trustee Management Agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents, other than in accordance with the Trust Deed.

As set out in the Trust Deed, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full. However, the Noteholders of the Most Senior Class of Notes can resolve to dismiss the Security Trustee's Director as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and the articles of association of the Security Trustee. The Security Trustee Management Agreement may be terminated by the Security Trustee or the Issuer on behalf of the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments, provided that the Credit Rating Agencies are notified of such default and after consultation with the Secured Creditors, other than the Noteholders. Furthermore, the Security Trustee Management Agreement can be terminated by the Security Trustee Director or the Security Trustee or the Issuer on behalf of the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation is available in respect of such termination. The Security Trustee Director shall resign upon termination of the Security Trustee Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee

has been appointed and (b) a Credit Rating Agency Confirmation is available in respect of such appointment.

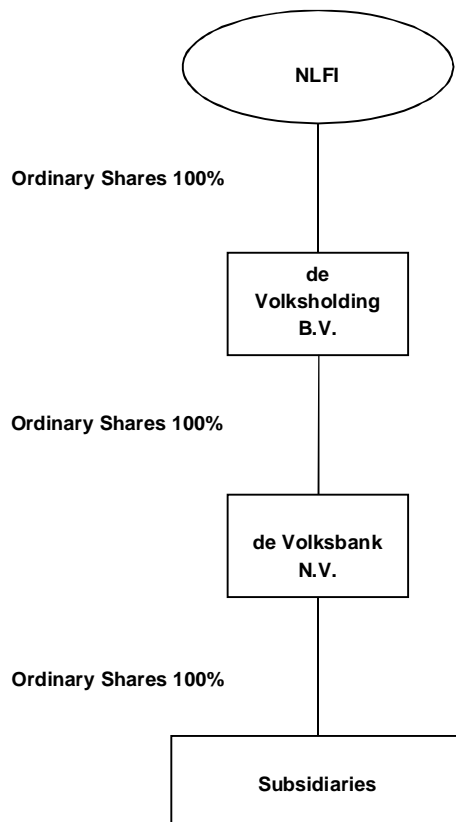
### 3.4 Seller

#### Incorporation

The public limited liability company (*naamloze vennootschap*) de Volksbank N.V., was incorporated under Dutch law on 18 December 1990 as a result of the merger of several regional savings banks. As per 1 January 2017 SNS Bank N.V. has been renamed to de Volksbank N.V. following the legal merger whereby ASN Bank N.V. and RegioBank N.V. as disappearing entities merged into SNS Bank N.V. The corporate seat of de Volksbank is in Utrecht, The Netherlands. The registered office of de Volksbank is Croeselaan 1, 3521 BJ, Utrecht, The Netherlands and de Volksbank is registered in the Commercial Register of the Utrecht Chamber of Commerce, under number 16062338. The telephone number of de Volksbank is +31 30 2915100. The articles of association of de Volksbank were most recently amended by a notarial deed on 1 January 2017 before Mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam, the Netherlands.

#### Ownership

As per the date of this Prospectus, Stichting administratiekantoor beheer financiële instellingen (NLFI) is, on behalf of the Dutch State, and indirectly via de Volksholding B.V., the sole shareholder of de Volksbank (see chart below). This holding structure, whereby NLFI holds the shares on behalf of the Dutch State, is also used by the Dutch State for certain other holdings in financial institutions.



## Rating Agencies

De Volksbank has been rated by independent rating agencies Moody's, Standard & Poor's Global Ratings ("S&P") and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to de Volksbank, are made available on [www.dev Volksbank.nl](http://www.dev Volksbank.nl) under the headings 'Investor relations' > 'Credit ratings'. Please see below an overview of the ratings assigned to de Volksbank.

Ratings of de Volksbank per date of this Prospectus

Long-term credit ratings	S&P	Moody's	Fitch
de Volksbank	A- (positive)	A3 (stable)	A- (stable)

Short-term credit ratings	S&P	Moody's	Fitch
de Volksbank	A2	Prime-2	F2

## Company profile

De Volksbank has a focus on the Dutch market, offering simple and transparent mortgage, savings and payment products to private individuals. De Volksbank also offers insurance, investment and lending services through its brands and serves smaller companies in a retail manner.

De Volksbank is pursuing a multi-brand strategy with ASN Bank, BLG Wonen, RegioBank and SNS. Each of these brands has its own distinctive profile that meets the needs of their customer group. The brands of de Volksbank are supported by a single back office, IT infrastructure and a central staff organisation allow de Volksbank to operate effectively and efficiently.

The mission of de Volksbank – banking with a human touch – is described in its manifesto. To live up to this mission, de Volksbank has formulated the following ambition: optimising shared value. We define shared value as de Volksbank serving the joint interest of customers, society, employees and shareholder(s).

De Volksbank has the following four bank brands each displaying its own identity and image. ASN Bank, BLG Wonen, RegioBank and SNS.

### Four Bank brands:

- ASN Bank's mission is to contribute to a more sustainable society, based on its pillars of climate change, human rights and biodiversity. ASN Bank is working towards a more sustainable society in two ways. Firstly, in its banking activities, through (project) loans and the investments made by the bank and its investment funds. Secondly, in its nonbanking activities, such as collaboration with other organisations and knowledge sharing;
- BLG Wonen is the brand for the independent advisor who gives broad house and home-related financial advice to clients. BLG Wonen seeks to create a society in which every person has a house where he feels at home. BLG Wonen is known for being a personal services provider and is firmly committed to retaining this personal touch by, for example, developing campaigns geared to specific target groups and their housing needs. In addition to serving new customers, BLG Wonen will also strengthen the ties with its existing customers and advisers;
- RegioBank works with independent advisers having a franchise relationship with this brand. RegioBank offers a range of products, serving retail customers and SME customers in the areas of payments, savings and mortgages. RegioBank will continue on the path taken, aiming for local savings to be invested locally in the form of mortgages while also focusing on the retention of mortgage customers. RegioBank will continue to promote initiatives that stimulate vitality and liveability;

- SNS is a brand for ordinary Dutch consumers and has a course that fits in well with SNS's roots as a social bank. SNS is a brand that shows that banking can be different, more normal, and that wishes to surprise its customers with this. And if it is in their customers' interests, SNS will break with traditional banking practices. Based on this 'perfectly normal' mind-set, SNS positions itself as a no-nonsense brand for ordinary Dutchmen and as a clear alternative to the major banks. SNS shows (prospective) customers that they really have a choice and proves this by offering unique products and services. It is the brand's ambition to be a larger, visible player, including in the mortgage and payments markets. Presenting a clear and simple product range, SNS offers its customers comprehensive solutions for payments, (bank) savings, mortgages, insurance, borrowing and profile investment. The objective is to intensify the relationship with the customer by proactively giving advice, listening carefully and discovering any additional wishes.

### **3.5 Servicer**

The Issuer has appointed de Volksbank to act as its Servicer in accordance with the terms of the Servicing Agreement, to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.

For further information regarding de Volksbank see section 3.4 (*Seller*).

### 3.6 Issuer Administrator

The Issuer has appointed Intertrust Administrative Services B.V. to act as its Issuer Administrator in accordance with the terms of the Administration Agreement.

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

The managing directors of the Issuer Administrator are S.A. Jonker-Douwes 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 Dutch law and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, which entity is also the sole shareholder of Intertrust Management B.V.

Intertrust Administrative Services B.V. is under supervision of and licensed by the Dutch Central Bank as a *trustkantoor* (trust office). Intertrust Administrative Services B.V. belongs to the same group of companies as Intertrust Management B.V., which is the Issuer Director.



### 3.7 Other parties

<b>Cash Advance Facility Provider:</b>	de Volksbank.
<b>Issuer Account Bank:</b>	ING Bank.
<b>Repo Counterparty</b>	de Volksbank.
<b>Custodian</b>	ING Bank.
<b>Collection Foundation:</b>	Stichting Hypotheken Incasso, incorporated under Dutch law as a foundation ( <i>stichting</i> ) and established in Amsterdam, the Netherlands.
<b>Foundation Account Providers:</b>	de Volksbank and Rabobank.
<b>Foundation Administrator:</b>	de Volksbank.
<b>Previous Transaction SPVs:</b>	PEARL Mortgage Backed Securities 1 B.V. Lowland Mortgage Backed Securities 2 B.V.; Lowland Mortgage Backed Securities 3 B.V.; Lowland Mortgage Backed Securities 4 B.V. SNS Covered Bond Company B.V.; and Woonhuishypotheke B.V.
<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee PEARL Mortgage Backed Securities 1  Stichting Security Trustee Lowland Mortgage Backed Securities 2;  Stichting Security Trustee Lowland Mortgage Backed Securities 3;  Stichting Security Trustee Lowland Mortgage Backed Securities 4;  Stichting Security Trustee SNS Covered Bond Company; and  Stichting Security Trustee Woonhuishypotheke.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer, SGG Securitisation Services B.V., the sole director of the Security Trustee and Intertrust

(Netherlands) B.V., the sole director of the Shareholder.

<b>Paying Agent:</b>	ABN AMRO Bank.
<b>Reference Agent:</b>	ABN AMRO Bank.
<b>Listing Agent:</b>	ABN AMRO Bank.
<b>Common Service Provider:</b>	Bank of America Merrill Lynch.
<b>Common Safekeeper:</b>	Clearstream, Luxembourg in respect of the Class A Notes.  Bank of America National Association, London Branch in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
<b>Insurance Savings Participant:</b>	SRLEV N.V.
<b>Bank Savings Participant:</b>	de Volksbank.
<b>Arranger:</b>	de Volksbank.
<b>Manager:</b>	de Volksbank.

## 4. NOTES

### 4.1 Terms and Conditions

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

The issue of the EUR 212,700,000 class A1 mortgage-backed floating rate notes 2018 due 2055 (the "**Class A1 Notes**"), the EUR 4,411,700,000 class A2 mortgage-backed fixed rate notes 2018 due 2055 (the "**Class A2 Notes**", and together with the Class A1 Notes, the "**Class A Notes**"), the EUR 127,300,000 class B mortgage-backed notes 2018 due 2055 (the "**Class B Notes**"), the EUR 140,700,000 class C mortgage-backed notes 2018 due 2055 (the "**Class C Notes**"), the EUR 80,400,000 class D mortgage-backed notes 2018 due 2055 (the "**Class D Notes**") and the EUR 53,800,000 class E mortgage-backed notes 2018 due 2055 (the "**Class E Notes**", and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on 9 May 2018. The Notes are issued under the Trust Deed.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the Coupons, the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) the Paying Agency Agreement, (iii) the Administration Agreement, (iv) the Parallel Debt Agreement and (v) the Pledge Agreements.

Unless otherwise defined herein, words and expressions used below are defined in a master definitions agreement dated the Signing Date between the Issuer, the Security Trustee, the Seller and certain other parties as amended from time to time (the "**Master Definitions Agreement**"). Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, Class means the Class A Notes or the Class B Notes or the Class C Notes or the Class D Notes or the Class E Notes, as the case may be. The Class A Notes consist of the Class A1 Notes and the Class A2 Notes.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other 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 and the Paying Agent, being at the date hereof, with respect to the Security Trustee: Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands, and with respect to the Paying Agent: Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands and in electronic form upon e-mail request at [NLsecuritisation@sgggroup.com](mailto:NLsecuritisation@sgggroup.com) or [corporate.broking@nl.abnamro.com](mailto:corporate.broking@nl.abnamro.com). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

#### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of EUR 100,000 each. Under Dutch law, the valid transfer of Notes or Coupons requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat 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.

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

- (a) The Notes of each Class or Sub-Class are direct and unconditional obligations of the Issuer and rank *pro rata* and *pari passu* without any preference or priority among Notes of the same Class or Sub-Class.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes and principal on the Class B Notes and (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes, and principal on the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and, in certain circumstances, interest on the Class A Notes and payments of principal on the Class B Notes, the Class C Notes and the Class D Notes.
- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer Rights and the Securities.
- (d) The obligations under the Notes will be secured indirectly by the Security. The obligations under the Class A Notes (being the Class A1 Notes and Class A2 Notes jointly) will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the obligations under the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes, the obligations under the Class C Notes will rank in priority to the Class D Notes and the Class E Notes and the obligations under the Class D Notes will rank in priority to the Class E Notes, each in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders each as a Class and not to the consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the holders of the Higher Ranking Class of Notes.

In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed, determines which interest of which Secured Creditor prevails.

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

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law

and accounting practice and shall not, except to the extent permitted by the Transaction Documents or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus relating to the issue of the Notes and as contemplated by the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights on any part of its assets;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Transaction Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts, the Custody Cash Account and the Securities Account, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any action which will cause its "centre of main interests" within the meaning of the insolvency regulation to be located outside of the Netherlands.

#### **4. Interest**

(a) *Period of Accrual*

The Class A1 Notes and the Class A2 Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. Each such Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated (i) with respect to the Class A1 Notes, on the basis of the actual days elapsed in the Notes Calculation Period divided by a 360 day year and (ii) with respect to the Class A2 Notes on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30 day months) in the Notes Calculation Period divided by a 360 day year, provided that the number of days in each Notes Calculation Period shall be calculated as if the Notes Payment Dates were not subject to adjustment.

(b) *Notes Calculation Periods and Notes Payment Dates*

Interest on the Class A1 Notes and the Class A2 Notes is payable by reference to successive Notes Calculation Periods. Each successive Notes Calculation 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 Notes Calculation Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in June 2018. Interest on the Class A1 Notes and the Class A2 Notes shall be payable monthly in arrear in euros, in each case in respect of the Principal Amount Outstanding of each of such Notes at opening of business on each Notes Payment Date.

(c) *Interest on the Class A1 Notes*

The rate of interest applicable to the Class A1 Notes for each Notes Calculation Period shall be equal to Euribor for one month's deposit in euros (determined in accordance with paragraph (d) below) plus a margin of 0.5 per cent. per annum, with a floor of 0 per cent.

(d) *Euribor*

For the purpose of Condition 4(c), Euribor ("**Euribor**") will be determined as follows:

- (i) The Reference Agent will obtain for each Notes Calculation Period the rate equal to 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 EURIBOR01, (or, if not available, any other display page on any screen service maintained by any registered information vendor for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 am (Brussels time) on the day that is two Business Days preceding the first day of each Notes Calculation Period (each an "**Interest Determination Date**")
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor Reference Banks**") selected by the Reference Agent to provide a quotation for the rate at which one month EUR deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Brussels time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - (B) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
  - (C) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 am (Brussels time) on the relevant Interest Determination Date for one month deposits to leading Euro-zone banks in

an amount that is representative for a single transaction in that market at that time,

and Euribor for such Notes Calculation Period shall be the rate per annum equal to Euribor for one month deposits as determined in accordance with this Condition 4(d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Notes Calculation Period, Euribor applicable to the Class A1 Notes during such Notes Calculation Period will be Euribor last determined in relation thereto. The Reference Agent will cause Euribor applicable to the Class A1 Notes to be notified to the Paying Agent as soon as possible after the determination.

(e) *Determination of the Floating Interest Rate and Calculation of Floating Rate Interest Amounts*

The Paying Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, determine the Floating Interest Rate for the Class A1 Notes and calculate the Floating Rate Interest Amount by applying, as provided in Condition 4(a), the Floating Interest Rate to the Principal Amount Outstanding of the Class A1 Notes. The determination of the Floating Interest Rate and the Floating Rate Interest Amount by the Paying Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Notification of Floating Interest Rate and Floating Rate Interest Amounts*

The Paying Agent will cause the Floating Interest Rate and the Floating Rate Interest Amount and the Notes Payment Date applicable to the Class A1 Notes to be notified to the Issuer, the Security Trustee, the Issuer Administrator, Euronext Amsterdam and notice thereof to be published in accordance with Condition 13, as soon as possible after the determination. The Floating Interest Rate, Floating Rate Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Notes Calculation Period.

(g) *Determination or Calculation by Security Trustee*

If the Paying Agent at any time for any reason does not determine the relevant Floating Interest Rate or fails to calculate the Floating Rate Interest Amount in accordance with Condition 4(e) above, the Security Trustee or a party so appointed by the Security Trustee on behalf of the Security Trustee shall determine the Floating Interest Rate, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Conditions 4(d) and 4(e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Rate Interest Amount in accordance with Condition 4(e) above, and each such determination or calculation shall (in the absence of manifest error) be final and binding on all parties.

(h) *Reference Agent*

The Issuer will procure that, as long as the Class A1 Notes remain 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 days' notice in writing to that effect. Notice of such termination will be given to the holders of the Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as the Reference Agent (as the case may be) 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 (as the case may be) to act in its

place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

(i) *Interest on the Class A2 Notes*

The rate of interest applicable to the Class A2 Notes in respect of each Notes Calculation Period shall be 1 per cent. per annum.

(j) *Calculation of Fixed Rate Interest Amounts*

The Paying Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, calculate the Fixed Rate Interest Amount by applying, as provided in Condition 4(a), a Fixed Interest Rate to the Principal Amount Outstanding of the Class A2 Notes. The determination of the Fixed Interest Amount by the Paying Agent shall (in the absence of manifest error) be final and binding on all parties.

(k) *Notification of Fixed Rate Interest Amounts*

The Paying Agent will cause the Fixed Rate Interest Amount and the Notes Payment Date applicable to the Class A2 Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, Euronext Amsterdam and notice thereof to be published in accordance with Condition 13, as soon as possible after the determination. The Fixed Rate Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Notes Calculation Period.

(l) *Calculation by Security Trustee*

If the Paying Agent fails to calculate the Fixed Rate Interest Amount in accordance with Condition 4(j) above, the Security Trustee shall calculate the Fixed Rate Interest Amount in accordance with Condition 4(j) above, and each such calculation shall (in the absence of manifest error) be final and binding on all parties.

(m) *No Interest on Class B Notes, Class C Notes, Class D Notes and Class E Notes*

The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not bear any interest.

**5. Payment**

(a) Payment of principal and, to the extent applicable, interest, in respect of the 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 Agent by transfer to a EUR account. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment and any FATCA Withholding.

(b) At the Final Maturity Date, or such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the



expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become void pursuant to Condition 8).

- (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 following day on which banks are open for business in the place of presentation, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an EUR account as referred to above, the Paying Agent 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 the day on which banks are open for business in the Netherlands.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

## **6. Redemption**

### *(a) Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding less the relevant Principal Shortfall, subject to and in accordance with Condition 9(a), on the Final Maturity Date, being the Notes Payment Date falling in May 2055.

### *(b) Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall 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 *pro rata* basis within each Class or Sub-Class, as applicable, as follows (i) firstly, (a) an amount equal to the Floating Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and (b) an amount equal to the Fixed Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Class A1 Notes until fully redeemed and, thereafter, (ii) the Class B Notes until fully redeemed and, thereafter, (iii) the Class C Notes until fully redeemed and, thereafter, (iv) the Class D Notes until fully redeemed and, thereafter, (v) the Class E Notes until fully redeemed.

The Class A1 Redemption Amount shall be equal (a) to the sum of (x) the Floating Rate Available Principal Funds and (y) the Fixed Rate Available Principal Funds to the extent available for the redemption of the Class A1 Notes divided by (b) the number of Class A1 Notes (rounded down to the nearest euro), provided always that the Class A1 Redemption Amount may never exceed the Principal Amount Outstanding of the Class A1 Note. The Class A2 Redemption Amount shall be equal (a) to the sum of (x) the Fixed Rate Available Principal Funds and (y) the Floating Rate Available Principal Funds to the extent available for the redemption of the Class A2 Notes divided by (b) the number of Class A2 Notes (rounded down to the nearest euro), provided always that the Class A2 Redemption Amount may never exceed the Principal Amount Outstanding of the Class A2 Note. The Redemption Amount in respect of each Class B Note, Class C Note, Class D Note or Class E Note on the relevant Notes Payment Date shall be the Available Principal Funds (as available for the redemption of

such Class of Notes) on the Notes Calculation Date relating to that Notes Payment Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of such Note. Following application of the Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Determination of the Redemption Amount, the Available Principal Funds and Principal Amount Outstanding*

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

(ii) The Issuer or the Issuer Administrator on its behalf will on each Notes Calculation Date cause each determination of (x) the Available Principal Funds, the Floating Rate Available Principal Funds and the Fixed Rate Principal Funds, (y) the Redemption Amount due for the Notes of the relevant Class on the Notes Payment Date and (z) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euronext Amsterdam and notice thereof shall be published in accordance with Condition 13. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.

(iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine (x) the Available Principal Funds, the Floating Rate Available Principal Funds and the Fixed Rate Principal Funds, (y) the Redemption Amount due for the Notes of the relevant Class on the Notes Payment Date and (z) the Principal Amount Outstanding of the Notes, such (x) the Available Principal Funds, the Floating Rate Available Principal Funds and the Fixed Rate Principal Funds, (y) the Redemption Amount due for the Notes of the relevant Class on the Notes Payment Date and (z) the Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6(a) and (b) (but based upon the information in its possession on the Notes Calculation Date as to the Redemption Amount due for the relevant Class(es) of Notes on the Notes Payment Date) and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

(d) *Optional Redemption*

Unless previously redeemed in full, the Issuer may, at its option, on the First Optional Redemption Date, being the Notes Payment Date falling in May 2023, and on any Optional Redemption Date thereafter redeem all (but not some only) Notes at their Principal Amount Outstanding less the relevant Principal Shortfall, subject to and in accordance with Condition 9(a), on such date if the Issuer has sufficient funds available to it for this purpose. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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

(e) *Redemption for tax reasons*

All Notes (but not some only) may be redeemed at the option of the Issuer, on any Notes Payment Date at their Principal Amount Outstanding, subject to and in accordance with Condition 9(a), together with interest accrued up to and including the date of redemption, if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

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

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

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

## 7. **Taxation**

(a) *General*

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

(b) *FATCA Withholding*

Payments in respect of the Notes might be subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (**FATCA**, and any such withholding a **FATCA Withholding**). Any such FATCA Withholding will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

## 8. Prescription

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

## 9. Subordination and limited recourse

### (a) *Principal*

Until the date on which the Principal Amount Outstanding of all Class A Notes 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 Class B Principal Shortfall on such Notes Payment Date. The "**Class B Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger and the number of Class B Notes outstanding 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 Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes and Class B Notes are reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Notes Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class C Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Notes Payment Date. The "**Class C Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger and the number of Class C Notes outstanding on such 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 date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, Class B Notes and Class C Notes are reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Notes Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class D Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Notes Payment Date. The "**Class D Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class D Principal Deficiency Ledger and the number of Class D Notes outstanding on such Notes Payment Date. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class D 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 Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, Class B Notes, Class C Notes and Class D Notes are reduced to zero, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Notes Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class E Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Notes Payment Date. The "**Class E Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class E Principal Deficiency Ledger and the number of Class E Notes outstanding on such Notes Payment Date. The Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class E 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 Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

- (b) *Limited recourse*  
In the event that the Security has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all other claims ranking under the Trust Deed in priority to a Class are insufficient to pay in full all principal and, to the extent applicable, interest, and other amounts whatsoever due in respect of such Class or Sub-Class of Notes, as applicable, the Noteholders of the relevant Class or Sub-Class of Notes, as applicable, shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

#### 10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Most Senior Class of Notes (subject, in each case, to being indemnified to its satisfaction) (in each case, the "**Relevant Class**") shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give 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 (each an "**Event of Default**") shall occur:

- (a) default is made for a period of seven (7) days in the payment of principal on, or default is made for a period of fourteen (14) days in the payment of interest (if any) on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and such default continues for a period of twenty-one (21) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, in which case no remedy period shall apply; 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 twenty-one (21) days; or

- (d) if any order shall be made by any competent court or other authority or a resolution is passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt.

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 Relevant Class regardless of whether an Extraordinary Resolution is passed by the holder of such Class or Classes of Notes ranking junior to the Relevant Class, unless an Enforcement Notice in respect of the Relevant Class 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 Relevant Class, 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 Relevant Class.

#### **11. Enforcement**

- (a) At any time after an Enforcement Notice has been given and the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and Coupons and any of the other Transaction Documents, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

The Trust Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out therein and for its relief from responsibility.

#### **13. Notices**

All notices to the Noteholders will only be valid if published on [cm.intertrustgroup.com](http://cm.intertrustgroup.com) or [www.devолksbank.nl](http://www.devолksbank.nl) or, if such websites shall cease to exist or timely publication thereon shall not be practicable, in such manner as the Security Trustee shall approve. In case of publication on one of the websites mentioned above, such notice shall be deemed to have been given to the Noteholders on the first date of such publication. The Issuer shall also ensure that notices are duly published in a manner

which complies with the rules and regulations of Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

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

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

(a) Convening Meetings 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 10 per cent. in Principal Amount Outstanding of the Notes of such Class.

(b) Quorum

The quorum for adoption of an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class and for an Extraordinary Resolution approving a Basic Terms Change the quorum shall be at least seventy-five (75) per cent. of the Principal Amount Outstanding of the relevant Class of Notes.

If at a meeting a quorum is not present, a second meeting will be held not less than seven (7) nor more than thirty (30) calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Terms Change, can be adopted regardless of the quorum represented at such meeting.

(c) Extraordinary Resolutions

Notwithstanding item (e) below, a meeting of Noteholders of a Class shall have power, exercisable only by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person:

- (a) to approve any proposal for a Basic Terms Change and any other modification of any provisions of the Trust Deed, the Conditions, the Notes or any other Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (b) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
- (c) to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (d) to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- (e) to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and

- (f) to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) 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 Class, other than the Most Senior Class of Notes, or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of 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.

(e) Modifications agreed with the Security Trustee

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, 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 or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes 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 a Credit Rating Agency Confirmation is available in connection with such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders, to (a) the entering into a new Transaction Document by the Issuer with 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) a Credit Rating Agency Confirmation is available 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.

## **15. Replacement of Notes and Coupons**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

## **16. Governing Law and Jurisdiction**

The Notes and Coupons are governed by, and will be construed in accordance with, Dutch law. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation,



disputes relating to any non-contractual obligations arising out of or in connection with the Notes, shall be submitted to the exclusive jurisdiction of the competent courts in Amsterdam, the Netherlands.

## 4.2 Form

Each Class or Sub-Class of Notes, as applicable, shall be initially represented by a Temporary Global Note in bearer form, without Coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 212,700,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 4,411,700,000, (iii) in the case of the Class B Notes in the principal amount of EUR 127,300,000, (iv) in the case of the Class C Notes in the principal amount of EUR 140,700,000, (v) in the case of the Class D Notes in the principal amount of EUR 80,400,000 and (vi) in the case of the Class E Notes in the principal amount of EUR 53,800,000. Each Temporary Global Note will be deposited with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and/or 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 or Sub-Class of Notes, as applicable, equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than 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 or Sub-Class, as applicable. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class or Sub-Class of Notes, as applicable, 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 to be deposited upon issue with the Common Safekeeper, which is a recognised International Central Securities Depository, but this does not necessarily mean that the Class A Notes will be recognized as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Notes, other than the Class A Notes, are not intended to be held in a manner which allows Eurosystem eligibility. The Notes are held in book-entry form.

The Global Notes will be transferable by delivery (*levying*). Each Permanent Global Note will be exchangeable for Definitive Notes only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-US beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered shall be deemed to have been given to the holder of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city.

For so long as the Notes of a particular Class or Sub-Class, as applicable, are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class or Sub-Class of Notes, as applicable, will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class or Sub-Class of Notes, as applicable, 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) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (ii) as a result of any amendment to, or change in the Dutch laws or regulations or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue Definitive Notes in exchange for the whole (or the remaining part(s) outstanding) of the relevant Permanent Global Notes which represent such Notes, within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

**Application Dutch Savings Certificates Act in respect of Class B Notes, Class C Notes, Class D Notes and Class E notes**

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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

Pursuant to the Notes Purchase Agreement the Manager shall, subject to certain conditions precedent being satisfied, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Notes.

#### Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed, and each further manager appointed will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

#### United Kingdom

The 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.

#### France

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

### Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and accordingly, the Manager has represented and agreed that save as set out below, it has not offered or sold and will not offer or sell any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, the Manager has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus and any other document relating to the Notes in the Republic of Italy other than:

- i. to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- ii. that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Directive 2003/71/EC of 4 November 2003 (the "**Prospectus Directive**" as amended, including by Directive 2010/73/EU), as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or
- iii. in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such 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 must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58 CONSOB Regulation No. No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended (pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy) and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### *Provisions relating to the secondary market in the Republic of Italy*

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of

securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

### **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. Terms used in this paragraph have the meaning given to them by Regulation S.

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. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

The Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the later of the commencement of the offering or the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the 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) calendar 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**). Accordingly, the Manager will agree and each further manager appointed will be required to agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan.

### **The Netherlands**

The Manager has represented and agreed that the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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, the Class C Notes, the Class D Notes and the Class E Notes in global form or (b) in respect of the initial issue of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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, the Class C Notes, the Class D Notes and the Class E Notes within, from or into the Netherlands if all the Class B Notes, the Class C

Notes, the Class D Notes and the Class E Notes (either in definitive form or as rights representing an interest in the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes 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**

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

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

#### 4.4 Regulatory and industry compliance

##### **CRR, AIFMR and the Solvency II Regulation**

The Seller has undertaken in the Notes Purchase Agreement to the Manager and in the Mortgage Receivables Purchase Agreement to the Issuer and the Security Trustee to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation. As at the Closing Date, such material net economic interest will be held in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation, and comprise of all the Notes.

The Mortgage Receivables Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, articles 408 and 409 of the CRR and articles 254 and 256 paragraph (3) sub (a) up to and including sub (c) and sub (e) of the Solvency II 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 articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 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 Notes and Cash Reports on a monthly basis wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The Notes and Cash Reports can be obtained as further described in section 8 (*General*) of this Prospectus. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the Solvency II Regulation and none of the Issuer, the Security Trustee nor de Volksbank (in its capacity as Seller, Servicer and Manager) makes any representation that the information described above is sufficient in all circumstances for such purposes.

##### **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 follow the applicable template investor report (save as otherwise indicated in the relevant investor report), each as published by the Dutch Securitisation Association on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes comply with the standard created for residential mortgage-backed securities by the Dutch Securitisation Association. This has also been recognised by Prime Collateralised Securities initiative established by Prime Collateralised Securities (PCS) Europe as the Domestic Market Guideline for the Netherlands in respect of this asset class. No application has been made to Prime Collateralised Securities (PCS) for any Notes to receive the PCS Label.



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

The aggregate net proceeds of the Notes, to be issued on the Closing Date, amount to EUR 5,026,600,000 and will be applied by the Issuer on the Closing Date to pay (part of) the Initial Purchase Price for the Mortgage Receivables purchased on the Signing Date under the Mortgage Receivables Purchase Agreement.

An amount of EUR 111,801,892.17 will be received by the Issuer on the Closing Date as consideration for the Initial Participation granted to (i) the Insurance Savings Participant in the Savings Mortgage Receivables and (ii) the Bank Savings Participant in the Bank Savings Mortgage Receivables. The Issuer will apply this amount towards payment (whether by set-off or otherwise) of the remaining part of the Initial Purchase Price for the Mortgage Receivables purchased on the Signing Date.

## 4.6 Taxation in the Netherlands

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their own tax advisors with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change or to different interpretation, possibly with retroactive effect. Where this summary refers to "the Netherlands" it refers only to the part of the Kingdom of the Netherlands located in Europe.

Please note that with the exception of the section on withholding tax below, the summary does not describe the Netherlands tax consequences for:

- i. holders of Notes if such holders, and in the case of individuals, his or her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his or her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- ii. pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- iii. holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in the Netherlands Income Tax Act 2001).

### Withholding tax

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

### Taxes on income and capital gains

#### *Netherlands Resident Entities*

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a "Netherlands Resident Entity"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 20 per cent. with respect to taxable profits

up to EUR 200,000 and 25 per cent. with respect to taxable profits in excess of that amount.

#### *Netherlands Resident Individuals*

If the holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a "Netherlands Resident Individual"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of generally 51.95 per cent. in 2018), if:

- i. the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- ii. the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

*Income from savings and investments.* If the above-mentioned conditions i. and ii. do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of 5.38 per cent. in 2018) on his or her net investment assets for the year (*rendementsgrondslag*) at an income tax rate of 30 per cent. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax. For the net investment assets on 1 January 2018, the deemed return ranges from 2.02 per cent. up to 5.38 per cent. (depending on the aggregate amount of the net investments assets on 1 January 2018). The deemed, variable return will be adjusted annually on the basis of historic market yields.

#### *Non-residents of the Netherlands*

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- i. such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- ii. in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

### **Gift and inheritance taxes**

#### *Residents of the Netherlands*

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

#### *Non-residents of the Netherlands*

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

- i. in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands; or
- ii. the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

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

#### **Value added tax (VAT)**

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect or in connection with (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

## 4.7 Security

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", being an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) to the Noteholders under the Notes, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicer under the Servicing Agreement, (iv) as fees and expenses to the Issuer Administrator under the Administration Agreement, (v) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (vi) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vii) to the Seller under the Mortgage Receivables Purchase Agreement, (viii) to the Insurance Savings Participant under the Insurance Savings Participation Agreement, (ix) to the Bank Savings Participant under the Bank Savings Participation Agreement and (x) to the Issuer Account Bank under the Issuer Account Agreement, (xi) as fees and expenses to the Custodian under the Custody Agreement and (xii) to the Repo Counterparty under the Repo Agreement, including any Repo Transactions (the parties referred to in items (i) through (xii) together the "**Secured Creditors**"). 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, save for amounts due to the Insurance Savings Participant and the Bank Savings Participant in connection with the Participations and save for any amounts due to the Repo Counterparty, among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors, other than the Insurance Savings Participant and the Bank Savings Participant, will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables and Bank Savings Mortgage Receivables) and the other Pledged Assets and (ii) on each of the Savings Mortgage Receivables and Bank Savings Mortgage Receivables to the extent the amount recovered exceeds the Participation in the relevant Savings Mortgage Receivables and Bank Savings Mortgage Receivables.

The amounts due to the Insurance Savings Participant and the Bank Savings Participant will be equal to the Participation in each of the Savings Mortgage Receivables or Bank Savings Mortgage Receivables, as applicable, or if the amount recovered is less than the Participation in such Savings Mortgage Receivables or Bank Savings Mortgage Receivables, the amount equal to the amount actually recovered. In addition, the Security Trustee shall apply the proceeds of the exercise of the right of pledge on the Issuer Accounts in respect of the amounts standing to the credit of the Set-Off Financial Cash Collateral Ledger and the Commingling Financial Cash Collateral Ledger to the extent the Issuer has a claim in respect of those amounts under the respective Transaction Documents in accordance with the Trust Deed and the Security Trustee will pay the remaining amount of the enforcement proceeds to the Seller outside the Post-Enforcement Priority of Payments as repayment under the Financial Collateral Agreements.

The Issuer will vest a right of pledge pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge in favour of the Security Trustee on the Mortgage Receivables and, to the extent legally possible, the Beneficiary Rights on the Closing Date and in respect of any New Mortgage Receivables and Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant New Mortgage Receivables and the Further Advance and, to the extent legally possible, the Beneficiary Rights on the Notes Payment Date on which they are acquired by the Issuer. The pledge over the Mortgage Receivables and the Beneficiary Rights will not be notified to the Borrowers and the Insurance Companies, respectively, except that notification of the pledge may be made upon the occurrence of any of the Pledge Notification Events. Prior to notification of the pledge to the Borrowers and the Insurance Companies respectively, the pledge on the Mortgage Receivables and, upon written notification thereof to the relevant Insurance Companies, the Beneficiary

Rights respectively will be a "silent" right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the DCC.

It is not certain whether the pledge of the Beneficiary Rights by the Issuer to the Security Trustee will be effective, in this respect reference is made to section 2 (*Risk Factors*), more specifically the risk factor '*Risks relating to Beneficiary Rights under the Insurance Policies*'.

In addition, the Issuer will vest a right of pledge pursuant to the Issuer Rights Pledge Agreement in favour of the Security Trustee on the Signing Date over the Issuer Rights and the Securities. The right of pledge over the Issuer Rights will be notified to the relevant obligors and will therefore be a disclosed right of pledge (*openbaar pandrecht*). The right of pledge on the Securities will be vested by way of book-entry in accordance with the Wge. In addition, on each date on which the Issuer purchases Securities pursuant to a Repo Transaction a pledge will be vested over the Securities under the relevant Repo Transaction. On the day any Securities are repurchased by the Repo Counterparty and delivered by the Issuer to the Repo Counterparty, the Security Trustee will release its right of pledge over such Securities.

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

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, but, *inter alia*, amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders and amounts owing to the Class D Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and amounts owing to the Class E Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (see section 5 (*Credit Structure*)).

#### **Collection Foundation Accounts Pledge Agreement**

The Collection Foundation will in a Collection Foundation Accounts Pledge Agreement grant a first ranking right of pledge over the balances standing to the credit of the Collection Foundation Accounts in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge in favour of, *inter alia*, the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees relating thereto) in securitisations or similar transactions initiated by the Seller will after accession also have the benefit of such right of pledge. Such rights of pledge have been notified to the Foundation Account Providers.

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

Furthermore, the Previous Transaction SPVs, the Issuer, the Security Trustee and the Previous Transaction Security Trustees have in the Collection Foundation Accounts Pledge Agreement agreed that the Issuer, the Previous Transaction SPVs, the Security Trustee and the Previous Transaction

Security Trustees will manage (*beheren*) such co-held rights jointly. The Issuer has been advised that it is uncertain whether the foreclosure of these rights of pledge will constitute management for the purpose of section 3:168 of the DCC and as a consequence the cooperation of the Previous Transaction SPVs, the Issuer, the Previous Transaction Security Trustees and the Security Trustee may be required for such foreclosure to take place.

Furthermore, the Previous Transaction SPVs, the Issuer, the Previous Transaction Security Trustees and the Security Trustee have agreed in the Collection Foundation Accounts Pledge Agreement that (i) the share (*aandeel*) in each co-held right of pledge is equal to the entitlement of such party to the amounts collected by the Collection Foundation from the respective mortgage receivables assigned to the relevant Previous Transaction SPV and the amounts collected from, in the case of the Issuer, the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge over the Collection Foundation Accounts, the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that any of the Issuer, the Security Trustee, the Previous Transaction SPVs or any of the Previous Transaction Security Trustees should become insolvent. In this respect it has been agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.

## 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 on each Notes Calculation Date, received or to be received (prior to or on the immediately succeeding Notes Payment Date) or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (xii) less items (xiii) and (xiv) will hereafter be referred to as the "**Available Revenue Funds**"):

- (i) as interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;
  - (ii) as interest accrued on the Issuer Collection Account, other than on amounts standing to the credit of the Issuer Collection Account corresponding to amounts standing to the credit of the relevant Financial Cash Collateral Ledger;
  - (iii) as Prepayment Penalties, including interest penalties, under the Mortgage Receivables;
  - (iv) as Net Foreclosure Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the Participation Fraction;
  - (v) as amounts to be drawn from the Issuer Collection Account and/or the Custody Cash Account with a corresponding debit to the relevant Financial Cash Collateral Ledger, equal to any Set-Off Amount and Commingling Amount, as applicable, on the immediately succeeding Notes Payment Date, and/or the proceeds of Securities available for such purpose, if any;
  - (vi) 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 and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the Participation Fraction;
  - (vii) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the Participation Fraction;
  - (viii) as Post-Foreclosure Proceeds on the Mortgage Receivables;
  - (ix) as amounts to be drawn under the Cash Advance Facility (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Notes Payment Date;
  - (x) as amounts deducted from the Available Principal Funds on such Notes Payment Date as Interest Shortfall equal to the amount debited as Interest Shortfall to the Principal Deficiency Ledgers;
  - (xi) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
  - (xii) any amounts standing to the credit of the Issuer Collection Account and the Custody Cash Account, after all payment obligations of the Issuer under the Transaction Documents, other than towards payment of any Deferred Purchase Price, have been satisfied in full;
- less:
- (xiii) on the first Notes Payment Date of each calendar year, an amount equal to 10 per cent. of the annual fixed operational expenses of the Issuer, with a minimum of EUR 2,500;
  - (xiv) any amount of the Available Revenue Funds to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;



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

#### **Available Principal Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received (on or prior to the immediately succeeding Notes Payment Date) or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items (i) up to and including (x) less item (xi) up to and including (xiv) will hereinafter be referred to as the "**Floating Rate Available Principal Funds**"):

- (i) as repayment and prepayment in full of principal under the Floating Rate Mortgage Receivables, excluding Prepayment Penalties, if any, less with respect to each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (ii) as partial repayment and prepayment of principal under the Floating Rate Mortgage Receivables, excluding Prepayment Penalties, if any, and in respect of each Floating Rate Bank Savings Mortgage Receivable or the Floating Rate Savings Mortgage Receivable up to the relevant Net Outstanding Principal Amount;
- (iii) as Net Foreclosure Proceeds on any Floating Rate Mortgage Receivable to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Foreclosure Proceeds will be attributed pro rata in accordance with the Outstanding Principal Amount of the Loan Part that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable), and in respect of each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, less the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of Floating Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (v) as amounts received in connection with a sale of Floating Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (vi) as the Floating Rate Fraction of the aggregate amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vii) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements, to the extent relating to Floating Rate Savings Mortgage Receivables and Floating Rate Bank Savings Mortgage Receivables;
- (viii) as amounts received on the Issuer Collection Account on the preceding Mortgage Collection Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to Floating Rate Mortgage Receivables is paid to the relevant Borrower by means of set-off with the Floating Rate Mortgage Receivables;
- (ix) as an amount equal to the part of the Reserved Amount equal to the balance standing to the credit of the Floating Rate Purchase Ledger; and
- (x) as the Floating Rate Fraction of any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;

less:

- (xi) the Floating Rate Fraction of any Interest Shortfall up to an amount equal to the amount that can be debited as Interest Shortfall to the relevant sub-ledger of the Principal Deficiency Ledger;
- (xii) the Floating Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xiii) up to but excluding the First Optional Redemption Date, the Initial Purchase Price of any New Mortgage Receivables and Further Advance Receivables multiplied by the Receivables Fixed Rate Fraction; and
- (xiv) such part of the Reserved Amount to be credited to the Floating Rate Purchase Ledger on the immediately succeeding Notes Payment Date (and reserved for the purchase of New Mortgage Receivables and Further Advance Receivables on the Notes Payment Date succeeding such Notes Payment Date),

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

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, received or to be received (on or prior to the immediately succeeding Notes Payment Date) or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items (i) up to and including (x) less item (xi) up to and including (xiv) will hereinafter be referred to as the "**Fixed Rate Available Principal Funds**", and together with the Floating Rate Available Principal Funds (without any double counting), the "**Available Principal Funds**"):

- (i) as repayment and prepayment in full of principal under the Fixed Rate Mortgage Receivables, excluding Prepayment Penalties, if any, less with respect to each Fixed Rate Savings Mortgage Receivables or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (ii) as partial repayment and prepayment of principal under the Fixed Rate Mortgage Receivables, excluding Prepayment Penalties, if any, and in respect of each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable up to the relevant Net Outstanding Principal Amount;
- (iii) as Net Foreclosure Proceeds on any Fixed Rate Mortgage Receivable to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Foreclosure Proceeds will be attributed pro rata in accordance with the Outstanding Principal Amount of the Loan Part that constitutes a Floating Rate Mortgage Receivable and the Loan Part that constitutes a Fixed Rate Mortgage Receivable), and in respect of each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable, less the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of Fixed Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (v) as amounts received in connection with a sale of Fixed Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (vi) as the Fixed Rate Fraction of the aggregate amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;

- (vii) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements, to the extent relating to Fixed Rate Savings Mortgage Receivables and Fixed Rate Bank Savings Mortgage Receivables;
- (viii) as amounts received on the Issuer Collection Account on the preceding Mortgage Collection Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to Fixed Rate Mortgage Receivables is paid to the relevant Borrower by means of set-off with the Fixed Rate Mortgage Receivables;
- (ix) as an amount equal to the part of the Reserved Amount equal to the balance standing to the credit of the Fixed Rate Purchase Ledger; and
- (x) as the Fixed Rate Fraction of any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;

less:

- (xi) the Fixed Rate Fraction of any Interest Shortfall up to an amount equal to the amount that can be debited as Interest Shortfall to the relevant sub-ledger of the Principal Deficiency Ledger;
- (xii) the Fixed Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xiii) up to but excluding the First Optional Redemption Date, the Initial Purchase Price of any New Mortgage Receivables and Further Advance Receivables multiplied by the Receivables Floating Rate Fraction; and
- (xiv) such part of the Reserved Amount to be credited to the Fixed Rate Purchase Ledger on the immediately succeeding Notes Payment Date (and reserved for the purchase of New Mortgage Receivables and Further Advance Receivables on the Notes Payment Date succeeding such Notes Payment Date),

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

### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due and payable on the first day of each immediately succeeding calendar month, with interest being payable in arrear. All payments made by Borrowers must be paid into a Collection Foundation Account maintained by the Collection Foundation with the relevant Foundation Account Provider. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Seller is entitled vis-à-vis the Collection Foundation.

The Collection Foundation is set up as a passive bankruptcy remote entity. The objects clause of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement. Upon receipt of such amounts, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the Receivables Proceeds Distribution Agreement, de Volksbank as Foundation Administrator and, after an insolvency event relating to de Volksbank, a new foundation administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation.

The Collection Foundation has undertaken to transfer all amounts of principal, interest and Prepayment Penalties received by the Collection Foundation in respect of the Mortgage Receivables and paid to the relevant Collection Foundation Account into the Issuer Collection Account on each Mortgage Collection Payment Date.

The Receivables Proceeds Distribution Agreement provides that upon the occurrence of a Collection Foundation Trigger Event, the Collection Foundation and de Volksbank (in all their respective

capacities) will within 30 calendar days after de Volksbank has ceased to have the Collection Foundation Trigger Required Ratings or, with respect to S&P only, the later of (a) 30 calendar days have elapsed since de Volksbank has ceased to have the Collection Foundation Trigger Required Rating or (b) if, on or before the 30th calendar day after de Volksbank ceases to have the Collection Foundation Trigger Required Ratings, de Volksbank has submitted a written proposal for a remedy to S&P, 60 calendar days have elapsed since de Volksbank has ceased to have the Collection Foundation Trigger Required Ratings, (i) have one of the Collection Foundation Trigger Commingling Remedial Actions in place or (ii) will procure that either:

- (i) (a) all amounts standing to the credit of the Collection Foundation Accounts held with de Volksbank as Foundation Account Provider will be immediately transferred to the Rabobank Existing Account or the relevant Collection Foundation Eligible Counterparty Account, and (b) de Volksbank will procure and where required the Collection Foundation will undertake its best efforts that direct debits shall no longer be made to the Collection Foundation Accounts held with de Volksbank and Borrowers no longer pay any amount into such accounts and (c) where required, de Volksbank and the Collection Foundation will assist that Borrowers are informed that further payments in discharge of their obligations under the relevant Mortgage Receivables can no longer be made into the Collection Foundation Accounts held with de Volksbank as Foundation Account Provider, and that payments under the relevant Mortgage Receivables have to be made into the Rabobank Existing Account and/or any Collection Foundation Eligible Counterparty Account, as applicable; or
- (ii) (a) the Collection Foundation Accounts with numbers held with de Volksbank as former Foundation Account Provider will be transferred to Rabobank or a Collection Foundation Eligible Counterparty (as the case may be) or closed and new Collection Foundation Accounts with the same numbers will be opened with Rabobank and/or a Collection Foundation Eligible Counterparty (as the case may be) as the only Foundation Account Provider(s) and (b) all amounts standing to the credit of the Collection Foundation Accounts held with de Volksbank as Foundation Account Provider will be immediately transferred with or to such Collection Foundation Accounts;

If at any time (whether before or after occurrence of a Collection Foundation Trigger Event) Rabobank as Foundation Account Provider is assigned a rating below the Collection Foundation Trigger Required Ratings, the Foundation Administrator on behalf of the Collection Foundation will as soon as reasonably possible, but at least within 30 calendar days, (i) ensure that payments to be made by Rabobank as Foundation Account Provider in respect of amounts received on the relevant Collection Foundation Accounts relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee which complies with the criteria of S&P and Fitch (only to the extent S&P or Fitch assigns a rating to any of the notes issued by any of the SPVs) and Moody's, if applicable, or transfer the relevant Collection Foundation Accounts to a new account provider, provided that such guarantor or new account provider shall be a Collection Foundation Eligible Counterparty, or (ii) implement any other actions acceptable at that time to S&P (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs) and provided Fitch (only to the extent Fitch assigns a rating to any of the notes issued by any of the SPVs) and Moody's are notified of such other action.

#### **Commingling Financial Collateral Agreement**

In order to mitigate the potential commingling risk that any amounts received by the Collection Foundation, whether as interest or principal, in respect of Mortgage Receivables are not received by the Issuer, the Issuer will enter into the Commingling Financial Collateral Agreement.

If at any time (i) in respect of Moody's, the Seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least as high as 'Baa1' by Moody's or (ii) in respect of Fitch, both (x) the Seller's long-term issuer default rating falls below 'A' by Fitch and (y) the Seller's short-term issuer default rating falls below 'F1' by Fitch, the rating of Moody's and/or both ratings of Fitch are withdrawn, the Seller shall be obliged, on each subsequent Notes Payment Date, (I) to

transfer Eligible Collateral to the Issuer Collection Account with a corresponding credit to the Commingling Financial Cash Collateral Ledger in an amount of and having a value equal to the relevant Commingling Delivery Amount owed by the Seller subject to and in accordance with the terms of the Commingling Financial Collateral Agreement or (II) to take any of the Commingling Alternative Mitigant Measures.

On the Closing Date, de Volksbank's long-term unsecured, unsubordinated and unguaranteed debt obligations are rated 'A3' (stable) by Moody's and de Volksbank's issuer default rating is 'A-' by Fitch and de Volksbank's short-term issuer default rating is 'F2' by Fitch, and does therefore not have to have the Collection Foundation Trigger Required Ratings. The Seller shall therefore post Eligible Collateral in an amount of and having a value equal to the Commingling Delivery Amount under the Commingling Financial Collateral Agreement.

The Issuer shall on each Notes Payment Date release from the Issuer Collection Account, with a corresponding debit to the Commingling Financial Cash Collateral Ledger, an amount equal to the Commingling Amount (if any), which amount shall form part of the Available Revenue Funds on such date. A Commingling Amount will only become available if an amount is received by the Collection Foundation in respect of a Mortgage Receivable and which is not subsequently paid to and received by the Issuer.

To the extent that on any Notes Payment Date the relevant Posted Commingling Collateral Value exceeds the relevant Potential Commingling Required Amount, the Issuer shall on such Notes Payment Date transfer to the Seller Equivalent Eligible Collateral having a value equal to the relevant Commingling Return Amount and outside any Priority of Payments.

The Issuer Administrator will include the amounts to be calculated under the Commingling Financial Collateral Agreement in the Investor Report on a monthly basis.

If at any time (I) any of the Commingling Alternative Mitigant Measures are taken or (II) (i) in respect of Moody's, de Volksbank's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as 'Baa1' by Moody's and (ii) in respect of Fitch, (x) de Volksbank's long-term issuer default rating is at least 'A' by Fitch or (y) de Volksbank's short-term issuer default rating is at least 'F1' by Fitch, the Posted Commingling Collateral shall be retransferred by the Issuer to the Seller no later than on the immediately succeeding Notes Payment Date or such earlier date as requested by the Seller, in the form of Equivalent Eligible Collateral and outside any Priority of Payments.

#### **Set-off by Borrowers**

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

#### **Set-Off Financial Collateral Agreement**

In order to mitigate the risk of set-off by Borrowers with amounts standing to the credit of current accounts or deposits held with the Seller described above and the Seller failing to reimburse the Issuer such amounts, the Issuer will enter into the Set-Off Financial Collateral Agreement.

If at any time de Volksbank's long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least as high as 'Baa1' by Moody's or (ii) in respect of Fitch, both (x) the Seller's long-term issuer default rating falls below 'A' by Fitch and (y) the Seller's short-term issuer default rating falls below 'F1' by Fitch, or the rating of Moody's and/or both ratings of Fitch are withdrawn, the Seller shall be obliged, on each subsequent Notes Payment Date, to transfer Eligible Collateral to the Issuer Collection Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger having a value equal to the relevant Set-Off Delivery Amount owed by the Seller subject to and in

accordance with the terms of the Set-Off Financial Collateral Agreement.

On the Closing Date, de Volksbank's long-term unsecured, unsubordinated and unguaranteed debt obligations are rated (i) 'A3' (stable) by Moody's and (ii) in respect of Fitch, (x) de Volksbank's long-term issuer default rating is 'A-' (stable) by Fitch and (y) de Volksbank's short-term issuer default rating is 'F2' by Fitch. The Seller shall therefore transfer Eligible Collateral to the Issuer Collection Account in accordance with the Set-Off Financial Collateral Agreement on the Closing Date.

The Issuer shall on each Notes Payment Date release from the Issuer Collection Account, with a corresponding debit to the Set-Off Financial Cash Collateral Ledger, an amount equal to the sum of the Set-Off Amount which the Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date, which amount shall form part of the Available Revenue Funds on such date.

To the extent that on any Notes Payment Date the relevant Posted Set-Off Collateral Value exceeds the relevant Potential Set-Off Required Amount on such Notes Payment Date, the Issuer shall on such Notes Payment Date transfer to the Seller Equivalent Eligible Collateral having a value equal to the Set-Off Return Amount and outside any Priority of Payments.

The Issuer Administrator will include the amounts to be calculated under the Set-Off Financial Collateral Agreement in the Investor Report on a monthly basis.

If at any time de Volksbank's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as 'Baa1' by Moody's and (ii) in respect of Fitch, (x) de Volksbank's long-term issuer default rating is at least 'A' by Fitch or (y) de Volksbank's short-term issuer default rating is at least 'F1' by Fitch, the Posted Set-Off Collateral shall be retransferred by the Issuer to the Seller no later than on the immediately succeeding Notes Payment Date or such earlier date as requested by the Seller, in the form of Equivalent Eligible Collateral and outside any Priority of Payments.

For the purpose of the Set-Off Financial Collateral Agreement, the following expressions will have the following meaning:

The "**Potential Set-Off Amount**" means, on the Closing Date and on any Notes Payment Date an amount equal to the sum of all amounts in respect of the Mortgage Receivables, which amounts are, in respect of each Mortgage Receivable separately, the lower of:

- (a) the aggregate amount standing to the credit of each current account or deposit, excluding the Bank Savings Deposit, to the extent they exceed the amount claimable under the DGS, held by the Borrower of the Mortgage Receivable(s) with the Seller, in respect of the Closing Date, on the initial Cut-Off Date and, in respect of any Notes Payment Date, on the last day of the immediately preceding Mortgage Calculation Period;
- (b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Mortgage Calculation Period; and
- (c) after the notification of the Borrowers of the assignment of the Mortgage Receivables to the Issuer: the aggregate amount standing to the credit of each current account or deposit, excluding any Bank Savings Deposit, to the extent they exceed the amount claimable under the DGS, held by such Borrower with the Seller on the date the relevant Borrower is notified of the assignment of the Mortgage Receivable(s) to the Issuer.

The "**Potential Set-Off Required Amount**" means, on the Closing Date and any Notes Payment Date, with respect to the Seller, an amount calculated, in respect of the Closing Date, as at the initial Cut-Off Date and, in respect of any Notes Payment Date, as at the relevant Notes Calculation Date, equal to (I) so long as any Class A Notes are outstanding, the higher of (x) an amount equal to (i) the Potential Set-Off Amount, in respect of the Closing Date, on the initial Cut-Off Date and, in respect of any Notes Payment Date, on the last day of the immediately preceding Mortgage Calculation Period less (ii) the

sum of (a) an amount equal to 0.22 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables, in respect of the Closing Date, on the initial Cut-Off Date and, in respect of any Notes Payment Date, on the relevant Notes Calculation Date and (b) an amount equal to 80 per cent. of the Available Subordination Increase multiplied by the aggregate Outstanding Principal Amount of the Mortgage Receivables, in respect of the Closing Date, on the initial Cut-Off Date and, in respect of any Notes Payment Date, on the relevant Notes Calculation Date provided that, on any Notes Payment Date after notification of the assignment of the Mortgage Receivables to the Issuer having been made, such amount shall not be higher than the amount calculated as Potential Set-Off Required Amount on the immediately preceding Notes Payment Date and (y) zero, and (II) zero, if the Class A Notes have been redeemed in full;

The "**Available Subordination**" means, on the Closing Date and any Notes Payment Date, a percentage equal to (x) the Principal Amount Outstanding of the Class E Notes on such Notes Payment Date less any Class E Principal Deficiency divided by (y) the aggregate Principal Amount Outstanding of all Notes on the immediately preceding Notes Calculation Date;

The "**Available Subordination Increase**" means, on the Closing Date and on any Notes Payment Date, the higher of (x) a percentage equal to (i) the Available Subordination on the immediately preceding Notes Calculation Date less (ii) 1.07 per cent. and (y) zero per cent.;

### **Joint Security Right Arrangements**

In the Mortgage Receivables Purchase Agreement, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held Security Interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share (*aandeeel*) in each jointly-held Security Interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to Net Foreclosure proceeds minus the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any. Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement that in case of a breach by the Seller of any of its obligations under the Joint Security Right Arrangements or if any such arrangement is dissolved, void, nullified or ineffective for any reason in respect of the Seller (including its bankruptcy), the Seller shall owe the Joint Security Indemnity Amount, being (i) to the Issuer, an amount equal to the share of the Seller in the Net Foreclosure Proceeds of each relevant Security interest, subject to item (ii), and (ii) by way of parallel debt, to the Security Trustee an amount equal to the amount due by the Seller to the Issuer as set out under (i), whereby the Seller's payment obligation under this item shall be reduced upon irrevocable payment by the Seller of an amount due under (i) and *vice versa*. To further secure the obligations of the Seller under the Joint Security Right Arrangements, the Seller has in the Mortgage Receivables Purchase Agreement undertaken with each of the Issuer and the Security Trustee to vest (a) a first ranking right of pledge in favour of the Security Trustee and (b) a second ranking right of pledge in favour of the Issuer on the Other Claims promptly but in any event within two (2) Business Days upon the occurrence of an Assignment Notification Event.

If, after the pledge of the Other Claims, the Assignment Notification Event has been cured or is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount in respect of the relevant Mortgage Receivable has been repaid in full.

## 5.2 Priorities of Payments

### Revenue Priority of Payments

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

- (a) *first*, in or towards satisfaction, *pari passu* and *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, *pari passu* and *pro rata*, according to the respective amounts thereof, of administration fees and expenses due and payable to the Servicer under the Servicing Agreement and the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the 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 the Withheld Amount) and the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iii) the Cash Advance Facility Commitment Fee under the Cash Advance Facility Agreement, (iv) any amounts due to the Issuer Account Bank (including any negative interest) under the Issuer Account Agreement and (v) fees and expenses due to the Custodian under the Custody Agreement;
- (d) *fourth*, in or towards satisfaction of (i) any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, other than the Cash Advance Facility Commitment Fee and (ii) following a Cash Advance Facility Stand-by Drawing, sums to be credited to the Cash Advance Facility Stand-by Ledger, but excluding any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under subparagraph (k) below;
- (e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, in accordance with the respective amounts thereof, of all amounts of interest due but unpaid in respect of the Class A1 Notes and the Class A2 Notes;
- (f) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) sums to be credited to the Class A1 Principal Deficiency Ledger until the debit balance, if any, on the Class A1 Principal Deficiency Ledger is reduced to zero and (b) sums to be credited to the Class A2 Principal Deficiency Ledger until the debit balance, if any, on the Class A2 Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of sums to be credited to the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (k) *eleventh*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and



- (l) *twelfth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Priority of Payments in respect of principal**

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

- (a) *first*, (i) the Floating Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and (ii) the Fixed Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Class D Notes until fully redeemed; and
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Class E Notes.

**Post-Enforcement Priority of Payments**

Following delivery of an Enforcement Notice, the Enforcement Available Amount will be paid to the Secured Creditors (including the Noteholders, but excluding the Participants,) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors under the Management Agreements, (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicer under the Servicing Agreement and the Issuer Administrator under the Administration Agreement and (iv) fees and expenses due to the Custodian under the Custody Agreement;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any sums due or accrued due but unpaid (i) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (i) below and (ii) to the Issuer Account Bank (including any negative interest) under the Issuer Account Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, in accordance with the respective amounts thereof, of all amounts of interest due but unpaid in respect of the Class A1 Notes and the Class A2 Notes;
- (d) *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, in accordance with the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Class A1 Notes, and the Class A2 Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of principal in respect of the Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal in respect of the Class C Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal in respect of the Class D Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal in respect of the Class E Notes;
- (i) *ninth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

### 5.3 Loss allocation

#### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising six sub-ledgers, known as the Class A1 Principal Deficiency Ledger, the Class A2 Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger, respectively, will be established by or on behalf of the Issuer in order to record any Interest Shortfall and any Realised Losses on the Mortgage Receivables as Principal Deficiency upon completion of the foreclosure, such that there is no more collateral securing the Mortgage Receivable. On any Notes Calculation Date, any Interest Shortfall and, thereafter, any Realised Losses shall be debited to the Class E Principal Deficiency Ledger (such debit items being reccredited at item (j) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (h) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (g) of the Revenue Priority of Payments) 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* according to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on the relevant Notes Calculation Date, to the Class A1 Principal Deficiency Ledger, and the Class A2 Principal Deficiency Ledger (such debit items being reccredited at item (f) of the Revenue Priority of Payments).

"**Realised Loss**" means, on any relevant Notes Calculation Date, the sum of:

- (a) with respect to the Mortgage Receivables in respect of which the Seller, the Servicer on behalf of the Issuer, the Issuer or the Security Trustee has completed the foreclosure such that there is no more collateral securing the Mortgage Receivable in the immediately preceding Mortgage Calculation Period, the amount by which (i) the aggregate Net Outstanding Principal Amount of all Mortgage Receivables exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Net Outstanding Principal Amount of the Mortgage Receivables; and
- (b) with respect to the Mortgage Receivables sold by the Issuer in the immediately preceding Mortgage Calculation Period, the amount by which (i) the aggregate Net Outstanding Principal Amount of such Mortgage Receivables exceeds (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal less, with respect to the Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower has (x) successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount in the immediately preceding Mortgage Calculation Period (but is or will not be received by the Issuer), the amount by which (i) the aggregate Net Outstanding Principal Amount of such Mortgage Receivables prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Net Outstanding Principal Amount of such Mortgage Receivables after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the Seller as Set-Off Amount or Commingling Amount for the amount such Mortgage Receivable has been extinguished or otherwise in accordance with any item of the Available Principal Funds.

## 5.4 Hedging

The interest rate payable by the Issuer with respect to the Class A1 Notes is calculated as a margin over Euribor. The Class A2 Notes bear a fixed rate of interest. At the Closing Date, the Floating Rate Fraction will be equal to 4.6 per cent. and the Fixed Rate Fraction will be equal to 95.4 per cent.

As described in section 6.1 (*Stratification tables*), at the initial Cut-Off Date the Receivables Floating Rate Fraction was equal to 4.5 per cent. and the Receivables Fixed Rate Fraction was equal to 95.5 per cent. Furthermore, as set out in section 7.1 (*Purchase, repurchase and sale*) in conjunction with section 7.4 (*Portfolio conditions*), the Issuer, subject to the Portfolio Conditions, will purchase Further Advance Receivables and may purchase New Mortgage Receivables on any Notes Payment Date up to but excluding the First Optional Redemption Date. One of the Portfolio Conditions for the purchase by the Issuer of New Mortgage Receivables and/or Further Advance Receivables is that after the purchase of the relevant New Mortgage Receivables and/or Further Advance Receivables, the Receivables Floating Rate Fraction will be a percentage of not below 2.0 per cent. and not higher than 10.0 per cent. and the Receivables Fixed Rate Fraction will be a percentage not below 90.0 per cent. and not higher than 98.0 per cent. As a result, the fixed and floating interest rate payable by the Issuer with respect to the Class A Notes and the fixed and floating interest to be received by the Issuer in respect of the Mortgage Receivables are aligned to a certain extent.

Furthermore, the Issuer receives amounts of interest in respect of all Mortgage Receivables, whereas the Issuer is only obliged to pay interest on the Class A Notes. As a result, the Outstanding Principal Amount in respect of which the Issuer receives interest exceeds on the Closing Date the Principal Amount Outstanding in respect of which the Issuer has an obligation to pay interest.

However, there is no separate hedging instrument available with respect to interest payable on the Class A Notes. Any default by the Issuer for a period of fourteen (14) days in the payment of any amount of interest on the Class A Notes after such amount of interest becomes due and payable pursuant to the Conditions constitutes an Event of Default in respect of the Class A Notes.

The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not carry any interest.

## 5.5 Liquidity support

### **Cash Advance Facility**

On the Signing 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 (x) a Notes Payment Date if and to the extent that on such date the Class A Notes are redeemed in full, and (y) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount, subject to certain conditions. The Cash Advance Facility Agreement is for a term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility by the Issuer shall only be made on a Notes Payment Date if, without taking into account any drawing under the Cash Advance Facility Agreement, there is a shortfall in the Available Revenue Funds, without taking into account any amount deducted from the Available Principal Funds under item (xi) of the Available Revenue Funds, to meet items (a) to (e) (inclusive) in the Revenue Priority of Payments in full on that Notes Payment Date.

If, at any time, (I)(a) any credit rating of the Cash Advance Facility Provider falls below the Requisite Credit Rating or any such credit rating is withdrawn and (b) within the Relevant Remedy Period (i) the Cash Advance Facility Provider is not replaced with an alternative cash advance facility provider having the Requisite Credit Rating or (ii) no third party having the Requisite Credit Rating has guaranteed the obligations of the Cash Advance Facility Provider or (II) the Cash Advance Facility Provider has refused to extend the Cash Advance Facility Agreement upon the Issuer's request (each a "**Cash Advance Facility Stand-by Drawing Event**"), the Issuer will be required forthwith to make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility Stand-by Drawing had not been so made.

Since a Cash Advance Facility Stand-by Drawing Event has occurred and is continuing on the Closing Date, the Issuer will on the Closing Date make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger.

### **Withholding of Available Principal Funds**

If on any Notes Calculation Date there is an Interest Shortfall, the Issuer shall have the right to withhold on the immediately following Notes Payment Date (i) from the Floating Rate Available Principal Funds an amount equal to the Floating Rate Fraction of such Interest Shortfall and (ii) from the Fixed Rate Available Principal Funds an amount equal to the Fixed Rate Fraction of such Interest Shortfall, in each case up to the amount that can be debited as Interest Shortfall to the Principal Deficiency Ledger. Such amounts shall form part of the Available Revenue Funds as item (x).

## 5.6 Issuer accounts

### Issuer Collection Account

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Signing Date. 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 Insurance Savings Participant 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 Receivables 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 Account Agreement in connection with the Financial Collateral Agreements 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 under obligations incurred in connection with the Issuer's business and (ii) amounts due to the Insurance Savings Participant and the Bank Savings Participant under the Participation Agreements.

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 Account Bank will be required to use its best efforts within thirty (30) days after such reduction or withdrawal of such credit rating to (i) transfer the balance standing to the credit of the Issuer Accounts to an alternative issuer account bank having the Requisite Credit Rating or (ii) obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank or (iii) find any other solution in accordance with the applicable criteria of the relevant Credit Rating Agency to maintain the then current credit ratings assigned to the Notes acceptable to the Security Trustee. The Issuer shall, promptly following the execution of such agreement, pledge its interests in such agreement and the Issuer Accounts in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

### Construction Deposit Account

In addition, the Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On a Notes Payment Date on which New Mortgage Receivables and/or Further Advance Receivables will be purchased by the Issuer an amount corresponding to the Aggregate Construction Deposit Amount in relation to the Mortgage Receivables purchased by the Issuer on such Notes Payment Date will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account on a Mortgage Collection 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 Seller to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited on each Mortgage Collection Payment Date with the amount Borrowers have set off against the Mortgage Receivables in connection with the Construction Deposits and as a result in respect of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. Such amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds. The Issuer shall pay the interest accrued on the Construction Deposit Account to the Seller.

### Interest

The Issuer Account Bank will agree to pay a rate of interest on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference to EONIA or (ii) subject to certain conditions occurring, as otherwise reasonably determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement.

In the event that the interest rate accruing on the balances standing to the credit of any of the Issuer

Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

## 5.7 Administration Agreement

### Issuer Services

In the Administration Agreement, the Issuer Administrator will agree to provide certain services, including (a) administration, calculation and cash management services to the Issuer, including all calculations to be made in respect of the Notes and the Transaction Documents, (b) operation of the Issuer Accounts and ensuring that payments are made into and from such accounts in accordance with the Administration Agreement and the Trust Deed and the production of monthly reports in relation thereto, (c) arranging for all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions of the Notes, (d) the maintaining of all required ledgers in accordance with the Trust Deed, (e) all calculations to be made in connection with the Financial Collateral Agreements, (f) operation of the Custody Cash Account and the Securities Account, (g) all calculations to be made in connection with the Repo Agreement, (h) arranging for all payments to be made by the Issuer under or in connection with the Repo Agreement and (i) submitting certain statistical information regarding the Issuer to certain governmental authorities, if and when requested.

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

Furthermore, pursuant to the Administration Agreement the Issuer Administrator will act as designated reporting entity in respect of the Notes issued by the Issuer for the purposes of article 8b of the CRA Regulation and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3).

### Termination

The Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Issuer Administrator in the payment on the due date of any payment due and payable under the Administration Agreement, (b) a default is made by the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement, or (c) the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into suspension of payments (*surseance van betaling*) 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.

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

Furthermore, the Administration Agreement may be terminated by (i) the Issuer Administrator and (ii) by the Issuer upon the expiry of not less than 12 months' notice of termination given by (i) the Issuer Administrator to each of the Issuer and the Security Trustee or (ii) by the Issuer to each of the Issuer Administrator and the Security Trustee, provided that, *inter alia*, (a) the Security Trustee consents in writing to such termination, (b) a Credit Rating Agency Confirmation is available and (c) a substitute issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and such substitute issuer administrator enters into an agreement substantially on the terms of the Administration Agreement and the Administrator shall not be released from its obligations under the Administration Agreement until such new agreement has been signed and entered into effect with respect to such substitute administrator. The Issuer shall, promptly following the execution of such agreement, pledge its interests 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.

### **Calculations and reconciliation**

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

If on any Mortgage Report Date no Mortgage Report is delivered to the Issuer Administrator by the Servicer in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations necessary in order for the Issuer Administrator to continue to perform the Issuer Services, as further set out in the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicer or substitute servicer the Mortgage Report. Upon receipt by the Issuer Administrator of such Mortgage Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Mortgage Report was available.

With respect to the Revenue Priority of Payments, the Issuer Administrator shall only make payments for items (a) up to and including (k) and shall make no payments to any items ranking below item (k) until the relevant Mortgage Reports are available. The Issuer Administrator shall credit the amounts remaining after the Revenue Priority of Payments and items (a) up to and including (k) of the Revenue Priority of Payments have been paid in full on a the Reconciliation Ledger.

Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events).

### **Market Abuse Directive**

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

The Directive 2014/57/EU of 16 April 2014 on criminal sanctions for market abuse (the Market Abuse Directive) and the Regulation 596/2014 of 16 April 2014 on market abuse (the Market Abuse Regulation) and the Dutch legislation implementing this directive (the Market Abuse Directive, the Market Abuse Regulation and the Dutch implementing legislation together referred to as the MAD Regulations) *inter alia* impose on the Issuer the obligations to disclose inside information and to maintain a list of persons that act on behalf of or for the account of the Issuer and who, on a regular basis, have access to inside information in respect of the Issuer.

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



## 5.8 Repo Agreement and Custody Agreement

### Repo Agreement

The Issuer and the Repo Counterparty will enter into the Repo Agreement on the Signing Date. The Issuer and the Repo Counterparty intend to purchase on the Closing Date Securities in an amount equal to the balance of the Financial Collateral Ledger and the Cash Advance Facility Stand-by Ledger, to mitigate counterparty risk on the Issuer Account Bank and the accrual of negative interest. The Repo Counterparty will repurchase such Securities on or about the next Notes Calculation Date.

Pursuant to the Trust Deed, the right of the Issuer to purchase Securities as set out above, is subject to certain conditions being met as further set out in the Trust Deed. In addition, pursuant to the Trust Deed all payments to be made to the Repo Counterparty and the delivery of Securities to the Repo Counterparty will be made outside of the Priority of Payments.

Pursuant to the Trust Deed, in case there is on any Notes Payment Date a Set-Off Amount and/or Commingling Amount and the Repo Counterparty has not repurchased the Securities under and pursuant to a Repo Transaction, the Issuer shall sell (such part of) the Securities equal to the amount of the Set-Off Amount and/or Commingling Amount to a third party and the proceeds thereof shall form part of the Available Revenue Funds.

Only the following securities will be eligible:

government bonds issued by the Netherlands, Germany and France with a maximum maturity of 10 years and having at least the following credit ratings:

- (i) in respect of Fitch, an AA- credit rating; and
- (ii) in respect of Moody's, an Aa3 credit rating,

provided that the Securities (a) constitute an interest (*aandeel*) in the collective depot (*verzameldepot*) of securities of the relevant kind within the meaning of the Wge and (b) are administered in an account held in the Netherlands.

The Repo Agreement will be documented under an 2011 GMRA. The Repo Agreement may be terminated upon the occurrence of one of certain specified Events of Default (as defined, by reference, in the Repo Agreement), the Events of Default are limited and includes in respect of the Issuer the delivery of an Enforcement Notice.

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

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

The Repo Counterparty has an obligation to post collateral in certain circumstances. The Issuer has no obligation to post collateral.

## **Custody Agreement**

The Issuer, the Security Trustee, the Issuer Administrator and the Custodian will enter into the Custody Agreement on the Signing Date pursuant to which the Custodian will hold the Securities Account to which the Securities under the Repo Agreement will be delivered and the Custody Cash Account to which the cash proceeds of such Securities will be transferred from time to time, as further set out in the Custody Agreement.

If at any time, the interest rate determined by reference to EONIA would result in a negative interest rate, the Custodian has the right to charge such negative interest.

If, at any time, the credit rating of the Custodian falls below the Custodian Requisite Credit Rating or any such credit rating is withdrawn or in the event that the Custody Agreement will be terminated for any other reason, the Issuer will use its best efforts to find a bank in the Netherlands licensed as such under the Wft and which has a credit rating for its unsecured, unsubordinated and unguaranteed debt obligations, or an issuer default rating, as applicable at least equal to the Custodian Requisite Credit Rating, which will enter into an agreement with the Issuer and the Security Trustee on terms that are, in the opinion of the Security Trustee, no less favourable to the Issuer than the Custody Agreement and which will open a security account and a cash account in the name of the Issuer for the purposes of accepting deposits pursuant to such agreement and which shall be subject to a right of pledge in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

## 6. PORTFOLIO INFORMATION

### 6.1 Stratification tables

The numerical information set out below relates to the Provisional Pool which was selected on 30 April 2018. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold on the Signing Date. After the Closing Date, the Final Portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables and the purchase of New Mortgage Receivables and Further Advance Receivables on any Notes Payment Date up to but excluding the First Optional Redemption Date.

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

##### 1. Key Characteristics

Description	As per Reporting Date	As per Closing Date
Principal amount	5,138,391,162.19	5,138,391,162.19
Value of savings deposits	111,801,892.17	111,801,892.17
Net principal balance	5,026,589,270.02	5,026,589,270.02
Construction Deposits	6,650,475.00	6,650,475.00
Net principal balance excl. Construction and Saving Deposits	5,019,938,795.02	5,019,938,795.02
Number of loans	27,363	27,363
Number of loanparts	52,222	52,222
Average principal balance (borrower)	183,700.23	183,700.23
Weighted average current interest rate	2.86%	2.86%
Weighted average maturity (in years)	22.76	22.76
Weighted average remaining time to interest reset (in years)	0.68	0.68
Weighted average seasoning (in years)	6.67	6.67
Weighted average CLTOMV	96.62%	96.62%
Weighted average CLTIMV	82.95%	82.95%
Weighted average CLTOFV	96.86%	96.86%
Weighted average CLTIFV	94.26%	94.26%

## 2. Redemption Type

Description	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
Annuity	1,801,158,966.21	35.83%	18,248	34.94%	2.44%	27.48	86.87%	35.83%
Bank Savings	187,931,127.11	3.74%	2,320	4.44%	3.96%	20.52	85.04%	3.74%
Interest only	2,402,911,073.29	47.80%	24,248	46.43%	3.00%	20.30	82.68%	47.80%
Investment-based	332,012,091.22	6.61%	3,178	6.09%	3.13%	17.41	96.43%	6.61%
Linear	147,357,908.18	2.93%	1,667	3.19%	2.33%	26.82	81.46%	2.93%
Savings	155,218,104.01	3.09%	2,561	4.90%	3.97%	16.55	78.88%	3.09%
Total	5,026,589,270.02	100.00%	52,222	100.00%	2.86%	22.76	85.03%	100.00%

## 3. Outstanding Loan Amount

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
< 25,000	2,486,677.27	0.05%	144	0.53%	2.91%	17.11	12.17%	0.05%
25,000 - 50,000	16,388,487.36	0.33%	434	1.59%	2.99%	18.50	26.18%	0.33%
50,000 - 75,000	55,150,616.52	1.10%	863	3.15%	2.99%	20.02	48.47%	1.10%
75,000 - 100,000	158,007,001.49	3.14%	1,784	6.52%	2.97%	21.30	66.18%	3.14%
100,000 - 150,000	947,875,492.82	18.86%	7,486	27.36%	2.84%	22.93	79.33%	18.86%
150,000 - 200,000	1,270,933,213.45	25.28%	7,335	26.81%	2.86%	22.68	86.98%	25.28%
200,000 - 250,000	1,055,343,795.24	21.00%	4,745	17.34%	2.87%	22.73	89.69%	21.00%
250,000 - 300,000	581,493,797.67	11.57%	2,146	7.84%	2.94%	22.71	89.13%	11.57%
300,000 - 350,000	355,452,276.73	7.07%	1,104	4.03%	2.86%	22.82	87.84%	7.07%
350,000 - 400,000	221,681,007.53	4.41%	597	2.18%	2.77%	23.36	86.45%	4.41%
400,000 - 450,000	117,162,632.88	2.33%	278	1.02%	2.68%	23.74	86.93%	2.33%
450,000 - 500,000	83,705,166.11	1.67%	177	0.65%	2.76%	23.73	86.01%	1.67%
500,000 - 550,000	53,370,876.94	1.06%	102	0.37%	2.63%	24.55	87.18%	1.06%
550,000 - 600,000	38,924,683.68	0.77%	68	0.25%	2.76%	22.82	85.53%	0.77%
600,000 - 650,000	23,586,730.29	0.47%	38	0.14%	2.98%	22.41	88.38%	0.47%
650,000 - 700,000	18,790,209.42	0.37%	28	0.10%	2.39%	23.38	80.33%	0.37%
700,000 - 750,000	13,795,427.84	0.27%	19	0.07%	2.48%	25.62	83.44%	0.27%
750,000 - 800,000	3,893,216.92	0.08%	5	0.02%	2.53%	25.58	89.25%	0.08%
800,000 - 850,000	4,084,330.34	0.08%	5	0.02%	2.65%	22.55	77.55%	0.08%
850,000 - 900,000	3,474,193.04	0.07%	4	0.01%	2.61%	18.87	92.60%	0.07%
900,000 - 950,000								
950,000 - 1,000,000	989,436.48	0.02%	1	0.00%	1.92%	29.00	84.21%	0.02%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

Weighted Average	226.662
Minimum	1,000
Maximum	989,436

#### 4. Origination Year

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
< 2001	64,107,220.74	1.28%	872	1.67%	3.05%	11.92	67.15%	1.28%
2001 - 2002	35,208,820.95	0.70%	443	0.85%	3.13%	13.10	75.51%	0.70%
2002 - 2003	76,051,010.64	1.51%	861	1.65%	3.08%	14.14	82.70%	1.51%
2003 - 2004	158,495,175.23	3.15%	1,693	3.24%	3.24%	15.01	85.08%	3.15%
2004 - 2005	207,566,830.63	4.13%	2,270	4.35%	3.03%	15.87	82.29%	4.13%
2005 - 2006	394,498,751.05	7.85%	4,186	8.02%	3.00%	16.97	88.60%	7.85%
2006 - 2007	489,369,596.57	9.74%	4,925	9.43%	2.93%	17.88	86.60%	9.74%
2007 - 2008	402,615,756.87	8.01%	3,800	7.28%	3.20%	18.76	84.31%	8.01%
2008 - 2009	182,886,986.14	3.64%	2,087	4.00%	3.92%	19.73	87.12%	3.64%
2009 - 2010	163,263,459.76	3.25%	1,680	3.22%	3.60%	20.69	81.76%	3.25%
2010 - 2011	155,585,074.04	3.10%	1,713	3.28%	3.36%	21.32	84.12%	3.10%
2011 - 2012	168,694,209.76	3.36%	1,935	3.71%	3.80%	22.07	84.53%	3.36%
2012 - 2013	58,877,311.99	1.17%	760	1.46%	3.81%	22.64	84.81%	1.17%
2013 - 2014	76,343,157.05	1.52%	797	1.53%	3.72%	23.92	83.24%	1.52%
2014 - 2015	282,584,709.96	5.62%	2,840	5.44%	3.54%	25.56	84.58%	5.62%
2015 - 2016	342,520,711.61	6.81%	3,511	6.72%	2.77%	26.59	84.83%	6.81%
2016 - 2017	681,479,146.19	13.56%	6,750	12.93%	2.32%	27.78	85.86%	13.56%
2017 - 2018	1,085,167,554.84	21.59%	11,075	21.21%	2.09%	28.54	85.47%	21.59%
2018 >=	1,273,786.00	0.03%	24	0.05%	2.02%	29.12	78.05%	0.03%
Total	5,026,589,270.02	100.00%	52,222	100.00%	2.86%	22.76	85.03%	100.00%

Average	175718
Minimum	1999
Maximum	2018

## 5. Seasoning

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
1Year	600,805,450.71	11.95%	6,282	12.03%	2.10%	28.70	85.30%	11.95%
1 year(s) - 2 year(s)	1,014,830,960.85	20.19%	10,001	19.15%	2.45%	28.11	86.00%	20.19%
2 year(s) - 3 year(s)	386,598,776.25	7.69%	3,943	7.55%	2.68%	27.01	84.93%	7.69%
3 year(s) - 4 year(s)	296,967,374.23	5.91%	3,067	5.87%	3.27%	25.85	84.26%	5.91%
4 year(s) - 5 year(s)	156,451,010.49	3.11%	1,501	2.87%	3.75%	25.08	84.60%	3.11%
5 year(s) - 6 year(s)	44,791,475.67	0.89%	603	1.15%	3.71%	22.06	82.66%	0.89%
6 year(s) - 7 year(s)	90,902,045.34	1.81%	1,067	2.04%	3.75%	22.46	85.72%	1.81%
7 year(s) - 8 year(s)	208,136,259.47	4.14%	2,377	4.55%	3.57%	21.64	83.71%	4.14%
8 year(s) - 9 year(s)	169,557,648.14	3.37%	1,748	3.35%	3.53%	20.87	82.21%	3.37%
9 year(s) - 10 year(s)	174,931,715.47	3.48%	1,942	3.72%	4.07%	20.06	86.14%	3.48%
10 year(s) - 11 year(s)	275,913,478.03	5.49%	2,745	5.26%	3.23%	18.97	84.48%	5.49%
11 year(s) - 12 year(s)	497,711,063.13	9.90%	4,826	9.24%	3.01%	18.23	85.50%	9.90%
12 year(s) - 13 year(s)	441,810,406.23	8.79%	4,615	8.84%	2.99%	17.32	88.60%	8.79%
13 year(s) - 14 year(s)	269,701,767.46	5.37%	2,905	5.56%	3.01%	16.29	85.11%	5.37%
14 year(s) - 15 year(s)	159,021,615.35	3.16%	1,773	3.40%	3.20%	15.35	83.26%	3.16%
15 year(s) - 16 year(s)	114,800,527.11	2.28%	1,224	2.34%	3.12%	14.56	84.97%	2.28%
16 year(s) - 17 year(s)	48,584,829.73	0.97%	582	1.11%	3.09%	13.58	77.73%	0.97%
17 year(s) - 18 year(s)	33,831,080.02	0.67%	432	0.83%	3.10%	12.50	73.75%	0.67%
18 year(s) - 19 year(s)	36,276,006.58	0.72%	487	0.93%	2.97%	11.79	63.94%	0.72%
19 year(s) - 20 year(s)	5,265,779.76	0.10%	102	0.20%	3.70%	10.79	60.92%	0.10%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>52,222</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	7 year(s)
Minimum	year(s)
Maximum	19 year(s)

## 6. Legal Maturity

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
2018 - 2020	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%	0.00%
2020 - 2025	6,556,412.00	0.13%	185	0.35%	3.34%	5.95	64.18%	0.13%
2025 - 2030	72,158,376.90	1.44%	1,354	2.59%	3.26%	9.88	71.98%	1.44%
2030 - 2035	609,309,844.69	12.12%	7,092	13.58%	3.14%	14.79	81.84%	12.12%
2035 - 2040	1,634,553,379.42	32.52%	16,605	31.80%	3.16%	18.68	85.91%	32.52%
2040 - 2045	716,464,826.43	14.25%	7,428	14.22%	3.46%	24.35	84.95%	14.25%
2045 - 2050	1,987,546,430.58	39.54%	19,558	37.45%	2.28%	28.52	85.85%	39.54%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>52,222</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	2041
Minimum	2023
Maximum	2048

## 7. Remaining Tenor

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
<= 5 year(s)	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%	0.00%
5 year(s) - 6 year(s)	1,975,244.05	0.04%	54	0.10%	3.57%	5.38	67.85%	0.04%
6 year(s) - 7 year(s)	4,581,167.95	0.09%	131	0.25%	3.25%	6.19	62.60%	0.09%
7 year(s) - 8 year(s)	7,594,772.47	0.15%	169	0.32%	3.21%	7.12	73.71%	0.15%
8 year(s) - 9 year(s)	8,652,312.49	0.17%	177	0.34%	3.15%	8.13	70.50%	0.17%
9 year(s) - 10 year(s)	11,606,007.08	0.23%	235	0.45%	3.25%	9.18	75.44%	0.23%
10 year(s) - 11 year(s)	13,111,356.94	0.26%	250	0.48%	3.32%	10.14	75.20%	0.26%
11 year(s) - 12 year(s)	31,193,927.92	0.62%	523	1.00%	3.28%	11.19	69.33%	0.62%
12 year(s) - 13 year(s)	63,347,064.04	1.26%	864	1.65%	3.06%	12.13	72.60%	1.26%
13 year(s) - 14 year(s)	71,403,644.21	1.42%	961	1.84%	3.20%	13.15	76.94%	1.42%
14 year(s) - 15 year(s)	94,942,844.82	1.89%	1,128	2.16%	3.10%	14.16	82.95%	1.89%
15 year(s) - 16 year(s)	173,350,055.17	3.45%	1,878	3.60%	3.24%	15.14	85.53%	3.45%
16 year(s) - 17 year(s)	206,266,236.45	4.10%	2,261	4.33%	3.09%	16.17	82.74%	4.10%
17 year(s) - 18 year(s)	382,845,339.59	7.62%	4,039	7.73%	3.01%	17.17	87.83%	7.62%
18 year(s) - 19 year(s)	491,740,757.84	9.78%	4,987	9.55%	2.95%	18.14	86.72%	9.78%
19 year(s) - 20 year(s)	429,317,062.95	8.54%	4,026	7.71%	3.14%	19.11	84.12%	8.54%
20 year(s) - 21 year(s)	177,409,329.42	3.53%	1,992	3.81%	3.77%	20.20	86.97%	3.53%
21 year(s) - 22 year(s)	153,240,889.62	3.05%	1,561	2.99%	3.60%	21.18	82.26%	3.05%
22 year(s) - 23 year(s)	144,947,701.32	2.88%	1,548	2.96%	3.33%	22.11	83.32%	2.88%
23 year(s) - 24 year(s)	167,406,497.58	3.33%	1,845	3.53%	3.66%	23.02	85.20%	3.33%
24 year(s) - 25 year(s)	58,594,690.79	1.17%	704	1.35%	3.53%	24.05	85.64%	1.17%
25 year(s) - 26 year(s)	69,189,360.10	1.38%	729	1.40%	3.25%	25.26	84.49%	1.38%
26 year(s) - 27 year(s)	276,326,576.64	5.50%	2,602	4.98%	3.44%	26.16	85.63%	5.50%
27 year(s) - 28 year(s)	340,037,608.92	6.76%	3,317	6.35%	2.77%	27.15	85.36%	6.76%
28 year(s) - 29 year(s)	559,348,337.86	11.13%	5,404	10.35%	2.41%	28.22	85.97%	11.13%
29 year(s) - 30 year(s)	1,087,470,007.78	21.63%	10,820	20.72%	2.06%	29.10	85.94%	21.63%
30 year(s) >=	690,476.02	0.01%	17	0.03%	2.23%	29.83	80.37%	0.01%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>52,222</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	23 year(s)
Minimum	5 year(s)
Maximum	30 year(s)

### 8a. Original Loan To Original Foreclosure Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.23%	37.79%
< 10 %	387,167.75	0.01%	12	0.044%	1.94%	25.45	7.03%	0.01%
10 % - 20 %	3,253,947.30	0.06%	85	0.311%	2.44%	20.47	13.67%	0.06%
20 % - 30 %	7,937,555.45	0.16%	138	0.504%	2.69%	20.69	20.44%	0.16%
30 % - 40 %	22,796,017.60	0.45%	261	0.954%	2.63%	20.79	29.40%	0.45%
40 % - 50 %	37,010,521.31	0.74%	345	1.261%	2.71%	20.91	37.18%	0.74%
50 % - 60 %	83,013,985.08	1.65%	620	2.266%	2.63%	20.57	45.71%	1.65%
60 % - 70 %	157,718,519.46	3.14%	987	3.607%	2.66%	20.91	54.62%	3.14%
70 % - 80 %	332,608,892.96	6.62%	1,914	6.995%	2.70%	20.55	62.61%	6.62%
80 % - 90 %	208,237,088.52	4.14%	991	3.622%	2.58%	22.67	71.35%	4.14%
90 % - 100 %	591,065,769.07	11.76%	2,376	8.683%	2.62%	23.66	80.65%	11.76%
100 % - 110 %	367,724,635.50	7.32%	1,534	5.606%	2.83%	22.50	87.04%	7.32%
110 % - 120 %	640,083,649.61	12.73%	2,599	9.498%	3.05%	22.58	96.02%	12.73%
120 % - 130 %	675,256,862.64	13.43%	3,196	11.68%	3.43%	17.77	104.01%	13.43%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.70</b>	<b>85.29%</b>	<b>100.00%</b>

Weighted Average	103 %
Minimum	3 %
Maximum	125 %

### 8b. Original Loan To Original Foreclosure Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.27	84.14%	62.21%
< 10 %	52,518.48	0.00%	2	0.01%	1.96%	19.55	7.72%	0.00%
10 % - 20 %	528,416.26	0.01%	16	0.06%	3.05%	20.35	12.14%	0.01%
20 % - 30 %	2,723,789.90	0.05%	51	0.19%	3.12%	20.28	19.80%	0.05%
30 % - 40 %	5,053,887.19	0.10%	81	0.30%	3.11%	18.82	26.72%	0.10%
40 % - 50 %	10,680,989.99	0.21%	130	0.48%	3.07%	20.32	34.67%	0.21%
50 % - 60 %	19,579,617.55	0.39%	196	0.72%	3.02%	21.14	43.71%	0.39%
60 % - 70 %	29,764,499.58	0.59%	257	0.94%	3.01%	21.86	51.46%	0.59%
70 % - 80 %	50,239,695.68	1.00%	394	1.44%	2.79%	23.75	61.25%	1.00%
80 % - 90 %	105,510,617.17	2.10%	770	2.81%	2.69%	24.37	70.11%	2.10%
90 % - 100 %	269,079,762.50	5.35%	1,892	6.91%	2.69%	25.35	78.36%	5.35%
100 % - 110 %	383,747,735.38	7.63%	2,408	8.80%	2.62%	25.35	87.04%	7.63%
110 % - 120 %	873,352,564.37	17.37%	5,236	19.14%	2.68%	26.21	95.18%	17.37%
120 % - 130 %	149,180,563.72	2.97%	872	3.19%	3.64%	20.25	98.00%	2.97%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.70</b>	<b>85.29%</b>	<b>100.00%</b>

Weighted Average	103 %
Minimum	3 %
Maximum	125 %



### 9a. Current Loan To Original Foreclosure Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.22%	37.79%
< 10 %	1,211,759.23	0.02%	62	0.23%	2.67%	18.89	6.65%	0.02%
10 % - 20 %	8,474,676.83	0.17%	204	0.75%	2.75%	17.93	14.16%	0.17%
20 % - 30 %	14,989,110.83	0.30%	224	0.82%	2.74%	19.26	22.53%	0.30%
30 % - 40 %	36,132,463.04	0.72%	377	1.38%	2.72%	19.81	31.43%	0.72%
40 % - 50 %	57,459,498.18	1.14%	501	1.83%	2.77%	19.78	40.05%	1.14%
50 % - 60 %	118,248,863.65	2.35%	820	3.00%	2.67%	20.37	48.79%	2.35%
60 % - 70 %	203,115,910.87	4.04%	1,180	4.31%	2.76%	20.55	57.56%	4.04%
70 % - 80 %	350,520,563.54	6.97%	1,885	6.89%	2.71%	20.67	65.72%	6.97%
80 % - 90 %	305,151,426.96	6.07%	1,370	5.01%	2.70%	22.70	75.54%	6.07%
90 % - 100 %	617,752,302.07	12.29%	2,411	8.81%	2.66%	23.47	84.17%	12.29%
100 % - 110 %	426,217,741.86	8.48%	1,817	6.64%	3.04%	22.17	92.70%	8.48%
110 % - 120 %	544,720,758.31	10.84%	2,210	8.08%	3.16%	22.08	100.27%	10.84%
120 % - 130 %	443,099,536.88	8.82%	1,997	7.30%	3.35%	17.40	108.66%	8.82%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.71</b>	<b>85.24%</b>	<b>100.00%</b>

Weighted Average	97 %
Minimum	1 %
Maximum	125 %

### 9b. Current Loan To Original Foreclosure Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.29	84.04%	62.21%
< 10 %	475,909.65	0.01%	28	0.10%	2.77%	17.76	6.38%	0.01%
10 % - 20 %	2,406,636.26	0.05%	69	0.25%	3.28%	17.37	13.99%	0.05%
20 % - 30 %	4,623,156.96	0.09%	76	0.28%	3.35%	18.88	22.52%	0.09%
30 % - 40 %	10,660,592.25	0.21%	132	0.48%	3.11%	18.58	31.80%	0.21%
40 % - 50 %	18,821,262.80	0.37%	197	0.72%	3.31%	19.95	40.18%	0.37%
50 % - 60 %	29,842,683.18	0.59%	269	0.98%	3.13%	20.93	48.85%	0.59%
60 % - 70 %	45,283,005.58	0.90%	366	1.34%	3.01%	21.82	57.46%	0.90%
70 % - 80 %	92,843,678.88	1.85%	703	2.57%	3.08%	22.51	66.38%	1.85%
80 % - 90 %	208,574,929.86	4.15%	1,484	5.42%	2.88%	24.27	75.65%	4.15%
90 % - 100 %	331,714,745.73	6.60%	2,141	7.82%	2.72%	25.01	83.81%	6.60%
100 % - 110 %	695,612,938.14	13.84%	4,226	15.44%	2.77%	25.93	93.44%	13.84%
110 % - 120 %	424,275,027.24	8.44%	2,428	8.87%	2.53%	26.44	98.80%	8.44%
120 % - 130 %	34,360,091.24	0.68%	186	0.68%	2.89%	18.57	108.02%	0.68%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.71</b>	<b>85.24%</b>	<b>100.00%</b>

Weighted Average	97 %
Minimum	1 %
Maximum	125 %

### 10a. Current Loan To Indexed Foreclosure Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.03	87.39%	37.79%
< 10 %	1,585,036.17	0.03%	76	0.278%	2.71%	17.84	7.58%	0.03%
10 % - 20 %	9,483,263.59	0.19%	221	0.808%	2.73%	17.68	15.31%	0.19%
20 % - 30 %	17,668,613.47	0.35%	238	0.87%	2.75%	18.84	24.42%	0.35%
30 % - 40 %	40,911,594.79	0.81%	428	1.564%	2.79%	19.50	33.93%	0.81%
40 % - 50 %	74,841,228.42	1.49%	612	2.237%	2.79%	19.44	43.48%	1.49%
50 % - 60 %	135,764,311.72	2.70%	905	3.307%	2.71%	20.54	52.24%	2.70%
60 % - 70 %	216,525,172.69	4.31%	1,231	4.499%	2.71%	20.49	60.25%	4.31%
70 % - 80 %	329,893,399.44	6.56%	1,719	6.282%	2.72%	21.06	68.23%	6.56%
80 % - 90 %	425,016,935.74	8.46%	1,821	6.655%	2.74%	22.73	78.00%	8.46%
90 % - 100 %	568,395,783.92	11.31%	2,224	8.128%	2.69%	23.48	87.22%	11.31%
100 % - 110 %	501,810,357.35	9.98%	2,031	7.422%	2.97%	22.53	95.10%	9.98%
110 % - 120 %	371,031,590.97	7.38%	1,618	5.913%	3.21%	20.27	100.51%	7.38%
120 % - 130 %	298,237,546.36	5.93%	1,347	4.923%	3.41%	18.20	105.30%	5.93%
130 % >=	135,929,777.62	2.70%	587	2.145%	3.44%	18.51	107.22%	2.70%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.87%</b>	<b>22.63</b>	<b>85.66%</b>	<b>100.00%</b>

Weighted Average	95 %
Minimum	1 %
Maximum	144 %

### 10b. Current Loan To Indexed Foreclosure Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.94%	21.22	84.65%	62.21%
< 10 %	596,488.62	0.01%	32	0.12%	2.83%	19.17	7.09%	0.01%
10 % - 20 %	2,256,029.71	0.04%	66	0.24%	3.42%	16.97	14.40%	0.04%
20 % - 30 %	4,786,657.23	0.10%	79	0.29%	3.30%	19.02	22.96%	0.10%
30 % - 40 %	11,620,807.48	0.23%	147	0.54%	3.17%	19.02	33.34%	0.23%
40 % - 50 %	19,245,245.54	0.38%	197	0.72%	3.24%	20.10	41.49%	0.38%
50 % - 60 %	35,636,324.04	0.71%	324	1.18%	3.17%	21.26	51.15%	0.71%
60 % - 70 %	68,621,391.86	1.37%	537	1.96%	3.04%	22.66	61.69%	1.37%
70 % - 80 %	139,749,673.30	2.78%	1,032	3.77%	3.11%	23.93	72.58%	2.78%
80 % - 90 %	300,341,041.93	5.98%	1,995	7.29%	2.89%	24.94	81.14%	5.98%
90 % - 100 %	500,988,421.42	9.97%	3,131	11.44%	2.82%	25.73	89.98%	9.97%
100 % - 110 %	519,838,523.63	10.34%	3,101	11.33%	2.36%	26.60	94.94%	10.34%
110 % - 120 %	224,896,421.41	4.47%	1,279	4.67%	2.70%	25.17	97.93%	4.47%
120 % - 130 %	57,913,709.28	1.15%	316	1.15%	3.51%	19.62	102.00%	1.15%
125 % >=	13,003,922.32	0.26%	69	0.25%	3.21%	19.38	105.30%	0.26%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.87%</b>	<b>22.63</b>	<b>85.66%</b>	<b>100.00%</b>

Weighted Average	95 %
Minimum	1 %
Maximum	144 %

### 11a. Original Loan To Original Market Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.21%	37.79%
< 10 %	508,133.87	0.01%	17	0.06%	1.93%	24.53	7.44%	0.01%
10 % - 20 %	4,381,304.52	0.09%	105	0.38%	2.62%	20.23	14.86%	0.09%
20 % - 30 %	13,874,023.29	0.28%	204	0.75%	2.68%	20.88	23.83%	0.28%
30 % - 40 %	33,447,527.03	0.67%	347	1.27%	2.62%	20.99	33.16%	0.67%
40 % - 50 %	70,914,986.55	1.41%	553	2.02%	2.63%	20.57	43.14%	1.41%
50 % - 60 %	152,030,798.44	3.02%	995	3.64%	2.68%	21.04	52.47%	3.02%
60 % - 70 %	362,799,218.52	7.22%	2,106	7.70%	2.70%	20.47	62.00%	7.22%
70 % - 80 %	259,541,823.62	5.16%	1,218	4.45%	2.56%	22.91	71.96%	5.16%
80 % - 90 %	655,219,866.14	13.04%	2,645	9.67%	2.65%	23.56	81.52%	13.04%
90 % - 100 %	481,712,094.69	9.58%	1,953	7.14%	2.90%	22.76	91.04%	9.58%
100 % - 110 %	1,005,019,339.87	19.99%	4,499	16.44%	3.30%	19.59	100.96%	19.99%
110 % - 120 %	87,645,495.71	1.74%	416	1.52%	3.42%	17.63	105.89%	1.74%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	90 %
Minimum	3 %
Maximum	110 %

### 11b. Original Loan To Original Market Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.35	83.70%	62.21%
< 10 %	152,693.29	0.00%	5	0.02%	2.81%	22.95	8.11%	0.00%
10 % - 20 %	641,311.58	0.01%	21	0.08%	3.40%	19.02	13.13%	0.01%
20 % - 30 %	3,899,621.58	0.08%	71	0.26%	3.22%	19.91	20.89%	0.08%
30 % - 40 %	8,976,532.48	0.18%	122	0.45%	2.93%	19.74	31.60%	0.18%
40 % - 50 %	17,505,845.94	0.35%	188	0.69%	3.14%	20.65	40.20%	0.35%
50 % - 60 %	30,329,511.51	0.60%	268	0.98%	2.99%	21.81	49.47%	0.60%
60 % - 70 %	53,861,446.28	1.07%	427	1.56%	2.83%	23.42	60.12%	1.07%
70 % - 80 %	136,658,608.93	2.72%	996	3.64%	2.70%	24.56	70.83%	2.72%
80 % - 90 %	317,282,376.99	6.31%	2,181	7.97%	2.67%	25.38	79.94%	6.31%
90 % - 100 %	595,815,077.01	11.85%	3,659	13.37%	2.52%	25.94	90.69%	11.85%
100 % - 110 %	731,624,404.11	14.56%	4,352	15.90%	2.97%	24.87	96.35%	14.56%
110 % - 120 %	2,747,228.07	0.05%	15	0.05%	4.04%	20.76	98.88%	0.05%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	90 %
Minimum	3 %
Maximum	110 %

## 12a. Current Loan To Original Market Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.21%	37.79%
< 10 %	1,752,822.94	0.03%	82	0.30%	2.73%	18.88	7.53%	0.03%
10 % - 20 %	10,701,406.11	0.21%	229	0.84%	2.72%	17.81	15.58%	0.21%
20 % - 30 %	23,123,594.05	0.46%	307	1.12%	2.78%	19.70	25.69%	0.46%
30 % - 40 %	53,080,009.03	1.06%	509	1.86%	2.72%	19.87	35.47%	1.06%
40 % - 50 %	103,591,704.74	2.06%	764	2.79%	2.67%	20.22	45.76%	2.06%
50 % - 60 %	202,214,677.98	4.02%	1,232	4.50%	2.76%	20.50	55.48%	4.02%
60 % - 70 %	385,341,033.90	7.67%	2,080	7.60%	2.72%	20.61	65.03%	7.67%
70 % - 80 %	359,878,193.48	7.16%	1,603	5.86%	2.69%	22.70	75.88%	7.16%
80 % - 90 %	662,906,740.54	13.19%	2,618	9.57%	2.70%	23.28	85.12%	13.19%
90 % - 100 %	645,413,857.28	12.84%	2,612	9.55%	3.02%	23.30	95.96%	12.84%
100 % - 110 %	626,310,570.50	12.46%	2,775	10.14%	3.38%	18.04	106.31%	12.46%
110 % - 120 %	52,780,001.70	1.05%	247	0.90%	3.34%	17.11	110.00%	1.05%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	85 %
Minimum	1 %
Maximum	110 %

## 12b. Current Loan To Original Market Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.35	83.70%	62.21%
< 10 %	769,444.12	0.02%	39	0.14%	2.90%	18.79	7.46%	0.02%
10 % - 20 %	2,833,094.45	0.06%	72	0.26%	3.32%	17.55	15.73%	0.06%
20 % - 30 %	6,304,596.69	0.13%	96	0.35%	3.21%	18.70	25.21%	0.13%
30 % - 40 %	16,802,383.75	0.33%	195	0.71%	3.20%	19.41	35.26%	0.33%
40 % - 50 %	28,282,648.13	0.56%	268	0.98%	3.23%	20.12	45.39%	0.56%
50 % - 60 %	48,089,444.23	0.96%	396	1.45%	3.05%	21.71	55.36%	0.96%
60 % - 70 %	97,020,939.13	1.93%	736	2.69%	3.08%	22.46	65.66%	1.93%
70 % - 80 %	242,398,641.33	4.82%	1,720	6.29%	2.85%	24.33	76.01%	4.82%
80 % - 90 %	402,503,479.79	8.01%	2,553	9.33%	2.75%	24.98	85.41%	8.01%
90 % - 100 %	956,226,552.02	19.02%	5,700	20.83%	2.62%	26.57	95.69%	19.02%
100 % - 110 %	97,638,434.13	1.94%	527	1.93%	3.16%	20.44	104.12%	1.94%
110 % - 120 %	625,000.00	0.01%	3	0.01%	3.97%	18.71	110.00%	0.01%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	85 %
Minimum	1 %
Maximum	110 %

### 13a. Current Loan To Indexed Market Value (Non-NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NHG	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.22%	37.79%
< 10 %	2,134,944.14	0.04%	94	0.344%	2.73%	17.47	8.34%	0.042%
10 % - 20 %	12,610,229.60	0.25%	255	0.932%	2.75%	17.63	17.13%	0.251%
20 % - 30 %	27,339,283.33	0.54%	339	1.239%	2.77%	19.48	28.25%	0.544%
30 % - 40 %	61,700,078.17	1.23%	579	2.116%	2.73%	19.42	38.47%	1.227%
40 % - 50 %	123,196,195.21	2.45%	881	3.22%	2.76%	20.23	48.84%	2.451%
50 % - 60 %	223,369,335.64	4.44%	1,303	4.762%	2.73%	20.53	58.31%	4.444%
60 % - 70 %	359,599,633.09	7.15%	1,893	6.918%	2.71%	20.97	67.33%	7.154%
70 % - 80 %	495,316,580.57	9.85%	2,123	7.759%	2.72%	22.72	78.46%	9.854%
80 % - 90 %	617,787,065.23	12.29%	2,429	8.877%	2.75%	23.34	88.45%	12.29%
90 % - 100 %	582,648,715.75	11.59%	2,366	8.647%	3.00%	22.44	96.77%	11.591%
100 % - 110 %	347,945,203.74	6.92%	1,587	5.80%	3.38%	18.23	103.14%	6.922%
110 % - 120 %	240,059,157.79	4.78%	1,076	3.932%	3.41%	18.42	106.99%	4.776%
120 % - 130 %	33,388,189.99	0.66%	133	0.486%	3.64%	19.17	108.86%	0.664%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.04%</b>	<b>100.00%</b>

Weighted Average	83 %
Minimum	1 %
Maximum	126 %

### 13b. Current Loan To Indexed Market Value (NHG)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Non-NHG	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.35	83.71%	62.21%
< 10 %	809,030.08	0.02%	41	0.15%	2.93%	18.80	7.79%	0.02%
10 % - 20 %	2,896,516.64	0.06%	74	0.27%	3.26%	17.70	16.28%	0.06%
20 % - 30 %	6,665,663.94	0.13%	103	0.38%	3.32%	18.34	26.26%	0.13%
30 % - 40 %	18,546,352.54	0.37%	209	0.76%	3.16%	20.02	36.64%	0.37%
40 % - 50 %	31,208,844.44	0.62%	295	1.08%	3.19%	20.62	47.73%	0.62%
50 % - 60 %	67,168,706.26	1.34%	543	1.98%	3.08%	22.34	59.33%	1.34%
60 % - 70 %	145,661,445.90	2.90%	1,078	3.94%	3.09%	23.81	71.53%	2.90%
70 % - 80 %	344,308,025.25	6.85%	2,289	8.37%	2.89%	24.93	81.35%	6.85%
80 % - 90 %	593,109,499.84	11.80%	3,666	13.40%	2.77%	25.91	91.03%	11.80%
90 % - 100 %	549,147,651.16	10.92%	3,234	11.82%	2.31%	26.72	96.14%	10.92%
100 % - 110 %	107,103,769.09	2.13%	595	2.17%	3.55%	20.80	99.03%	2.13%
110 % - 120 %	29,817,771.56	0.59%	162	0.59%	3.17%	19.32	104.96%	0.59%
120 % - 130 %	3,051,381.07	0.06%	16	0.06%	3.56%	19.96	108.64%	0.06%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.04%</b>	<b>100.00%</b>

Weighted Average	83 %
Minimum	1 %
Maximum	126 %

#### 14. Loanpart Coupon (interest rate bucket)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
1.0 % - 1.5 %	6,997,025.86	0.14%	100	0.19%	1.40%	19.39	55.32%	0.14%
1.5 % - 2.0 %	1,041,659,997.09	20.72%	11,098	21.25%	1.77%	26.49	81.50%	20.72%
2.0 % - 2.5 %	964,648,946.49	19.19%	9,714	18.60%	2.25%	23.56	82.46%	19.19%
2.5 % - 3.0 %	1,163,716,410.31	23.15%	11,728	22.46%	2.74%	22.06	86.17%	23.15%
3.0 % - 3.5 %	762,898,722.07	15.18%	7,641	14.63%	3.19%	21.20	88.53%	15.18%
3.5 % - 4.0 %	483,307,305.99	9.62%	4,785	9.16%	3.73%	21.10	89.20%	9.62%
4.0 % - 4.5 %	204,795,231.16	4.07%	2,226	4.26%	4.19%	20.60	88.64%	4.07%
4.5 % - 5.0 %	172,022,091.30	3.42%	2,035	3.90%	4.71%	19.30	86.07%	3.42%
5.0 % - 5.5 %	137,588,367.81	2.74%	1,700	3.26%	5.19%	19.76	83.61%	2.74%
5.5 % - 6.0 %	62,613,492.71	1.25%	817	1.56%	5.70%	19.02	80.94%	1.25%
6.0 % - 6.5 %	21,551,663.43	0.43%	316	0.61%	6.17%	18.34	80.75%	0.43%
6.5 % - 7.0 %	4,234,666.15	0.08%	54	0.10%	6.64%	15.55	74.88%	0.08%
7.0 % >=	555,349.65	0.01%	8	0.02%	7.10%	15.13	68.14%	0.01%
Total	5,026,589,270.02	100.00%	52,222	100.00%	2.86%	22.76	85.03%	100.00%

Weighted Average	2.9 %
Minimum	1.2 %
Maximum	7.3 %

## 15. Remaining Interest Rate Fixed Period

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
< 12 month(s)	433,353,904.89	8.62%	4,894	9.37%	3.14%	17.90	87.02%	8.62%
12 month(s) - 24 month(s)	188,652,489.80	3.75%	2,178	4.17%	3.93%	18.87	86.32%	3.75%
24 month(s) - 36 month(s)	164,193,951.84	3.27%	1,898	3.63%	3.53%	18.86	87.66%	3.27%
36 month(s) - 48 month(s)	104,531,930.15	2.08%	1,294	2.48%	4.13%	19.93	84.56%	2.08%
48 month(s) - 60 month(s)	61,855,119.29	1.23%	853	1.63%	4.06%	19.56	82.86%	1.23%
60 month(s) - 72 month(s)	103,217,179.19	2.05%	1,095	2.10%	4.09%	23.41	83.89%	2.05%
72 month(s) - 84 month(s)	347,091,823.64	6.91%	3,653	7.00%	3.47%	23.38	83.02%	6.91%
84 month(s) - 96 month(s)	823,082,667.30	16.37%	8,281	15.86%	2.96%	20.60	84.88%	16.37%
96 month(s) - 108 month(s)	1,144,946,712.37	22.78%	11,279	21.60%	2.29%	23.64	85.44%	22.78%
108 month(s) - 120 month(s)	915,173,224.40	18.21%	9,135	17.49%	2.22%	25.65	85.05%	18.21%
120 month(s) - 132 month(s)	11,244,192.59	0.22%	144	0.28%	4.33%	19.37	76.10%	0.22%
132 month(s) - 144 month(s)	16,203,339.04	0.32%	214	0.41%	3.63%	21.37	77.77%	0.32%
144 month(s) - 156 month(s)	59,294,634.56	1.18%	665	1.27%	3.32%	21.61	83.71%	1.18%
156 month(s) - 168 month(s)	71,234,617.28	1.42%	805	1.54%	2.75%	23.85	82.88%	1.42%
168 month(s) - 180 month(s)	36,008,529.09	0.72%	423	0.81%	2.85%	24.40	84.76%	0.72%
180 month(s) - 192 month(s)	2,050,609.63	0.04%	25	0.05%	5.07%	19.42	82.42%	0.04%
192 month(s) - 204 month(s)	20,531,562.83	0.41%	226	0.43%	3.99%	24.54	81.80%	0.41%
204 month(s) - 216 month(s)	115,381,108.76	2.30%	1,103	2.11%	3.36%	24.34	85.51%	2.30%
216 month(s) - 228 month(s)	256,738,470.28	5.11%	2,485	4.76%	2.93%	26.15	83.17%	5.11%
228 month(s) - 240 month(s)	149,870,378.03	2.98%	1,556	2.98%	2.89%	27.74	85.12%	2.98%
240 month(s) - 252 month(s)	397,590.88	0.01%	5	0.01%	5.96%	20.27	80.02%	0.01%
252 month(s) - 264 month(s)								
264 month(s) - 276 month(s)	456,601.74	0.01%	3	0.01%	5.82%	22.54	79.55%	0.01%
276 month(s) - 288 month(s)	1,078,632.44	0.02%	8	0.02%	6.01%	23.21	91.81%	0.02%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>52,222</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	99 month(s)
Minimum	month(s)
Maximum	286 month(s)

## 16. Interest Payment Type

Description	Aggregate Outstanding Amount	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Fixed	4,799,149,773.08	95.48%	49,822	95.40%	2.88%	23.02	84.92%	95.48%
Floating	227,439,496.94	4.52%	2,400	4.60%	2.30%	17.43	87.29%	4.52%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>52,222</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

## 17. Property Description

Description	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
House	4,307,538,586.21	85.70%	22,534	82.35%	2.88%	22.62	84.92%	85.70%
Apartment	676,331,545.14	13.46%	4,620	16.88%	2.69%	23.54	86.51%	13.46%
Other	42,719,138.67	0.85%	209	0.76%	2.81%	24.56	71.85%	0.85%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

## 18. Geographical Distribution (by province)

Province	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
Drenthe	158,961,818.02	3.16%	943	3.45%	2.83%	22.63	86.50%	3.16%
Flevoland	186,118,980.08	3.70%	1,045	3.82%	2.93%	20.86	91.76%	3.70%
Friesland	133,674,809.85	2.66%	831	3.04%	2.72%	22.99	84.63%	2.66%
Gelderland	748,106,763.17	14.88%	3,965	14.49%	2.88%	22.80	84.59%	14.88%
Groningen	141,399,490.99	2.81%	997	3.64%	2.97%	21.61	85.24%	2.81%
Limburg	647,515,583.57	12.88%	4,097	14.97%	3.05%	21.51	83.53%	12.88%
Noord-Brabant	854,859,857.81	17.01%	4,258	15.56%	2.80%	23.37	83.90%	17.01%
Noord-Holland	642,854,592.88	12.79%	3,144	11.49%	2.80%	23.04	84.24%	12.79%
Overijssel	395,203,169.45	7.86%	2,198	8.03%	2.77%	23.42	86.04%	7.86%
Utrecht	356,665,089.50	7.10%	1,673	6.11%	2.82%	23.36	83.89%	7.10%
Zeeland	71,241,199.25	1.42%	460	1.68%	2.87%	22.82	82.40%	1.42%
Zuid-Holland	689,987,915.45	13.73%	3,752	13.71%	2.82%	22.93	87.17%	13.73%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%



## 19. Geographical Distribution (by economic region)

Economic Region	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
NL111- Oost- Groningen	50,320,444.52	1.00%	365	1.33%	3.03%	20.98	86.22%	1.00%
NL112 - Delfzijl en omgeving	10,555,486.11	0.21%	84	0.31%	3.23%	20.72	85.26%	0.21%
NL113- Overig Groningen	80,523,560.36	1.60%	548	2.00%	2.89%	22.13	84.62%	1.60%
NL121- Noord- Friesland	61,434,414.09	1.22%	395	1.44%	2.73%	23.29	85.92%	1.22%
NL122- Zuidwest- Friesland	28,337,062.44	0.56%	172	0.63%	2.71%	23.40	82.68%	0.56%
NL123- Zuidoost- Friesland	43,903,333.32	0.87%	264	0.96%	2.71%	22.30	84.06%	0.87%
NL131- Noord- Drenthe	47,415,373.61	0.94%	269	0.98%	2.91%	22.34	85.35%	0.94%
NL132- Zuidoost- Drenthe	75,085,888.23	1.49%	461	1.68%	2.82%	22.70	87.79%	1.49%
NL133- Zuidwest- Drenthe	36,460,556.18	0.73%	213	0.78%	2.74%	22.87	85.34%	0.73%
NL211- Noord- Overijssel	136,661,588.38	2.72%	733	2.68%	2.81%	22.96	86.69%	2.72%
NL212- Zuidwest- Overijssel	49,815,533.63	0.99%	272	0.99%	2.82%	22.43	88.00%	0.99%
NL213- Twente	208,726,047.44	4.15%	1,193	4.36%	2.74%	23.96	85.15%	4.15%
NL221- Veluwe	204,662,581.26	4.07%	1,026	3.75%	2.82%	22.64	83.53%	4.07%
NL224- Zuidwest- Gelderland	91,244,336.03	1.82%	447	1.63%	2.79%	23.99	83.16%	1.82%
NL225- Achterhoek	175,324,850.77	3.49%	966	3.53%	2.89%	23.31	84.84%	3.49%
NL226- Arnhem/Nijmegen	277,421,638.25	5.52%	1,527	5.58%	2.95%	22.20	85.62%	5.52%
NL230- Flevoland	186,118,980.08	3.70%	1,045	3.82%	2.93%	20.86	91.76%	3.70%
NL310- Utrecht	356,118,446.36	7.08%	1,672	6.11%	2.82%	23.36	83.94%	7.08%
NL321- Kop van Noord- Holland	86,589,798.82	1.72%	496	1.81%	2.86%	23.89	86.48%	1.72%
NL322- Alkmaar en omgeving	62,119,787.91	1.24%	340	1.24%	2.85%	23.39	84.35%	1.24%
NL323- IJmond	37,575,542.06	0.75%	184	0.67%	2.86%	23.51	82.72%	0.75%
NL324- Agglomeratie Haarlem	56,549,345.79	1.13%	261	0.95%	2.68%	23.24	83.48%	1.13%
NL325- Zaanstreek	30,388,888.38	0.60%	164	0.60%	2.93%	22.53	87.92%	0.60%
NL326- Groot- Amsterdam	298,565,770.34	5.94%	1,385	5.06%	2.78%	22.65	83.95%	5.94%
NL327- Het Gooi en Vechtstreek	71,065,459.58	1.41%	314	1.15%	2.78%	23.14	82.52%	1.41%
NL331- Agglomeratie Leiden en Bollenstreek	86,185,055.11	1.71%	424	1.55%	2.65%	24.19	82.80%	1.71%
NL332- Agglomeratie 's- Gravenhage	161,056,807.31	3.20%	864	3.16%	2.89%	21.84	87.84%	3.20%
NL333- Delft en Westland	35,132,665.24	0.70%	185	0.68%	2.79%	23.83	81.17%	0.70%
NL334- Oost- Zuid- Holland	60,497,539.95	1.20%	328	1.20%	2.80%	23.81	87.49%	1.20%
NL335- Groot- Rijnmond	250,904,075.19	4.99%	1,385	5.06%	2.85%	22.85	89.23%	4.99%
NL336- Zuidoost- Zuid- Holland	96,211,772.65	1.91%	566	2.07%	2.81%	22.95	86.61%	1.91%
NL341- Zeeuwsch- Vlaanderen	21,907,887.94	0.44%	160	0.58%	2.85%	22.38	82.81%	0.44%
NL342- Overig Zeeland	49,333,311.31	0.98%	300	1.10%	2.88%	23.01	82.21%	0.98%
NL411- West- Noord- Brabant	159,541,330.58	3.17%	853	3.12%	2.77%	23.51	85.37%	3.17%
NL412- Midden- Noord- Brabant	200,254,938.25	3.98%	986	3.60%	2.78%	24.09	85.45%	3.98%
NL413- Noordoost- Noord- Brabant	238,151,242.22	4.74%	1,169	4.27%	2.84%	23.28	82.35%	4.74%
NL414- Zuidoost- Noord- Brabant	256,912,346.76	5.11%	1,250	4.57%	2.82%	22.82	83.23%	5.11%
NL421- Noord- Limburg	161,151,484.58	3.21%	917	3.35%	2.88%	22.98	84.22%	3.21%
NL422- Midden- Limburg	156,359,355.75	3.11%	958	3.50%	3.00%	21.55	81.87%	3.11%
NL423- Zuid- Limburg	330,004,743.24	6.57%	2,222	8.12%	3.15%	20.77	83.97%	6.57%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

## 20. Construction Deposits (% of net princ. amount)

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
0%	4,702,980,109.51	93.56%	25,710	93.96%	2.90%	22.42	84.92%	93.56%
0 % - 10 %	309,836,189.19	6.16%	1,567	5.73%	2.26%	27.75	86.91%	6.16%
10 % - 20 %	11,863,271.20	0.24%	70	0.26%	2.35%	27.90	78.28%	0.24%
20 % - 30 %	1,464,562.43	0.03%	12	0.04%	2.28%	28.08	73.46%	0.03%
30 % - 40 %	177,858.43	0.00%	2	0.01%	1.92%	28.21	64.46%	0.00%
60 % - 70 %	53,200.00	0.00%	1	0.00%	2.79%	29.58	22.17%	0.00%
100 % >	214,079.26	0.00%	1	0.00%	2.30%	28.17	85.63%	0.00%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

Weighted Average	0 %
Minimum	0 %
Maximum	147 %

## 21. Occupancy

Description	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Owner Occupied	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

## 22. Employment Status Borrower

Description	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
Employed	4,802,901,138.26	95.55%	26,135	95.51%	2.86%	22.79	85.48%	95.55%
Self Employed	90,789,413.55	1.81%	281	1.03%	2.44%	26.32	78.52%	1.81%
Other	5,559,486.71	0.11%	82	0.30%	2.30%	21.99	45.16%	0.11%
Unknown	82,577,028.51	1.64%	502	1.83%	3.03%	17.88	75.11%	1.64%
Unemployed	44,762,202.99	0.89%	363	1.33%	2.89%	21.92	73.15%	0.89%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

### 23. Loan To Income

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
< 0.5	2,591,773.97	0.05%	104	0.38%	3.11%	18.67	18.80%	0.05%
0.5 - 1.0	16,861,573.62	0.34%	310	1.13%	2.89%	19.49	35.42%	0.34%
1.0 - 1.5	43,675,617.27	0.87%	513	1.87%	2.94%	20.28	46.39%	0.87%
1.5 - 2.0	96,071,962.43	1.91%	842	3.08%	2.95%	20.61	57.77%	1.91%
2.0 - 2.5	198,875,626.03	3.96%	1,413	5.16%	2.89%	21.90	68.75%	3.96%
2.5 - 3.0	378,586,371.26	7.53%	2,324	8.49%	2.92%	22.49	76.82%	7.53%
3.0 - 3.5	591,517,634.09	11.77%	3,331	12.17%	2.92%	23.15	82.51%	11.77%
3.5 - 4.0	828,513,642.37	16.48%	4,509	16.48%	2.92%	23.54	85.74%	16.48%
4.0 - 4.5	1,207,823,205.91	24.03%	6,468	23.64%	2.80%	24.38	88.13%	24.03%
4.5 - 5.0	784,018,565.52	15.60%	3,796	13.87%	2.65%	23.67	89.03%	15.60%
5.0 - 5.5	349,741,443.67	6.96%	1,549	5.66%	2.89%	20.75	90.69%	6.96%
5.5 - 6.0	183,451,817.59	3.65%	787	2.88%	3.02%	19.46	91.26%	3.65%
6.0 - 6.5	117,100,681.55	2.33%	478	1.75%	2.99%	18.73	91.28%	2.33%
6.5 - 7.0	96,336,464.21	1.92%	415	1.52%	3.14%	18.01	92.88%	1.92%
7.0 - 7.5	64,692,200.59	1.29%	263	0.96%	3.04%	17.83	94.63%	1.29%
7.5 >=	66,730,689.94	1.33%	261	0.95%	2.90%	17.98	91.31%	1.33%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	4.2
Minimum	0.0
Maximum	9.0

### 24. Debt Service to Income

From (>=) - Until (<)	Aggregate Outstanding Amount	% of Total	Nr of Borrowers	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not. Amount at Closing Date
< 5 %	76,594,751.18	1.52%	955	3.49%	2.23%	19.94	43.81%	1.52%
5 % - 10 %	499,884,246.69	9.94%	3,279	11.98%	2.38%	20.22	68.84%	9.94%
10 % - 15 %	1,200,513,837.93	23.88%	6,329	23.13%	2.59%	22.05	82.62%	23.88%
15 % - 20 %	1,686,399,461.00	33.55%	8,608	31.46%	2.74%	23.76	88.67%	33.55%
20 % - 25 %	1,119,698,579.62	22.28%	5,861	21.42%	3.10%	23.90	89.80%	22.28%
25 % - 30 %	342,657,193.37	6.82%	1,831	6.69%	3.93%	21.78	90.72%	6.82%
30 % - 35 %	73,625,969.65	1.46%	363	1.33%	4.37%	20.08	93.08%	1.46%
35 % - 40 %	20,695,323.98	0.41%	104	0.38%	4.51%	20.55	90.60%	0.41%
40 % - 45 %	3,954,686.67	0.08%	19	0.07%	4.97%	18.32	84.99%	0.08%
45 % - 50 %	2,020,890.57	0.04%	11	0.04%	3.62%	19.21	83.51%	0.04%
50 % - 55 %	148,722.08	0.00%	1	0.00%	5.10%	20.42	80.79%	0.00%
55 % - 60 %	123,291.99	0.00%	1	0.00%	5.15%	20.02	78.62%	0.00%
60 % - 65 %								
65 % - 70 %								
70 % >=	272,315.29	0.01%	1	0.00%	4.00%	16.42	74.61%	0.01%
<b>Total</b>	<b>5,026,589,270.02</b>	<b>100.00%</b>	<b>27,363</b>	<b>100.00%</b>	<b>2.86%</b>	<b>22.76</b>	<b>85.03%</b>	<b>100.00%</b>

Weighted Average	17 %
Minimum	0 %
Maximum	70 %

## 25. Loanpart Payment Frequency

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
Monthly	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

## 26. Guarantee Type

Description	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
NHG Guarantee	1,899,494,657.77	37.79%	12,305	44.97%	2.76%	25.09	87.21%	37.79%
Non- NHG Guarantee	3,127,094,612.25	62.21%	15,058	55.03%	2.92%	21.35	83.70%	62.21%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

## 27. Originator

Originator	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
de Volksbank	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

## 28. Servicer

Servicer	Aggregate Outstanding Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV	% of Total Not.Amount at Closing Date
de Volksbank	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%
Total	5,026,589,270.02	100.00%	27,363	100.00%	2.86%	22.76	85.03%	100.00%

## 6.2 Description of Mortgage Loans

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

The Mortgage Loans are loans secured by a Mortgage, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) each entered into by the Seller (or its predecessors) and the relevant Borrowers. 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 section 2 (*Risk Factors*).

The Mortgage Loans in the Final Portfolio will be selected prior to or on the Closing Date from the Provisional Pool of Mortgage Loans that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement. The Final Portfolio will have the same general characteristics as the Provisional Pool.

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 capacity to produce funds to service payments due and payable on the Notes.

The Seller offers a full range of mortgage products with various interest rate and repayment mechanisms. Only Mortgage Receivables resulting from certain specified mortgage products are intended to be assigned to the Issuer. The characteristics of these products are described further below.

### Legal Form

Details of all land and properties are recorded in public registers in the Netherlands. All Mortgage Loans are secured by a Mortgage evidenced by a notarial mortgage deed recorded in these registers. Although other legal forms of mortgage loans are available in the Netherlands, all Mortgage Loans originated are "All Moneys Mortgages". An All Moneys Mortgage is a mortgage that secures not only the mortgage loan granted to finance a property, long lease or apartment right, but also any other liabilities owed at any time by the relevant Borrower to the Seller. Accordingly, the Mortgaged Asset provides security for all debts up to a maximum amount as registered in the relevant public registry. For a further description of All Moneys Mortgages see section 2 (*Risk Factors*).

### Mortgaged Assets

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

### **Repayment mechanism**

Apart from Interest-Only Mortgage Loans (*aflossingsvrije hypotheek*) whereby principal is repaid at final maturity of the mortgage loan (which to the extent compulsory under the relevant acceptance conditions, have the benefit of combined risk and capital life insurance policies taken out by Borrowers with an insurance company), the following repayment mechanisms are offered by the Seller:

#### *Insurance Savings Mortgage Loans (spaarhypotheek)*

An Insurance Savings Mortgage Loan consists of a Mortgage Loan entered into by the Seller (or its predecessors) and the relevant Borrower, which has the benefit of a Savings Insurance Policy taken out by the Borrower with an insurance company.

Part of the Mortgage Loans originated by SNS Bank N.V. (now named 'de Volksbank N.V.') are documented as savings plus mortgage loans (**Savings Plus Mortgage Loans**) (*Spaarhypotheken Plus*), whereby the Savings Premium under the Savings Insurance Policy is deposited by the Insurance Savings Participant in a savings account held with de Volksbank.

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

The Mortgage Loans (or parts thereof) may be in the form of Mortgage Loans 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 (the "**Bank Savings Mortgage Loans**") entered into by the Seller (or its predecessors) and the relevant Borrower combined with a blocked Bank Savings Account. Under the Bank Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the Mortgage Loan. Instead, the Borrower pays a monthly deposit (the "**Bank Savings Deposit**") in the relevant blocked savings account in the name of such Borrower, held with the relevant Bank Savings Participant (the "**Bank Savings Account**"). The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the Seller at maturity of the Bank Savings Mortgage Loan. The balances standing to the credit of the Bank Savings Account are pledged to the Seller as security for repayment of the relevant Bank Savings Mortgage Loan.

#### *Investment Mortgage Loans (beleggingshypotheek)*

Part of the Mortgage Loans are documented as investment mortgage loans ("**Investment Mortgage Loans**").

In case of SNS Bank N.V. (now named 'de Volksbank N.V.'), the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying his own funds or (part of) the proceeds of the Investment Mortgage Loan by means of an '*SNS Rendementrekening*', an investment account held with SNS Bank N.V. (now named 'de Volksbank N.V.') (the "**Borrower Investment Account**") in certain investment funds of SNS Beleggingsfondsen N.V. (the "**Investment Funds**"). The investments in the Investment Funds are effectuated by the Borrowers paying the relevant amount from the Borrower Investment Account to an account held with de Volksbank designated by de Volksbank for the purchasing of securities of Investment Funds by Stichting SNS Beleggersgiro ("**SNS Beleggersgiro**"). The securities purchased by SNS Beleggersgiro, will be in the form of "*Wge-effecten*" (securities regulated under the Wge) and will be administrated on the Borrower Investment Account.

With respect to the Investment Mortgage Loans originated by (former) BLG Hypotheekbank N.V. (now forming part of de Volksbank), the Borrower has undertaken to invest, whether on a lump sum basis on or an instalment basis, by applying an agreed amount in certain investment funds or certain other securities selected by the Borrower out of a range of investment funds and/or securities offered by the bank or investment firm (*beleggingsonderneming*) (the "**Investment Firm**"). The Investment Firm has been notified of the fact that the Borrower is only allowed to invest in investment funds and/or securities selected by (former) BLG Hypotheekbank N.V. (now forming part of de Volksbank). The securities purchased will be administered on an investment account held with a bank or a beleggersgiro in the Netherlands.

#### *Life Mortgage Loans (levenhypotheek)*

An Interest-Only Mortgage Loan to which a life insurance policy (the "**Life Insurance Policy**") with a life insurance company (the "**Life Insurance Company**") is connected (the "**Life Mortgage Loan**"). Principal repayments will be paid out from the proceeds of the Life Insurance Policy.

#### *Linear Mortgage Loans (lineaire hypotheek)*

Scheduled (usually monthly) repayments of principal are fixed over the term of the mortgage.

#### *Annuity Mortgage Loans (annuïteitenhypotheek)*

Scheduled (usually monthly) repayments of principal plus interest are fixed (provided that the interest rates do not change).

#### *Interest-Only Mortgage Loans*

An Interest-Only Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity.

#### *Combined Mortgage Loans (combinatiehypotheeken)*

In order to tailor a Mortgage Loan to meet as closely as possible the specific fiscal and economic needs of a Borrower, it is common for a Mortgage Loan to be constructed from a combination of the mortgage types as set out above.

### **Interest rate**

The Mortgage Loans bear interest on the basis of any of the following alternatives:

- fixed rate, whereby the interest rates can be fixed for a specific period between 1 to 30 years;
- floating rate; or
- any other type of interest alternatives offered, including:
  - Capped Interest (*Plafond Rente*). The interest payable by the Borrower is a floating interest rate with a cap. The Borrower can choose a Capped Interest for five or ten years. In this period the borrower pays the floating Capped Interest rate with an agreed maximum (*plafond*) interest rate.
  - Interest Damper (*Rente Demper*). The interest payable by the Borrower equals the interest as described below under 'Stable Interest' with the difference that the bandwidth is not fixed for 30 years but, at the option of the Borrower, for 5, 10 or 15 years; or
- any type of interest alternatives the Seller used to offer, including:
  - Stable Interest (*Stabiel Rente*). In such case, the interest payable by the Borrower is determined on an annual basis, whereby the Borrower chooses a bandwidth between 1.0 per cent. and 3.5 per cent., (increased by steps of 0.5 per cent.) at the beginning of the Mortgage Loan. At any time, the Borrower is entitled to choose another bandwidth, subject to payment of certain administrative costs. Each bandwidth has its own SNS Stable Interest rate. Every year the interest rate in the contract (*contractrente*) will be compared with the actual SNS Stable Interest rate (*toetsrente*) for the applicable bandwidth. When the difference falls within the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower (*contractrente*). When the difference falls outside the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower (*contractrente*) adjusted for the percentage which did fall outside the bandwidth.
  - Ideal Interest (*Ideaal Rente*). The interest rate is the average interest rate over five years. The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of five interest percentages determined by de Volksbank as the Ideal Interest and in which the denominator is five. In the first year, the numerator equals the Ideal Interest percentage for that year multiplied by five. In the second year the numerator equals the Ideal Interest percentage for year one multiplied by four plus the Ideal Interest percentage for year two. In the years thereafter, the most recent Ideal Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.
  - Middle Interest (*Middelrente*). The interest rate is the average interest rate over ten years.

The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of ten interest percentages determined by de Volksbank as the Ideal Interest and in which the denominator is ten. In the first year, the numerator equals the Middle Interest percentage for that year multiplied by ten. In the second year the numerator equals the Middle Interest percentage for year one multiplied by nine plus the Middle Interest percentage for year two. In the years thereafter, the most recent Middle Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.

Although the Seller no longer offers the above types of interest rate alternatives, it is possible that these are or will be included in the Provisional Pool.

### **Prepayments**

Annual prepayments of not more than 20 per cent. of the original Mortgage Loan are allowed without a penalty being due. In addition, full prepayments can be made without penalty in specific situations:

- at the time of an interest rate reset;
- on sale or destruction of the property;
- if the Borrower dies.

In other cases, except for Capped Interest mortgage loans and Interest Damper mortgage loans, penalty charges apply which are calculated as the net present value of the difference between the fixed rate being paid and the current mortgage rate, if lower, for the remaining term of the fixed period. For Mortgage Loans with a Capped Interest, the penalty is calculated by multiplying an agreed percentage with the remaining term of the Capped Interest and the loan balance.



### 6.3 Origination and servicing

RegioBank N.V. and ASN Bank N.V. as disappearing entities have merged with SNS Bank N.V. as acquiring entity, effective as of 31 December 2016. As of 1 January 2017, the name of SNS Bank N.V. was changed to 'de Volksbank N.V.'.

BLG Hypotheekbank N.V. as disappearing entity has merged with SNS Bank N.V. as acquiring entity, effective as of 11 October 2010, whereby BLG Hypotheekbank N.V. has ceased to exist.

#### A. Mortgage Origination

De Volksbank originates mortgage loans through three separate channels: directly, through its branch network and indirectly, through independent agents, such as estate agents, financial advisers and insurance intermediaries, and through its franchise network. The underwriting criteria of de Volksbank are in compliance with the Code of Conduct.

##### *Borrower Income Requirements*

The maximum amount that can be borrowed depends on, *inter alia*, the Borrower's income. The maximum loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. The income ratio is established every year by NIBUD (*National Instituut voor Budgetvoorlichting*) and is applicable for all mortgage loans. Taking the relevant mortgage interest rate and the relevant income into account, this is then converted into the maximum loan amount.

##### *Other Conditions*

The following general conditions also apply to mortgage loans offered:

- the borrowers must be at least 18 years old and must have full legal capacity;
- self-employed borrowers and contractors are subject to additional income tests;
- self-employed borrowers have to provide income statements and tax assessments of at least three years;
- credit assessment of the borrower is required;
- fraud detection checks via SFH (*Stichting Fraudebestrijding Hypotheken*) and an internal fraud register are required; and
- an insurance in respect of the property against risk of fire and other accidental damage for its full restitution value is required.

#### B. Mortgage Administration

##### *Collection Procedures*

Interest payments and repayments due will be debited directly from the account of the Borrower.

The loan administration system calculates the repayment schedules and reconciles collected funds with the appropriate account. A range of exception reports are automatically produced and are used by arrears management to monitor the status of individual loans.

##### *Arrears Management*

The procedures for the monitoring and collection of late payments include the following actions:

At the beginning of each month late payments are being signalled. After ten days a reminder letter is automatically generated and sent to the Borrower. Further reminder letters are being generated if the arrear persists. Besides reminder letters the client may be contacted by phone either directly by the bank or with the use of the intermediary. In case of increasing arrears and limited possibilities to become current an attempt is made to restructure the loan and otherwise an attempt is made come to an agreement for a private sale of the property. If all negotiations with the borrower fail the civil-law notary will be instructed, who will then organise a forced sale by way of public auction.

#### *Rate re-setting procedures*

Prior to the reset date, the loan administration system automatically generates a letter to the Borrower advising that a rate re-setting is imminent and, in addition, listing the rate(s) that would apply. The Borrower does not have to choose the same fixed rate period as the previous one. If there is no response from the Borrower before the rate re-setting date, the Borrower receives the offered interest rate.

#### *Prepayments*

Annual prepayments of not more than 20 per cent. of the original mortgage loan are allowed without a penalty being due. In addition, full prepayments can be made without penalty in specific situations:

- at the time of rate resetting;
- on sale or destruction of the property;
- if the Borrower dies.

In other cases, except for Capped Interest mortgage loans and Interest Damper mortgage loans, penalty charges apply which are calculated as the net present value of the difference between the fixed rate being paid and the current mortgage rate, if lower, for the remaining term of the fixed period. For mortgage loans with a Capped Interest, the penalty is calculated by multiplying an agreed percentage with the remaining term of the Capped Interest and the loan balance.

#### **C. Concentration with insurer**

In view of the fact that the Seller and SRLEV N.V. both formed part of the group of companies formed by SNS REAAL N.V. and its subsidiaries until 30 September 2015, it is probable that more than an average part of the insurance policies relating to the Mortgage Receivables originated by the Seller and purchased by the Issuer are taken out by the Borrowers with SRLEV N.V.

## 6.4 Dutch residential mortgage market

This section 6.4 is derived from the overview which is available at the website of the Dutch Securitisation Association (<https://www.dutchsecuritisation.nl/dutch-mortgage-and-consumer-loan-markets>) regarding the Dutch residential mortgage market over the period until February 2018. For the avoidance of doubt, this website does not form part of this Prospectus. The Issuer and the Seller believe that this source is reliable and as far as the Issuer and Seller are aware and are able to ascertain from the Dutch Securitisation Association, no facts have been omitted which would render the information in this section 6.4 inaccurate or misleading.

### 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. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 671 billion in Q3 2017<sup>1</sup>. This represents a rise of EUR 6.0 billion compared to Q3 2016.

#### *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 (2018: 49.5%). The new government coalition has the intention to speed up this decrease. According to their policy agenda, they will reduce the maximum deduction percentage by 3.0% per annum, starting in 2020. In 2023, the maximum deduction percentage will be 37%, which will then be equal to the second highest marginal income tax rate.

There are several housing-related taxes which are linked to the fiscal appraisal value ("WOZ") of the house, both imposed on national and local level. Moreover, a transfer tax (stamp duty) of 2% is applied when a house changes hands. Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans is still substantial.

#### *Loan products*

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

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

Firstly, the “classical” Dutch mortgage product is an annuity loan. Annuity mortgage loans used to be the norm until the beginning of the 1990s, but they have returned as the most popular mortgage product in recent years. Reason for this return of annuity mortgage loans is the tax system. Since 2013, tax deductibility of interest payments on new loans is conditional on full amortisation of the loan within 30 years, for which only (full) annuity and linear mortgage loans qualify.

Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan origination.

Thirdly, there is still a big stock of mortgage products including deferred principal repayment vehicles. In such products, capital is accumulated over time (in a tax-friendly manner) in a linked account in order to take care of a bullet principal repayment at maturity of the loan. The principal repayment vehicle is either an insurance product or a bank savings account. The latter structure has been allowed from 2008 and was very popular until 2013. Mortgage loan products with insurance-linked principal repayment vehicles used to be the norm prior to 2008 and there is a wide range of products present in this segment of the market. Most structures combine a life-insurance product with capital accumulation and can be relatively complex. In general, however, the capital accumulation either occurs through a savings-like product (with guaranteed returns), or an investment-based product (with non-guaranteed returns).

A typical Dutch mortgage loan consists of multiple loan parts, e.g. a bank savings loan part that is combined with an interest-only loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between 5 and 15 years. Rate term fixings differ by vintage, however. More recently, there has been a bias to longer term fixings (10-20 years). Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

#### *Underwriting criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation (“*Tijdelijke regeling hypothecair krediet*”). This law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% (including all costs such as stamp duties). The new government coalition has indicated not to lower the maximum LTV further beyond 2018. LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation “NIBUD” and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the “explain” clause<sup>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

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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

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.

Existing house prices (PBK-index) in Q4 2017 rose by 1.7.% compared to Q3 2017. Compared to Q4 2016 this increase was 8.2%. Nonetheless, by comparison with the peak in 2008, the average price drop amounts to 3.4%. The continued increase in house prices is in line with the rise in sales numbers. Compared to a year ago, sales numbers rose by 8.7% in Q4 2017. The twelve month total of existing home sales now stands at 241,860, which is above pre-crisis levels.

### **Forced sales**

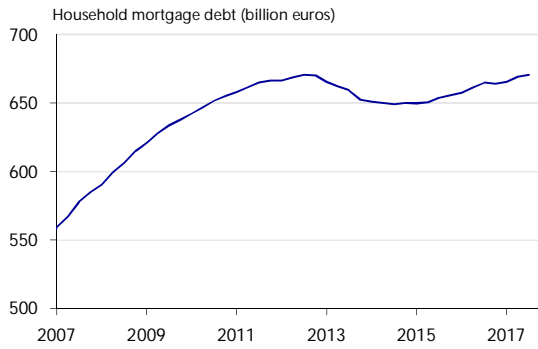
Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>3</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly 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 Q4 2017, only 370 sales were forced, which is 0.56% of the total number of sales in this period.

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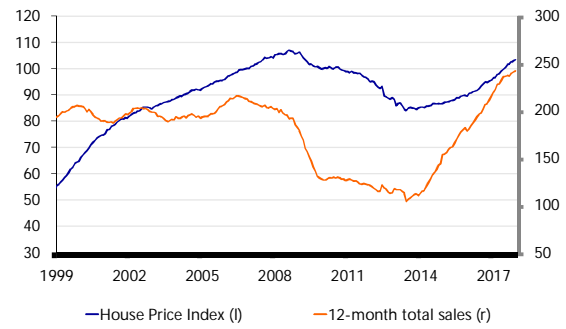
<sup>3</sup> Comparison of S&P RMBS index delinquency data.

Chart 1: Total mortgage debt



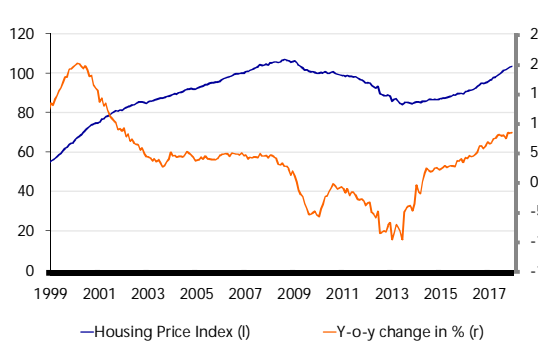
Source: Statistics Netherlands, Rabobank

Chart 2: Sales and prices



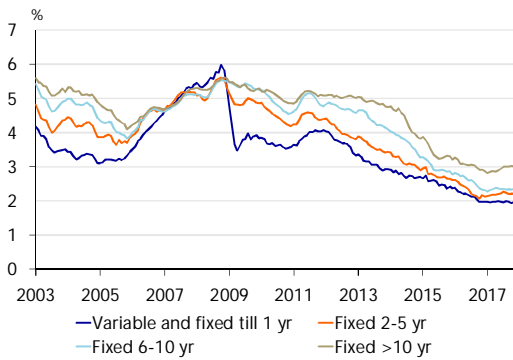
Source: Statistics Netherlands, Rabobank

Chart 3: Price index development



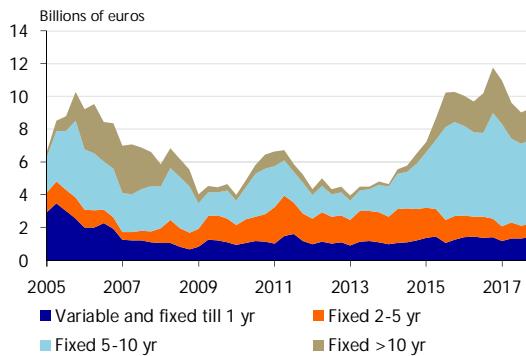
Source: Statistics Netherlands, Rabobank

Chart 4: Interest rate on new mortgage loans



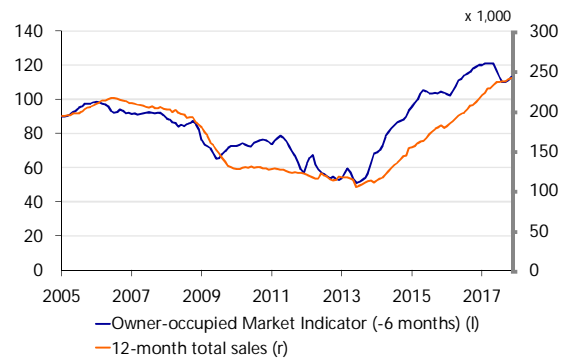
Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence



Source: Delft University OTB, Rabobank

## 6.5 NHG Guarantee programme

### **NHG Guarantee**

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote home ownership among the lower income groups.

Since 1 January 1995 Stichting WEW (a central privatised entity) is responsible for the administration and granting of the NHG Guarantee (*Nationale Hypotheek Garantie*), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (see section 2 (*Risk Factors*) above).

### **Financing of Stichting WEW**

Stichting WEW finances itself, inter alia, by a one-off charge to the borrower of 1.00 per cent. of the principal amount of the mortgage loan. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### **Terms and conditions of the NHG Guarantee**

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application and the binding offer (*bindend aanbod*) meet the NHG Conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. Stichting WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the NHG Conditions, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents by Stichting WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the BKR, a central credit agency used by all financial institutions in the Netherlands. All financial commitments over the past five (5) years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie Hypotheken*, "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

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 ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full 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 life 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. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

#### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan for a period of three (3) months, a lender informs Stichting WEW. When the borrower is in arrears Stichting WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, 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 case of a private sale permission of Stichting WEW is required unless the property is sold for an amount higher than 95 per cent. of the market value. In case of a forced private sale and an execution sale permission of Stichting WEW is in any case required.

Within one month after receipt of the proceeds of the private or forced sale of the mortgaged property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, Stichting WEW must make payment within two (2) months. If the payment is late, provided the request is valid, Stichting WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by Stichting WEW because of the lender's culpable negligence (*verwijtbaar handelen of nalaten*), the lender must act vis-à-vis the borrower as if Stichting WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender.



For mortgage loans originated after 1 January 2014, the mortgage lender will participate for 10 per cent. in any loss claims made under the NHG Guarantee. The lender is not entitled to recover this amount from the borrower.

#### **Additional loans**

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 have the right to request 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 moneys drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, 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 the partner of the borrower.

#### **Main NHG underwriting criteria (Normen) as of 1 January 2018 (Normen 2018-1)**

With respect to a borrower, the underwriting criteria include, but are not limited to, the following:

- The lender has to perform a BKR check. Only under certain circumstances are registrations allowed.
- 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, a three (3) year history of income statements for workers with flexible working arrangements or during a probational period (*proeftijd*), or three (3) year (annual) statements for self-employed.
- The maximum loan based on the income of the borrowers is based on the '*financieringslast acceptatiecriteria*' tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest term of less than ten (10) years on the basis of a percentage determined and published by the AFM, or, if higher or if the mortgage loan is redeemed within the fixed interest term of less than ten (10) years, on the basis of the binding offer.

With respect to the mortgage loan, the underwriting criteria include, but are not limited to, the following:

- As of 1 January 2013, for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximal term of thirty (30) years.
- As of 1 January 2018, the maximum amount of the mortgage loan is dependent on the average house price level in the Netherlands (based on the information available from the Land Registry (*Kadaster*)) multiplied with the statutory loan to value, which is 100 per cent. if there are no energy saving improvements and 106 per cent. if there are energy saving improvements. As a consequence, there are two maximum loan amounts:
  - (i) EUR 265,000 for loans without energy saving improvements; and
  - (ii) EUR 280,900 for loans with energy saving improvements.

The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:

- For the purchase of existing properties, the 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 and (iii) an amount up to 6 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.

- For the purchase of new-build properties, the maximum loan amount is broadly based on the purchase price or amount contracted for, increased with a number of costs such as the cost of construction interest or loss of interest during the construction period (to the extent not already included in the purchase or construction cost).

## 7. PORTFOLIO DOCUMENTATION

### 7.1 Purchase, repurchase and sale

#### Purchase of Mortgage Receivables

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables on the Signing Date and will accept the assignment of the Mortgage Receivables and, to the extent legally possible, the Beneficiary Rights from the Seller on the Closing Date by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights is transferred to the Issuer. Furthermore, pursuant to the Mortgage Receivables Purchase Agreement on each Notes Payment Date up to but excluding the First Optional Redemption Date, (a) the Seller shall offer for sale and assignment any Further Advance Receivables resulting from Further Advances granted by the Seller in the preceding Mortgage Calculation Period and the Issuer shall apply the Further Advance Purchase Available Amount towards the purchase of any such Further Advance Receivables and (b) the Seller may offer for sale and assignment any New Mortgage Receivables and the Issuer shall apply the New Mortgage Receivables Purchase Available Amount towards the purchase of any such New Mortgage Receivables, if and to the extent offered by the Seller and, to the extent legally possible, the Beneficiary Rights, subject to certain conditions being met. The assignment of the Mortgage Receivables and the Beneficiary Rights from the Seller to the Issuer will not be notified to the Borrowers and the Insurance Companies, except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events (see 'Assignment Notification Events' below). Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the relevant Cut-Off Date. The Seller will pay, or will procure that the Collection Foundation will pay, to the Issuer ultimately on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables. The assignment and pledge of the Beneficiary Rights will only be completed upon notification to the relevant Insurance Company. It is uncertain whether this assignment and pledge will be effective.

#### Purchase Price

The purchase price for the Mortgage Receivables shall consist of (i) an Initial Purchase Price which shall be payable on the Closing Date or, in case of New Mortgage Receivables and Further Advance Receivables, on the relevant Notes Payment Date and (ii) a Deferred Purchase Price. The Initial Purchase Price is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables, respectively the aggregate Outstanding Principal Amount of the New Mortgage Receivables and Further Advance Receivables, on the relevant Cut-Off Date. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Signing Date will be EUR 5,138,391,162.19, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the relevant Cut-Off Date. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

#### Repurchase

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase a Mortgage Receivable and accept re-assignment of such Mortgage Receivable and the Beneficiary Rights on the immediately succeeding Mortgage Collection Payment Date if:

- a. at any time any of the representations and warranties set out in Clause 8 of the Mortgage Receivables Purchase Agreement relating to the Mortgage Loans and the Mortgage Receivables given by the Seller proves to have been untrue or incorrect in any material respect and the Seller has not within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter or if such matter is not capable of being remedied within the said period of fourteen (14) days;
- b. in a Mortgage Calculation Period the Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on the Notes Payment Date immediately succeeding such Mortgage Calculation Period;
- c. after the First Optional Redemption Date, the Seller resets the Mortgage Interest Rate in respect

- of a Mortgage Receivable and as a result thereof (a) the Receivables Floating Rate Fraction would fall or falls below 2.0 per cent. or would exceed 10 per cent. or (b) the Receivables Fixed Rate Fraction would fall or falls below 90 per cent. or would exceed 98 per cent.;
- d. the Seller resets the Mortgage Interest Rate in respect of a Floating Rate Mortgage Receivable and as a result thereof the weighted average margin would fall or falls below 0.5 per cent. above Euribor for one month deposits;
  - e. the Seller agrees to set the Mortgage Interest Rate in respect of a Fixed Rate Mortgage Receivable and as a result thereof the weighted average interest rate would fall or falls below 1.0 per cent.;
  - f. the Seller agrees with a Borrower to a Non-Permitted Mortgage Loan Amendment; or
  - g. (a) prior to foreclosure of a NHG Mortgage Loan, such NHG Mortgage Loan no longer has the benefit of a NHG Guarantee, or (b) following foreclosure of a NHG 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 an action taken or omitted to be taken by the Seller or the Servicer.

The purchase price for the Mortgage Receivable in such events will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), accrued up to but excluding the date of repurchase and re-assignment of the Mortgage Receivable, save that in the event of a repurchase set forth in item (g) sub (b) above, the purchase price shall be equal to the amount that was not reimbursed under the relevant NHG Guarantee as a result of an action taken or omitted to be taken by the Seller or the Servicer.

Other than in the events set out above, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer. In addition, the Seller has no right to repurchase and accept re-assignment of any Mortgage Receivables which are in arrears, other than in respect of Mortgage Receivables the Seller is obliged to repurchase in case an event as set out in item (a) above occurs.

#### **Assignment Notification Events**

The Mortgage Receivables Purchase Agreement provides that if:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and, if capable of being remedied, such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties contained in Clause 8 thereof, or under any of the other Transaction Documents to which the Seller is a party or if any notice or other document, certificate or statement delivered by the Seller 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 takes any corporate action or other steps are taken or legal proceedings are started against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or legal demerger (*juridische splitsing*) involving the Seller or for it being converted (*conversie*) into a foreign entity or its assets are placed under administration (*onder bewind gesteld*); or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft or special measures under the Special Measures Financial Institutions Act or SRM Regulation, or for bankruptcy (*faillissement*) or for any analogous

- insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party; 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 of the Mortgage Receivables Purchase Agreement and/or any of the other Transaction Documents; or
  - (h) a Pledge Notification Event has occurred; or
  - (i) the Collection Foundation has been declared bankrupt (*failliet verklaard*) or been subjected to suspension of payments (*surseance van betaling*) or analogous insolvency proceedings under any applicable law;

(each of the items (a) through (i), an "**Assignment Notification Event**") then the Seller shall, unless an appropriate remedy to the satisfaction of the Security Trustee is found, and only after (i) the Security Trustee has notified the Credit Rating Agencies of such remedy and (ii) a Credit Rating Agency Confirmation is available in connection with such remedy, forthwith:

- (i) notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee are forthwith notified of the assignment of the Mortgage Receivables and the Beneficiary Rights to the Issuer substantially in accordance with the form of the notification letter attached to the Mortgage Receivables Purchase Agreement (the final form to be determined by the Issuer and the Security Trustee) or, at its option, the Issuer shall be entitled to make such notifications itself. For the purpose of the notification by the Issuer of the assignment of the Mortgage Receivables to the Borrowers, the Seller will pursuant to the Mortgage Receivables Purchase Agreement grant an irrevocable power of attorney to the Issuer and the Security Trustee; and
- (ii) notify or ensure that the Insurance Companies are notified of the assignment of the Beneficiary Rights or, at its option, the Issuer shall be entitled to make such notifications itself for the purpose of notification by the Issuer of the assignment of the Beneficiary Rights to the Insurance Companies, the Seller will pursuant to the Mortgage Receivables Purchase Agreement grant an irrevocable power of attorney to the Issuer and the Security Trustee; and
- (iii) release the Borrower Insurance Pledge in respect of the Insurance Policies and undertake its reasonable efforts to the effect that a first ranking right of pledge is created on the right of the Borrowers/insured under the Insurance Policies in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (ii) the Security Trustee subject to the condition precedent of the occurrence of a Pledge Notification Event; and
- (iv) with regard to the Investment Mortgage Loans, release the right of pledge in favour of the Seller on the relevant securities, if any, and undertake to use its best efforts to create a first ranking pledge on the relevant securities in favour of (x) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee subject to the condition precedent of the occurrence of a Pledge Notification Event; and
- (v) if so requested by the Security Trustee and/or the Issuer, forthwith make the appropriate entries in the relevant public registers (*Dienst van het Kadaster en de Openbare Registers*) relating to the assignment of the Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller will pursuant to the Mortgage Receivables Purchase Agreement grant an irrevocable power of attorney to the Issuer and the Security Trustee; and
- (vi) instruct the civil law notary to release the Escrow List of Loans to the Issuer and/or the Security Trustee.

In addition, pursuant to the Beneficiary Waiver Agreement, the Seller waives its rights as beneficiary

under the Insurance Policies, subject to the condition precedent of the occurrence of an Assignment Notification Event, and appoint as first beneficiary (x) the Issuer subject to the dissolving condition of the occurrence of an Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of an Pledge Notification Event.

Furthermore, pursuant to the Beneficiary Waiver Agreement, to the extent that the waiver and appointment referred to above are not effective in respect of the Insurance Policies, the Seller and/or the Insurance Savings Participant shall upon the occurrence of an Assignment Notification Event (a) use their best efforts to terminate the appointment of the Seller as beneficiary under the Insurance Policies and to appoint as first beneficiary under the Insurance Policies (x) the Issuer under the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event and (b) with respect to Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, use their best efforts to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event.

#### **Clean-Up Call Option**

If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Seller has the right to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables. 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 purchase price will be as set out below in '*Sale of Mortgage Receivables*'.

#### **Sale of Mortgage Receivables**

Under the terms of the Trust Deed, the Issuer will have the right and shall use its reasonable efforts to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes in accordance with Condition 6(d). Under the terms of the Trust Deed, the Issuer will also have the right to sell and assign all, but not some, of the Mortgage Receivables, if the Issuer exercises the Tax Call Option in accordance with Condition 6(e). If the Issuer wishes to sell the Mortgage Receivables in order to exercise any of the options described above, the Issuer will first offer such Mortgage Receivables to the Seller. If the Seller does not accept such offer within fourteen (14) Business Days, the Issuer shall instruct the Issuer Administrator to select within thirty (30) calendar days one or more third parties to make a binding offer to purchase the Mortgage Receivables.

The purchase price for the Mortgage Receivable in case of a sale by the Issuer will be equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and reasonable costs, if any of the Mortgage Receivable, except that with respect to Defaulted Mortgage Loans, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of the Mortgaged Assets and (b) with respect to the NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

## 7.2 Representations and warranties

The Seller represents and warrants (i) on the Signing Date and on the Closing Date, with respect to the Mortgage Receivables assigned by it on the Closing Date, and the relevant Mortgage Loans and the Beneficiary Rights, and (ii) on the relevant Notes Payment Date with respect to the New Mortgage Receivables assigned by it on such Notes Payment Date, and the Mortgage Loans and the Beneficiary Rights, that *inter alia*:

- (a) each of the Mortgage Receivables and the Beneficiary Rights is duly and validly existing and, to best of the Seller's knowledge, is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of New Mortgage Receivables and/or Further Advance Receivables, the relevant Notes Payment Date;
- (b) the Seller has full right and title (*titel*) to the Mortgage Receivables and the Beneficiary Rights and no restrictions on the sale and assignment of the Mortgage Receivables and the Beneficiary Rights are in effect and the Mortgage Receivables and the Beneficiary Rights are, upon written notification thereof to the relevant Insurance Companies, capable of being assigned and pledged, save that for assignment and pledge of the Savings Mortgage Receivables the consent of the Insurance Savings Participant is required;
- (c) the Seller has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables and the Beneficiary Rights;
- (d) the Mortgage Receivables and the Beneficiary Rights are free and clear of any encumbrances and attachments (*beslagen*) and no option rights to acquire the Mortgage Receivables and the Beneficiary Rights have been granted by the Seller in favour of any third party;
- (e) each Mortgage Receivable is secured by a Mortgage on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Dutch law;
- (f) the Mortgage Conditions applicable to each Mortgage Loan do not contain specific wording to the extent that the Mortgage and the Borrower Pledge will not follow the Mortgage Receivable if it is assigned to a third party;
- (g) upon creation (*vestiging*) of each Mortgage and Borrower Pledge (other than the Borrower Insurance Pledges entered into by one of the predecessors of the Seller at that time named 'SNS Bank N.V.' before the end of 2005 and the Borrower Investment Pledges) the power to unilaterally terminate the Mortgage and Borrower Pledge was granted to the Seller and such power has not been amended, revoked or terminated;
- (h) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the Seller, which guidelines are in a form as may reasonably be expected from a lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of the transaction contemplated by the Transaction Documents and the valuations quoted are as at the date of the original initial mortgage loan. If in the future the Seller allows valuations derived from an Automated Valuation Model (AVM), a minimum confidence level of 6 must be applied;
- (i) each Mortgage Receivable and the Mortgages and the Borrower Pledges, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller, subject to any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors. The binding effect and enforceability of the obligations of a Borrower may be affected by rules of Dutch law which generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) and rules relating to force majeure;

- (j) all Mortgages and Borrower Pledges granted to secure the Mortgage Receivables (i) constitute valid mortgage rights (*hypothekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge respectively and, to the extent relating to the Mortgages, entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (ii) have first priority or first and sequential ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Receivable resulting from the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Seller on behalf of the Borrower;
- (k) each of the Mortgage Loans and, if offered by the Seller, the Insurance Policy connected thereto, has been granted, in all material respects, in accordance with all applicable legal requirements prevailing at the time of origination, and the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and the Seller's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Netherlands residential mortgages;
- (l) each of the Interest-Only Mortgage Loans originated by one of the predecessors of the Seller at that time named 'SNS Bank N.V.' before 1 October 2003 with an Original Loan to Original Foreclosure Value Ratio higher than 75 per cent. and with a tenor of more than thirty (30) years or without a maturity date will have a Life Insurance Policy attached to it in the form of a combined risk and capital policy which, as far as the risk element is concerned, pays out upon death of the insured and, as far as the capital element is concerned, upon maturity of the Life Insurance Policy and each of the Life Insurance Policies has a term not exceeding thirty years from the date the Mortgage Loan was granted;
- (m) the Mortgage Conditions applicable to the Mortgage Loans originated by one of the predecessors of the Seller at that time named 'SNS Bank N.V.' provide that the Outstanding Principal Amount, increased with interest, reimbursements, costs and amounts paid by the Seller on behalf of the Borrower and any other amounts due by the Borrowers to the Seller will become due and payable, *inter alia*, if the Life Insurance Policy belonging to the Mortgage Loan is invalid and/or payment of premium under the Life Insurance Policy is suspended (*premievrij*) and/or the relevant Insurance Company makes a payment under the Life Insurance Policy;
- (n) as at the Closing Date in respect of Mortgage Receivables assigned by the Seller on such date and as at the relevant Cut-Off Date in respect of Further Advance Receivables and/or New Mortgage Receivables assigned by the Seller on the relevant Notes Payment Date, no amounts due and payable under any of the Mortgage Receivables or the Further Advance Receivables and/or New Mortgage Receivables, respectively, will be unpaid for a period exceeding one month;
- (o) with respect to the Mortgage Loans whereby it is a condition for the granting of the relevant Mortgage Loan that a Life Insurance Policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Seller (see '*Mortgage Loan Criteria*' under (ix)), (ii) the Mortgage Loan and the Life Insurance Policy are in the Seller's or the relevant Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (iii) the Borrowers were not obliged to enter into the Life Insurance Policy with an Insurance Company which was at the time of origination, a group company of the Seller;
- (p) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the Seller and the securities are purchased for the account of the relevant Borrower by:
  - i. an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft,



being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities in the name of the relevant Borrower in accordance with the Wge, through a bank (see the next paragraph) or through a separate depositary vehicle (*bewaarinstelling*); or

- ii. a bank, which is by law obliged to administer the securities through a separate depositary vehicle or in accordance with the Wge;
- (q) with respect to Savings Mortgage Loans, the Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the Seller has been validly appointed as beneficiary under such policy or (ii) the Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the Savings Mortgage Receivables;
- (r) with respect to the Bank Savings Mortgage Loans, the Seller has the benefit of a valid Borrower Pledge on the rights under the relevant Bank Savings Account;
- (s) each receivable under a mortgage loan (*hypothecaire lening*) which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (t) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts;
- (u) with respect to the Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*), the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the Seller provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (v) to the best knowledge of the Seller and without prejudice to the representation under (n), the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (w) the Mortgage Conditions provide that all payments by the relevant Borrowers should be made without any deduction or set-off;
- (x) each Mortgage Loan was originated by the Seller;
- (y) each NHG Mortgage Loan has the benefit of a NHG Guarantee and (i) each NHG Guarantee connected to the NHG Mortgage Loan was granted for the full Outstanding Principal Amount of the NHG Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (ii) the NHG Guarantee was in compliance with all terms and conditions (*voorwaarden en normen*) applicable to it at the time of origination of the relevant NHG Mortgage Loans and (iii) the Seller is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any NHG Mortgage Loan should not be met in full and in a timely manner;
- (z) each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (aa) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
- (bb) the repayment of the Mortgage Receivables by the Borrowers is executed by way of direct debit procedures or on the basis of an invoice;

- (cc) the notarial mortgage deeds (*minuut*) relating to the Mortgages are kept by a civil law notary in the Netherlands and are registered in the appropriate registers, while the Loan Files, which include certified copies of the notarial mortgage deeds, are kept by the Seller;
- (dd) other than the Construction Deposit, the full principal amount of each Mortgage Loan was in case of each of the Mortgage Loans paid to the relevant Borrower, whether or not through the relevant civil law notary;
- (ee) each of the Mortgage Receivables to which a Life Insurance Policy is connected has the benefit of Life Insurance Policies with any of the Insurance Companies and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policies upon the terms of the Mortgage Loans and the Life Insurance Policies or (ii) the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
- (ff) it can be determined in its administration without any uncertainty which Beneficiary Rights belong to which Mortgage Receivables;
- (gg) each Mortgage Loan meets the Mortgage Loan Criteria;
- (hh) each of the Mortgage Loans has been granted, each of the Mortgages and Borrowers Pledges has been vested, subject to the general terms and conditions and in the forms of the mortgage deeds and deeds of pledge as set out in Clause 8(hh) of the Mortgage Receivables Purchase Agreement;
- (ii) the particulars of each Mortgage Receivable as set forth in the List of Mortgage Loans attached to the Mortgage Receivables Purchase Agreement are correct and complete in all material respects; and
- (jj) the aggregate Outstanding Principal Amount of the Mortgage Receivables purchased on the Signing Date is equal to the aggregate Initial Purchase Price.

### 7.3 Mortgage Loan Criteria

Each of the Mortgage Loans will meet the following criteria (the Mortgage Loan Criteria):

- (i) the Mortgage Loans are either:
  - a. Interest-Only Mortgage Loans (*aflossingsvrije hypotheken*);
  - b. Linear Mortgage Loans (*lineaire hypotheken*);
  - c. Annuity Mortgage Loans (*annuïteitenhypotheken*);
  - d. Investment Mortgage Loans (*beleggingshypotheken*);
  - e. Savings Mortgage Loans (*spaarhypotheken*);
  - f. Bank Savings Mortgage Loans (*bankspaarhypotheken*);
  - g. Life Mortgage Loans (*levenhypotheken*); or
  - h. Mortgage Loans which combine any of the above mentioned types of mortgage loans (*combinatiehypotheken*);
- (ii) the Borrower is a private individual and is a resident of the Netherlands;
- (iii) (the Borrower has made at least one monthly payment under the relevant Mortgage Loan;
- (iv) the interest of each Mortgage Receivable is either (i) fixed rate, (ii) floating rate or (iii) any other type of interest alternatives offered by the Seller;
- (v) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (vi) each Mortgage Loan has been entered into after 31 December 1998;
- (vii) interest payments are scheduled to be made monthly;
- (viii) the maximum Outstanding Principal Amount of each Mortgage Receivable, or all Mortgage Receivables secured on the same Mortgaged Assets together, did not exceed a loan-to-market value ratio of 110 per cent. or its equivalent of 125 per cent. (rounded to the third decimal place) of the Foreclosure Value of the Mortgaged Assets upon origination of the Mortgage Receivable or Mortgage Receivables;
- (ix) where compulsory under the acceptance conditions used by the Seller, each Mortgage Loan has a Life Insurance Policy or Risk Insurance Policy attached to it;
- (x) each Mortgage Loan has a legal maturity of not more than thirty (30) years;
- (xi) none of the Mortgage Loans matures after the Notes Payment Date falling in May 2053;
- (xii) each Mortgage Loan, other than NHG Mortgage Loans, has an original Outstanding Principal Amount of not more than EUR 1,000,000;
- (xiii) each NHG Mortgage Loan has an original Outstanding Principal Amount of not more than EUR 350,000 upon origination of the Mortgage Receivable or Mortgage Receivables;
- (xiv) each Mortgage Receivable is secured by a first ranking Mortgage;
- (xv) each Mortgaged Asset is located in the Netherlands;
- (xvi) none of the Mortgage Loans has been originated by the former RegioBank N.V. prior to the merger with CVB Bank N.V.; and
- (xvii) each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, is denominated in euro.

## 7.4 Portfolio conditions

### Purchase of New Mortgage Receivables and Further Advance Receivables

The Mortgage Receivables Purchase Agreement provides that on each Notes Payment Date up to but excluding the First Optional Redemption Date, the Seller (a) shall offer for sale and assignment any Further Advance Receivables resulting from Further Advances granted by the Seller in the preceding Mortgage Calculation Period and the Issuer shall apply the Further Advance Purchase Available Amount towards the purchase of any such Further Advance Receivables and (b) the Seller may offer for sale and assignment any New Mortgage Receivables and the Issuer shall apply the New Mortgage Receivables Purchase Available Amount towards the purchase of any such New Mortgage Receivables, if and to the extent offered by the Seller and, to the extent legally possible, the Beneficiary Rights, subject to certain conditions as set out below.

The purchase by the Issuer of any Further Advance Receivables and/or New Mortgage Receivables will in all cases be subject to the conditions that (to the extent applicable, if such Further Advance Receivables and/or New Mortgage Receivables would be purchased) on the relevant Notes Payment Date (such conditions, the "**Portfolio Conditions**"):

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in (i) Clause 8 of the Mortgage Receivables Purchase Agreement, other than those set out in Clause 8 items (hh) and (jj), with respect to the Further Advance Receivables and/or New Mortgage Receivables sold on such date and (ii) Clause 9 of the Mortgage Receivables Purchase Agreement;
- (b) no Assignment Notification Event has occurred and is continuing on such Notes Payment Date;
- (c) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Further Advance Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant New Mortgage Receivables and/or the relevant Further Advance Receivables;
- (e) (x) the aggregate Net Outstanding Principal Amount of all Defaulted Mortgage Loans divided by (y) the aggregate Net Outstanding Principal Amount of all Mortgage Loans, each as calculated on the immediately preceding Notes Calculation Date, does not exceed 1.50 per cent.;
- (f) the weighted average number of months elapsed since origination of all Mortgage Loans shall not fall below 30 months;
- (g) the New Mortgage Receivables and/or the Further Advance Receivables have to be fully repaid ultimately by May 2053 pursuant to the relevant Mortgage Conditions;
- (h) the Receivables Floating Rate Fraction will not be less than 2.0 per cent. and will not exceed 10 per cent. and the Receivables Fixed Rate Fraction will not be less than 90 per cent. and will not exceed 98 per cent.;
- (i) the aggregate Net Outstanding Principal Amount of all Mortgage Receivables with a Net Outstanding Principal Amount equal to or higher than EUR 500,000 divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables does not exceed 5 per cent.;
- (j) the weighted average Original Loan to Original Foreclosure Value Ratio of all Mortgage Receivables does not exceed 103 per cent.;
- (k) the weighted average Current Loan to Original Market Value Ratio of all Mortgage Receivables does not exceed 90 per cent.;

- (l) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 120 per cent. does not exceed 18 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (m) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 110 per cent. does not exceed 47 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (n) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 100 per cent. does not exceed 63 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (o) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with an Original Loan to Original Foreclosure Value Ratio higher than 90 per cent. does not exceed 80 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (p) the weighted average Loan to Income Ratio of the Mortgage Receivables does not exceed 4.2;
- (q) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with a Loan to Income Ratio higher than 6 does not exceed 7 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (r) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with a Loan to Income Ratio higher than 5 does not exceed 18 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables;
- (s) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables with a Loan to Income Ratio higher than 4 does not exceed 58 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (t) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables from Borrowers which are employed is at least 95 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (u) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables from Borrowers which are self-employed does not exceed 2 per cent. of the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
- (v) there is no balance on the Principal Deficiency Ledger;
- (w) no part of the Available Principal Funds on such Notes Payment Date is used to make good any Interest Shortfall as item (x) of the Available Revenue Funds;
- (x) the aggregate Net Outstanding Principal Amount of the New Mortgage Receivables and the Further Advance Receivables purchased on such Notes Payment Date and on the eleven immediately preceding Notes Payment Dates divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables on the Closing Date does not exceed 20 per cent. The Issuer and the Seller may agree to a higher percentage, subject to the confirmation of Moody's and Fitch that the ratings will not be adversely affected as a result thereof;
- (y) the aggregate Net Outstanding Principal Amount of all NHG Mortgage Receivables divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables is equal to or higher than 36 per cent.;
- (z) the Aggregate Construction Deposit Amount does not exceed EUR 10,000,000;

- (aa) the aggregate Net Outstanding Principal Amount of all Interest-Only Mortgage Receivables divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables does not exceed 50 per cent.;
- (bb) (x) the aggregate Realised Losses in respect of all previous Mortgage Calculation Periods divided by (y) the aggregate Net Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, does not exceed 0.40 per cent;
- (cc) the Further Advance Receivables and the New Mortgage Receivables do not result from Employee Mortgage Loans;
- (dd) a Further Advance Receivable and a New Mortgage Receivable has either a fixed rate of interest or a floating rate of interest, without any interest optionality's or alternatives, such as the Interest Damper (*Rente Dempert*), Stable Interest (*Stabiel Rente*), Capped Interest (*Plafond Rente*), the Ideal Interest (*Ideaal Rente*), Middle Interest (*Middelrente*), variirust, average interest rate and other caps and/or floors; and
- (ee) the aggregate Net Outstanding Principal Amount of all Investment Mortgage Loans divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables does not exceed 7.5 per cent.

## 7.5 Servicing Agreement

### Mortgage Loan Services

In the Servicing Agreement the Servicer will agree (i) to provide administration and cash management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights (see further section 6.3 (*Origination and servicing*)); (ii) to communicate with the relevant Borrowers; (iii) to investigate and pursue payment delinquencies and (iv) to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities.

The Servicer will be obliged to administer the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own portfolio.

### Termination

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 Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement, (b) a default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, (c) the Servicer has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of the Wft or special measures under the Special Measures Financial Institutions Act or SRM Regulation, or suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) 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, (d) the Servicer is no longer licensed as intermediary (*bemiddelaar*) or offeror (*aanbieder*) under the Wft or (e) at any time it becomes unlawful for the Servicer to perform all or a material part of its obligations under the Servicing Agreement.

Upon the occurrence of a termination event as set out above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer, and such substitute servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute servicer shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a license under the Wft. The Issuer shall, promptly following the execution of such agreement, pledge its interests 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.

Furthermore, the Servicing Agreement may be terminated by (i) the Servicer with respect to itself or (ii) the Issuer with respect to any of the Services upon the expiry of not less than twelve (12) months' notice of termination given by (i) the Servicer to each of the Issuer and the Security Trustee or (ii) by the Issuer to the Servicer and the Security Trustee, provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination, (b) a substitute servicer shall be appointed and (c) a Credit Rating Agency Confirmation is available, such appointment to be effective not later than the date of termination of the Servicing Agreement and such substitute servicer enters into an agreement substantially on the terms of the Servicing Agreement and the Servicer shall not be released from its obligations under the Servicing Agreement until such new agreement has been signed and entered into effect with respect to such substitute servicer.

## 7.6 Sub-Participations

### Insurance Savings Participation Agreement

Under the Insurance Savings Participation Agreement the Issuer will grant to the Insurance Savings Participant an Insurance Savings Participation in the Savings Mortgage Receivables.

### Savings Premium

The conditions applicable to the Savings Mortgage Loans, stipulate that the Savings Premia paid by the Borrowers/insured will be deposited by the Insurance Savings Participant on a savings account held with the Seller.

The Seller has agreed with the Insurance Savings Participant that it shall on-lend to the Insurance Savings Participant amounts equal to the Savings Premia deposited in the savings account in order to facilitate the Insurance Savings Participant in meeting its obligations under the Insurance Savings Participation Agreement. However, the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are not conditional upon the receipt of such amounts from the Seller.

### Insurance Savings Participation

In the Insurance Savings Participation Agreement the Insurance Savings Participant will undertake to pay to the Issuer:

- (i) (a) on the Closing Date, (b) with respect to Further Advance Receivables in the form of Savings Mortgage Receivables and any New Savings Mortgage Receivables, any Notes Payment Date and (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan, on the immediately succeeding Notes Payment Date, the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables; and
- (ii) on each Mortgage Collection Payment Date, an amount equal to the amount received by the Insurance Savings Participant as Savings Premium during the immediately preceding Mortgage Calculation Period in respect of the relevant Savings 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 would exceed the Outstanding Principal Amount of the relevant Savings Mortgage Receivable.

As a consequence of such payments, the Insurance Savings Participant will acquire the Insurance Savings Participation in each of the relevant Savings Mortgage Receivables, which is equal to the Initial Insurance Savings Participation in respect of the relevant Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertakings of the Insurance Savings Participant described above, the Issuer will undertake to pay to the Insurance Savings Participant on each Mortgage Collection Payment Date, in respect of each of the Savings Mortgage Receivables 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 initial Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date, all amounts received (i) by means of repayment and prepayment in full under the relevant Savings Mortgage Receivables, but excluding any Prepayment Penalties and interest penalties, if any, including by way of set-off (ii) as partial prepayments but only to the extent it exceeds the Net Outstanding Principal Amount, (iii) in connection with a repurchase of Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iv) in connection with a sale of Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (v) as Net Foreclosure Proceeds on any Savings Mortgage Receivables to the extent such amounts relate to principal up to the relevant Insurance Savings Participation (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 the relevant Savings Mortgage Receivables if, for whatever reason, the Insurance Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy 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, then the Insurance Savings Participation of the Insurance Savings Participant in respect of such 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 Insurance Savings Participant may, and if so directed by the Insurance Savings Participant shall, by notice to the Issuer:

- (i) declare that the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are terminated;
- (ii) 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 or, as the case may be, the Insurance Savings Participation Enforcement Available Amount received or recovered by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables.

**Termination**

If one or more of the 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 Deed, the Insurance Savings Participation in such Savings Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables will be paid by the Issuer to the Insurance Savings Participant. If so requested by the Insurance Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables will enter into an insurance savings participation agreement with the Insurance Savings Participant 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 close of business of any Mortgage Collection Payment Date the Insurance Savings Participant has received the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivable.

**Bank Savings Participation Agreement**

Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a Bank Savings 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 the Seller.

**Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer:

- (i) (a) on the Closing Date, (b) with respect to Further Advance Receivables in the form of Bank Savings Mortgage Receivables and any New Bank Savings Mortgage Receivables, on any Notes Payment Date and (c) in respect of a switch from any type of Mortgage Loan into a Bank Savings Mortgage Loan, on the immediately succeeding Notes Payment Date, the Initial Bank Savings Participation in relation to each of the Bank Savings Mortgage Receivables;
- (ii) 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, in respect of each of the Bank Savings Mortgage Receivables 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 initial Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date all amounts received (i) by means of repayment and prepayment in full under the Bank Savings Mortgage Receivables, but excluding any Prepayment Penalties and interest penalties, if any, including by way of set-off, (ii) as partial prepayments but only to the extent it exceeds the Net Outstanding Principal Amount, (iii) in connection with a repurchase of Bank Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iv) in connection with a sale of Bank Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (v) as Net Foreclosure Proceeds on any Bank Savings Mortgage Receivables to the extent such amounts relate to principal up to the relevant Bank Savings Participation (the "**Bank Savings Participation Redemption Available Amount**").

#### **Reduction of 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, by operation of law or if, for whatever reason, the Bank Savings Participant does not pay the amounts due under the relevant 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, then 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:

- (i) declare that the obligations of the Bank Savings Participant under the Bank Savings Participation Agreement are terminated;
- (ii) 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 or, as the case may be, the Bank Savings Participation Enforcement Available Amount received or recovered by the Issuer or, as the case may be, the Security Trustee in respect of 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, (ii) sold by the Issuer to a third party pursuant to the Trust Deed, 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. If so requested by 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 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 duly authorised by a resolution of the board of directors of the Issuer passed on 9 May 2018.
- (2) Application has been made to list the Class A1 Notes and the Class A2 Notes on Euronext Amsterdam. The estimated total costs involved with such admission amount to EUR 8,600.
- (3) The Class A1 Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529601 and ISIN code XS1815296014.
- (4) The Class A2 Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529709 and ISIN code XS1815297095.
- (5) The Class B Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529717 and ISIN code XS1815297178.
- (6) The Class C Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529750 and ISIN code XS1815297509.
- (7) The Class D Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529776 and ISIN code XS1815297764.
- (8) The Class E Notes have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 181529792 and ISIN code XS1815297921.
- (9) There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 9 March 2018.
- (10) There are no legal, arbitration or governmental proceedings and neither the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, in the previous twelve months.
- (11) The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
- (12) Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours and in electronic form upon e-mail request at [NLsecuritisation@sgggroup.com](mailto:NLsecuritisation@sgggroup.com) or [corporate.broking@nl.abnamro.com](mailto:corporate.broking@nl.abnamro.com):
  - (i) the Deed of Incorporation dated 9 March 2018, including the articles of association of the Issuer;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Deed of Assignment and Pledge;
  - (iv) the Notes Purchase Agreement;
  - (v) the Paying Agency Agreement;

- (vi) the Trust Deed;
  - (vii) the Parallel Debt Agreement;
  - (viii) the Issuer Mortgage Receivables Pledge Agreement;
  - (ix) the Issuer Rights Pledge Agreement;
  - (x) the Administration Agreement;
  - (xi) the Servicing Agreement;
  - (xii) the Issuer Account Agreement;
  - (xiii) the Financial Collateral Agreements;
  - (xiv) the Cash Advance Facility Agreement;
  - (xv) the Participation Agreements;
  - (xvi) the Beneficiary Waiver Agreement;
  - (xvii) the Master Definitions Agreement;
  - (xviii) the Receivables Proceeds Distribution Agreement;
  - (xix) the Collection Foundation Accounts Pledge Agreement;
  - (xx) the Repo Agreement; and
  - (xxi) the Custody Agreement.
- (13) A copy of the Prospectus will be available, free of charge, at the registered office of the Issuer, the Security Trustee and the Paying Agent and in electronic form upon e-mail request at [NLsecuritisation@sgggroup.com](mailto:NLsecuritisation@sgggroup.com) or [corporate.broking@nl.abnamro.com](mailto:corporate.broking@nl.abnamro.com).
- (14) The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, from the specified office of the Issuer.
- (15) The Issuer, or the Issuer Administrator on its behalf, will provide the following post-issuance transaction information on the transaction described in this Prospectus, which information, once made available, will remain available until the Class A Notes are redeemed in full:
- (A) on a monthly basis, a Portfolio and Performance Report, which includes information on the performance of the Mortgage Receivables, including the arrears and the losses, and which can be obtained at [www.devолksbank.nl](http://www.devолksbank.nl) (or any other website as disclosed by the Issuer), at [cm.intertrustgroup.com](http://cm.intertrustgroup.com) and at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl);
  - (B) on each Notes Payment Date, a Notes and Cash Report, which includes information on the Mortgage Receivables and on the Notes, which will contain a glossary of the defined terms, and which can be obtained at [www.devолksbank.nl](http://www.devолksbank.nl) (or any other website as disclosed by the Issuer) and at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl); and
  - (C) prior to the issue date, loan-by-loan information, which information can be obtained (i) prior to the issue date upon request from de Volksbank and (ii) after the issue date at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> and will be updated within one month after each Notes Payment Date.
- (16) The accountants at Ernst & Young Accountants LLP are registered accountants (*registeraccountants*) and are a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants* or *NBA*).
- (17) Amounts payable under the Notes may be calculated by reference to EURIBOR, which is provided by European Money Markets Institute (EMMI) or ICE Benchmark Administration (IBA), respectively. As at the date of this Prospectus, European Money Markets Institute (EMMI) does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation (Regulation (EU) 2016/1011) apply, such that European Money Markets Institute (EMMI) is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

**Responsibility statement**

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 import of such information. Any information from third-parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

The Seller is also responsible for the information contained in the following sections of this Prospectus: all paragraphs relating to retention and disclosure requirements under the CRR, the AIFMR and the Solvency II Regulation, section 1.6 (*Portfolio Information*), section 3.4 (*Seller*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification tables*), section 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing*), section 6.4 (*Dutch residential mortgage market*) and section 6.5 (*NHG Guarantee Programme*). 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 these paragraphs and sections, as applicable, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

## 9. GLOSSARY OF DEFINED TERMS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (See section 4.4 (Regulatory and Industry Compliance) (the "RMBS Standard"). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term.

### 9.1 Definitions

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below.

+	<b>"ABN AMRO Bank"</b>	means ABN AMRO Bank N.V., a public company ( <i>naamloze vennootschap</i> ) organised under Dutch law and with its registered office in Amsterdam, the Netherlands;
	<b>"Administration Agreement"</b>	means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
+	<b>"Administration Rights"</b>	means any and all rights of the Issuer vis-à-vis the Issuer Administrator under or in connection with the Administration Agreement;
	<b>"AFM"</b>	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
*	<b>"Aggregate Construction Deposit Amount"</b>	means the aggregate of the Construction Deposits in respect of all Mortgage Receivables;
	<b>"AIFMR"</b>	means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
*	<b>"All Moneys Mortgage"</b>	means any mortgage right ( <i>hypothekerecht</i> ) which secures not only the loan granted to the Borrower to purchase the Mortgaged Asset, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller;
	<b>"All Moneys Pledge"</b>	means any right of pledge ( <i>pandrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller either (i) regardless of the basis of such liability or (ii) under

		or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Seller;
	"All Moneys Security Rights"	means any All Moneys Mortgages and All Moneys Pledges collectively;
	"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;
N/A	"Annuity Mortgage Receivable"	
	"Arranger"	means de Volksbank;
	"Assignment Notification Event"	means any of the events specified as such in section 7.1 ( <i>Purchase, repurchase and sale</i> ) of this Prospectus;
	"Available Principal Funds"	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	"Available Revenue Funds"	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	"Available Subordination"	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	"Available Subordination Increase"	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	"Bank Savings Account"	means, in respect of a Bank Savings Mortgage Loan, a blocked savings account held in the name of a Borrower with the Bank Savings Participant;
	"Bank Savings Deposit"	means, in respect of a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;
+	"Bank Savings Participation Enforcement Available Amount"	means the sum of:  (a) an amount equal to the Bank Savings Participation in each Bank Savings Mortgage Receivable; or  (b) if the amount recovered is less than the Bank Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts equal to such part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor in connection with the Trustee Indemnification, equal to a part pro rata to the proportion the aggregate Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables;



		in case of (a) less the sum of (i) any amount paid by the Security Trustee to the Bank Savings Participant pursuant to the Parallel Debt Agreement and in each case less (ii) a part pro rata to the proportion the aggregate Bank Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;
	<b>"Bank Savings Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;
	<b>"Bank Savings Mortgage Receivable"</b>	means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;
	<b>"Bank Savings Participant"</b>	means de Volksbank;
	<b>"Bank Savings Participation"</b>	means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the sum of (i) the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable and (ii) each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, whereby the sum of (i) and (ii) does not exceed the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;
	<b>"Bank Savings Participation Agreement"</b>	means the bank savings participation agreement between the Issuer and the Bank Savings Participant and the Security Trustee dated the Signing Date;
*	<b>"Bank Savings Participation Increase"</b>	means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: $(P \times I) + S$ , whereby: P = Participation Fraction; 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;
	<b>"Bank Savings Participation Redemption Available Amount"</b>	has the meaning ascribed thereto in section 7.6 ( <i>Sub-participations</i> ) of this Prospectus;
+	<b>"Bank Savings Participation Rights"</b>	means any and all rights of the Issuer vis-à-vis the Bank Savings Participant under or in connection with the Bank Savings Participation Agreement;
	<b>"Basel II"</b>	means the capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards Revised Framework" published on 26 June 2004 by the Basel Committee on Banking Supervision;
	<b>"Basel III"</b>	means the capital accord amending Basel II under the title "Basel III: a global regulatory framework for more resilient banks and banking systems" published in December 2010 by the Basel Committee on Banking Supervision;
*	<b>"Basic Terms Change"</b>	means, in respect of Notes of a Class, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest or principal in respect of the relevant Notes, (iii) of the amount of interest or principal payable in respect of the relevant Notes, (iv) of the rate of interest, to the extent applicable, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments or (vi) of the quorum or majority required to pass an Extraordinary Resolution;
+	<b>"Benchmark Regulation"</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
	<b>"Beneficiary Rights"</b>	means all rights which the Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the Seller has been appointed by the Borrower/insured as beneficiary ( <i>begunstigde</i> ) in connection with the relevant Mortgage Receivable;
	<b>"Beneficiary Waiver Agreement"</b>	means the beneficiary waiver agreement between, amongst others, the Seller, the Security Trustee and the Issuer dated the Signing Date;
	<b>"BKR"</b>	means Office for Credit Registration ( <i>Bureau Krediet Registratie</i> );
	<b>"Borrower"</b>	means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

	<b>"Borrower Insurance Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) created in favour of the Seller on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;
	<b>"Borrower Insurance Proceeds Instruction"</b>	means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;
*	<b>"Borrower Investment Account"</b>	has the meaning ascribed thereto in section 6.2 ( <i>Description of Mortgage Loans</i> ) of this Prospectus;
*	<b>"Borrower Investment Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) on the securities of the relevant Borrower in respect of the Investment Mortgage Loans;
	<b>"Borrower Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge and/or a Borrower Investment Pledge;
	<b>"Business Day"</b>	means (i) when used in the definition of Notes Payment Date and in Condition 4(d) ( <i>Euribor</i> ), a TARGET 2 Settlement Day and provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and London; and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;
	<b>"Cash Advance Facility"</b>	means the cash advance facility provided by the Cash Advance Facility Provider to the Issuer pursuant to the Cash Advance Facility Agreement;
	<b>"Cash Advance Facility Agreement"</b>	means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;
+	<b>"Cash Advance Facility Available Amount"</b>	means the Cash Advance Facility Maximum Amount less the aggregate outstanding balance of the Cash Advance Facility Loan and the Cash Advance Facility Stand-by Loan, if any;
+	<b>"Cash Advance Facility Commitment Fee"</b>	means 0.10 per cent. of the Cash Advance Facility Available Amount per annum or, in case of a Cash Advance Facility Stand-by Drawing, 0.10 per cent. per annum calculated by reference to the Cash Advance Facility Stand-by Drawing;
	<b>"Cash Advance Facility Drawing"</b>	means a drawing under the Cash Advance Facility;
+	<b>"Cash Advance Facility Ledger"</b>	means a Ledger created for the purpose of recording any drawing under the Cash Advance Facility in accordance with the Administration

		Agreement;
+	"Cash Advance Facility Loan"	means the principal amount of the Cash Advance Facility Drawing outstanding under the Cash Advance Facility;
*	"Cash Advance Facility Maximum Amount"	means, as long as any Class A Notes are outstanding, an amount equal to the greater of (i) 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes on such date and (ii) 0.50 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date and thereafter zero;
	"Cash Advance Facility Provider"	means de Volksbank;
+	"Cash Advance Facility Rights"	means any and all rights of the Issuer under or in connection with the Cash Advance Facility Agreement;
	"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 Stand-by Drawing Event occurs;
	"Cash Advance Facility Stand-by Drawing Event"	means any of the events specified as such in section 5.5 ( <i>Liquidity support</i> ) of this Prospectus;
*	"Cash Advance Facility Stand-by Ledger"	means a Ledger created for the purpose of recording any Cash Advance Facility Stand-by Drawing in accordance with the Administration Agreement;
	"Class A Notes"	means the Class A1 Notes and the Class A2 Notes;
*	"Class A1 Notes"	means the EUR 212,700,000 class A1 mortgage-backed floating rate notes 2018 due 2055;
*	"Class A2 Notes"	means the EUR 4,411,700,000 class A2 mortgage-backed fixed rate notes 2018 due 2055;
	"Class B Notes"	means the EUR 127,300,000 class B mortgage-backed notes 2018 due 2055;
	"Class C Notes"	means the EUR 140,700,000 class C mortgage-backed notes 2018 due 2055;
	"Class D Notes"	means the EUR 80,400,000 class D mortgage-backed notes 2018 due 2055;
	"Class E Notes"	means the EUR 53,800,000 class E mortgage-backed notes 2018 due 2055;
+	"Class"	means either the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes;
*	"Clean-Up Call Option"	means the right of the Seller to repurchase and accept the re-assignment of all (and not only part of) the Mortgage Receivables which are outstanding, which right may be exercised on any Notes Payment Date on which the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the

		aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date;
	"Clearstream, Luxembourg"	means Clearstream Banking, société anonyme;
*	"Closing Date"	means 23 May 2018 or such other date as may be agreed between the Issuer, the Seller and the Manager;
+	"Code"	means the U.S. Internal Revenue Code of 1986 (as amended);
	"Code of Conduct"	means the Mortgage Code of Conduct ( <i>Gedragcode Hypothecaire Financieringen</i> ) introduced in January 2007 by the Dutch Association of Banks ( <i>Nederlandse Vereniging van Banken</i> );
	"Collection Foundation"	means Stichting Hypotheken Incasso;
*	"Collection Foundation Accounts"	means the bank accounts designated as such in the Receivables Proceeds Distribution Agreement;
*	"Collection Foundation Accounts Pledge Agreement"	means the collection foundation accounts pledge agreement between, <i>inter alia</i> , the Collection Foundation, the Issuer, the Security Trustee, the Previous Transaction Security Trustees, and the Previous Transaction SPVs, containing (i) a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of, <i>inter alia</i> , the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and (ii) a second ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of, <i>inter alia</i> , the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, dated the Signing Date;
+	"Collection Foundation Eligible Counterparty"	means a bank having a credit rating at least equal to the Collection Foundation Trigger Required Ratings;
+	"Collection Foundation Eligible Counterparty Account"	means a bank account with an Eligible Counterparty in the name of the Collection Foundation including the bank accounts in the name of the Collection Foundation if such accounts have been transferred to such Eligible Counterparty as Foundation Account Provider in accordance with the Receivables Proceeds Distribution Agreement;
+	"Collection Foundation Trigger Commingling Remedial Actions"	means any of the following actions taken: (i) sufficient collateral being posted or any of the alternative mitigant measures being taken under the Commingling Financial Collateral Agreement or (ii) an amount equal to the collateral amount

		referred to above being guaranteed by a Collection Foundation Eligible Counterparty, or (iii) that direct debits from borrower accounts in respect of Mortgage Receivables will solely be made directly to the accounts of the Issuer or Security Trustee as the case may be, and the borrowers that do not pay by means of direct debits are directed to pay to the accounts of the Issuer or the or Security Trustee, as applicable, and/or amounts not paid by means of direct debits are directed to be paid to the accounts of the Issuer or Security Trustee, as applicable;
+	<b>"Collection Foundation Trigger Event"</b>	means the event that (i) de Volksbank ceases to have the Collection Foundation Trigger Required Ratings and (ii) none of the Collection Foundation Trigger Commingling Remedial Actions are in place;
+	<b>"Collection Foundation Trigger Required Ratings"</b>	means (i) in respect of Fitch, (x) a long-term issuer default rating of at least 'A' by Fitch or (y) a short-term issuer default rating of at least 'F1' by Fitch and (ii) in respect of Moody's, a rating of its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least 'Baa1' by Moody's;
+	<b>"Commingling Alternative Mitigant Measures"</b>	means (i) any of the measures set out in Clause 2.4 of the Receivables Proceeds Distribution Agreement being taken or (ii) the Potential Commingling Required Amount being guaranteed by a Collection Foundation Eligible Counterparty or (iii) the assignment of the Mortgage Receivables to the Issuer being notified to the Borrowers or (iv) that direct debits in connection with amounts due to the Issuer and/or the Security Trustee in connection with the Mortgage Receivables will solely be made into the Issuer Collection Account and/or any amounts not paid by means of direct debits are directed to be paid to the Issuer Collection Account;
+	<b>"Commingling Amount"</b>	means, on any Notes Payment Date, an amount equal to the amount received by the Collection Foundation, whether as interest or principal, in respect of Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Notes Payment Date, which was required to be paid to the Issuer but was not received by the Issuer during the relevant Mortgage Calculation Period or is received on such Notes Payment Date;
+	<b>"Commingling Delivery Amount"</b>	means, on any Notes Payment Date, the higher of (i) the Potential Commingling Required Amount minus the Posted Commingling Collateral Value

		and (ii) zero;
+	<b>"Commingling Financial Cash Collateral Funds"</b>	means, on any day, the amount of the Posted Commingling Collateral standing to the credit of the Commingling Financial Cash Collateral Ledger at opening of business of such day;
+	<b>"Commingling Financial Cash Collateral Ledger"</b>	means the Ledger in accordance with the Administration Agreement created for the purpose of recording any Eligible Collateral transferred by the Seller to the Issuer Collection Account under the Commingling Financial Collateral Agreement;
+	<b>"Commingling Financial Collateral Agreement"</b>	means the commingling financial collateral agreement between the Issuer, the Seller and the Security Trustee dated the Signing Date;
+	<b>"Commingling Financial Collateral Interest"</b>	means, with respect to a Mortgage Calculation Period, any amount of interest calculated for each day in that Mortgage Calculation Period on the Commingling Financial Cash Collateral Funds and received by the Issuer in accordance with the Issuer Account Agreement;
+	<b>"Commingling Return Amount"</b>	means, on any Notes Payment Date, the higher of (i) an amount equal to the Posted Commingling Collateral Value minus the Potential Commingling Required Amount and (ii) zero;
	<b>"Common Safekeeper"</b>	means, in respect of the Class A Notes, Clearstream, Luxembourg and in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, Bank of America National Association, London Branch;
+	<b>"Common Service Provider"</b>	means Bank of America Merrill Lynch;
	<b>"Conditions"</b>	means the terms and conditions of the Notes set out in Schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;
	<b>"Construction Deposit"</b>	means in 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 Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;
	<b>"Construction Deposit Account"</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
*	<b>"Coupons"</b>	means the interest and principal coupons appertaining to the Class A Notes and the interest and principal coupons appertaining to each of the Class B Notes, Class C Notes, Class D Notes and Class E Notes;
	<b>"CPR"</b>	means constant prepayment rate;
	<b>"CRA Regulation"</b>	means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as

		amended by Regulation EU No 462/2013 of 21 May 2013;
	"CRD"	means Directive 2006/48/EC of the European Parliament and of the Council (as amended by directive 2009/111/EC);
	"CRD IV"	means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;
*	"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 is each of Fitch and Moody's;
*	"Credit Rating Agency Confirmation"	<p>means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each or, as the case may be, the relevant Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:</p> <p>(a) a confirmation from the relevant 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");</p> <p>(b) if no confirmation is forthcoming from a 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</p> <p>(c) if no confirmation and no indication is forthcoming from a Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:</p> <p>(i) a written communication, by whatever</p>



		<p>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</p> <p>(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;</p>
	"CRR"	means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;
+	"CRR Amendment Regulation"	means Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms;
+	"Current Loan to Original Market Value Ratio"	means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Market Value of the Mortgaged Asset;
+	"Custodian"	means ING Bank or its successor or successors;
+	"Custody Agreement"	means the custody agreement between the Issuer, the Security Trustee and the Custodian dated the Signing Date;
+	"Custody Cash Account"	means the bank account approved by the Security Trustee in the name of the Issuer with the Custodian, <i>inter alia</i> , for the purpose of crediting the proceeds payable to, and debiting amounts payable by, the Issuer pursuant to the terms of the Custody Agreement;
+	"Custodian Requisite Credit Rating"	means (i) in respect of Moody's, the short-term credit rating of 'Prime-2' or the long-term credit rating of 'Baa2' and (ii) in respect of Fitch, the short-term issuer default rating of F-2 by Fitch or the long-term issuer default rating of 'BBB' by Fitch, provided that for the purposes of the determination of the Custodian Requisite Credit Rating in respect of any entity, if the ratings

		assigned to such entity by Fitch are designated by Fitch as being on ratings watch negative then the ratings of that entity will be deemed to be one notch lower than such published Fitch ratings;
	"Cut-Off Date"	means (i) with respect to the Mortgage Receivables purchased on the Signing Date, 30 April 2018 and (ii) with respect to Further Advance Receivables and New Mortgage Receivables purchased on a Notes Payment Date, at opening of business on the first day of the month of the relevant Notes Payment Date;
+	"DCC"	means the Dutch Civil Code;
*	"Deed of Assignment and Pledge"	means the deed of assignment and pledge of mortgage receivables in the form attached as Schedule 2 to Mortgage Receivables Purchase Agreement;
+	"Deed of Purchase, Repurchase and Pledge"	means the deed of purchase, repurchase and pledge of Mortgage Receivables in the form attached as Schedule 3 to the Mortgage Receivables Purchase Agreement;
*	"Defaulted Mortgage Loan"	means a Mortgage Loan that is in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets,
	"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;
*	"Deposit Agreement"	means the deposit agreement between the Seller, the Issuer, the Security Trustee, the Issuer Administrator, the Seller and the Agent (as defined therein) dated the Signing Date;
+	"DGS"	means the deposit guarantee scheme ( <i>depositogarantiestelsel</i> ) within the meaning of the Wft;
	"Directors"	means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;
	"DNB"	means the Dutch central bank ( <i>De Nederlandsche Bank N.V.</i> );
	"DSA"	means the Dutch Securitisation Association;
	"ECB"	means the European Central Bank;
+	"Eligible Collateral"	means, in respect of the Financial Collateral Agreements, euro denominated cash;

+	<b>"Employee Mortgage Loan"</b>	means a Mortgage Loan granted to any employee of an entity within the group formed by de Volksholding B.V. and its subsidiaries;
+	<b>"Enforcement Available Amount"</b>	<p>means amounts corresponding to the sum of:</p> <p>(a) amounts recovered (<i>verhaald</i>) in accordance with section 3:255 of the DCC by the Security Trustee under any of the Pledge Agreements on the Pledged Assets, other than as provided in Clause 7.4 of the Trust Deed, including amounts recovered under or in connection with the Trustee Indemnification, however in respect of (i) Savings Mortgage Receivables and Bank Savings Mortgage Receivables only to the extent such amounts exceed the Participations in such Savings Mortgage Receivables or Bank Savings Mortgage Receivables and (ii) the foreclosure proceeds of the Securities but only up to the Repo Purchase Price; and</p> <p>(b) any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor in connection with the Trustee Indemnification less a part pro rata to the proportion of the aggregate Participations in all Savings Mortgage Receivables and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables if the amounts recovered under (a) are less than the relevant Participation up to a maximum of the Participation;</p> <p>in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors, other than the Participants and the Repo Counterparty, pursuant to the Trust Deed and (ii) a part pro rata to the proportion the Outstanding Principal Amount of all Mortgage Receivables minus the aggregate Participations in all Savings Mortgage Receivables and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee, in connection with any of the Transaction Documents;</p>

	<b>"Enforcement Date"</b>	means the date of an Enforcement Notice;
	<b>"Enforcement Notice"</b>	means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 ( <i>Events of Default</i> );
	<b>"EONIA"</b>	means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;
+	<b>"Equivalent Eligible Collateral"</b>	means, in relation to any Eligible Collateral comprised in the Posted Set-Off Collateral or Posted Commingling Collateral, as the case may be, collateral of the same type as Eligible Collateral;
+	<b>"Escrow List of Loans"</b>	means, at the Closing Date and at each relevant Notes Payment Date, the list providing the details of the Mortgage Loans provided for in Schedule 1 to the Mortgage Receivables Purchase Agreement, which list includes (i) the name and address of the Borrower and (ii) the address of the Mortgaged Asset, if different from (i), and which list shall be held in escrow by a civil law notary as further set out in Clause 19 of the Mortgage Receivables Purchase Agreement and the Deposit Agreement;
	<b>"ESMA"</b>	means the European Securities and Markets Authority;
	<b>"EU"</b>	means the European Union;
	<b>"EUR", "euro" or "€"</b>	means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;
	<b>"Euribor"</b>	has the meaning ascribed thereto in Condition 4(d) ( <i>Interest</i> );
+	<b>"Euribor Reference Banks"</b>	has the meaning ascribed thereto in Condition 4(d) ( <i>Interest</i> );
	<b>"Euroclear"</b>	means Euroclear Bank SA/NV as operator of the Euroclear System;
	<b>"Euronext Amsterdam"</b>	means Euronext in Amsterdam;
	<b>"Eurosysteem Eligible Collateral"</b>	means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;
	<b>"Events of Default"</b>	means any of the events specified as such in Condition 10 ( <i>Events of Default</i> );
	<b>"Exchange Date"</b>	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;
*	<b>"Extraordinary Resolution"</b>	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;
	" <b>FATCA</b> "	means the Unites States Foreign Account Tax Compliance Act;
+	" <b>FATCA Withholding</b> "	means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);
	" <b>Final Maturity Date</b> "	means the Notes Payment Date falling in May 2055;
+	" <b>Final Portfolio</b> "	has the meaning ascribed thereto in section 6.2 ( <i>Description of Mortgage Loans</i> );
+	" <b>Financial Cash Collateral Ledger</b> "	means a Ledger comprising of the Set-Off Financial Cash Collateral Ledger and the Commingling Financial Cash Collateral Ledger;
+	" <b>Financial Collateral Agreement</b> "	means each of the Set-Off Financial Collateral Agreement and the Commingling Financial Collateral Agreement;
	" <b>First Optional Redemption Date</b> "	means the Notes Payment Date falling in May 2023;
	" <b>Fitch</b> "	means Fitch Ratings Limited and includes any successor to its rating business;
+	" <b>Fixed Bank Savings Mortgage Loan</b> "	means a Bank Savings Mortgage Loan or Loan Part bearing a fixed rate of interest;
+	" <b>Fixed Bank Savings Mortgage Receivable</b> "	means the Fixed Rate Mortgage Receivable resulting from a Fixed Rate Bank Savings Mortgage Loans;
+	" <b>Fixed Interest Rate</b> "	means 1.0 per cent;
+	" <b>Fixed Rate Available Principal Funds</b> "	has the meaning as described in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	" <b>Fixed Rate Fraction</b> "	means the Principal Amount Outstanding of the Class A2 Notes on opening of business of the relevant Notes Payment Date, divided by the aggregate Principal Amount Outstanding of the Class A Notes on the relevant Notes Payment Date;
+	" <b>Fixed Rate Further Advance Receivable</b> "	means a Further Advance Receivable bearing a fixed rate of interest;
+	" <b>Fixed Rate Interest Amount</b> "	means, on any Interest Determination Date, the amount of interest payable on the Class A2 Notes for the following Notes Calculation Period;

+	"Fixed Rate Mortgage Loan"	means a Mortgage Loan or a Loan Part bearing a fixed rate of interest;
+	"Fixed Rate Mortgage Receivable"	means the Mortgage Receivable resulting from a Fixed Rate Mortgage Loan;
+	"Fixed Rate New Mortgage Loan"	means a New Mortgage Loan or a Loan Part bearing a fixed rate of interest;
+	"Fixed Rate New Mortgage Receivable"	means the New Mortgage Receivable resulting from a Fixed Rate New Mortgage Loan;
+	"Fixed Rate Purchase Ledger"	means a Ledger created for the purpose of recording any amounts reserved by the Issuer for purchasing New Mortgage Receivables and Further Advance Receivables in accordance with the Administration Agreement;
+	"Fixed Rate Savings Mortgage Loan"	means a Bank Savings Mortgage Loan or Loan Part bearing a fixed rate of interest;
+	"Fixed Rate Savings Mortgage Receivable"	means the Savings Mortgage Receivable resulting from a Fixed Rate Savings Mortgage Loan;
+	"Floating Interest Rate"	means the rate of interest applicable from time to time to the Class A1 Notes, as determined in accordance with Condition 4 ( <i>Interest</i> );
+	"Floating Rate Available Principal Funds"	has the meaning as described in section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	"Floating Rate Bank Savings Mortgage Loan"	means a Bank Savings Mortgage Loan or Loan Part bearing a floating rate of interest;
+	"Floating Rate Bank Savings Mortgage Receivable"	means the Floating Rate Mortgage Receivable resulting from a Floating Rate Bank Savings Mortgage Loan;
+	"Floating Rate Fraction"	means the Principal Amount Outstanding of the Class A1 Notes on opening of business of the relevant Notes Payment Date, divided by the aggregate Principal Amount Outstanding of the Class A Notes on the relevant Notes Payment Date;
+	"Floating Rate Further Advance Receivable"	means a Further Advance Receivable resulting from a Further Advance bearing a floating rate of interest;
+	"Floating Rate Interest Amount"	means, on any Interest Determination Date, the amount of interest payable on the Class A1 Notes for the following Notes Calculation Period;
+	"Floating Rate Mortgage Loan"	means a Mortgage Loan or Loan Part bearing a floating rate of interest;
+	"Floating Rate Mortgage Receivable"	means the Mortgage Receivable resulting from a Floating Rate Mortgage Loan;
+	"Floating Rate New Mortgage Loan"	means a New Mortgage Loan or Loan Part bearing a floating rate of interest;
+	"Floating Rate New Mortgage Receivable"	means the New Mortgage Receivable resulting from a Floating Rate New Mortgage Loan;
+	"Floating Rate Purchase Ledger"	means a Ledger created for the purpose of recording any amounts reserved by the Issuer for purchasing Floating Rate New Mortgage

		Receivables and Floating Rate Further Advance Receivables in accordance with the Administration Agreement;
+	"Floating Rate Savings Mortgage Loan"	means a Savings Mortgage Loan or Loan Part bearing a floating rate of interest;
+	"Floating Rate Savings Mortgage Receivable"	means the Floating Rate Mortgage Receivable resulting from a Floating Rate Savings Mortgage Loan;
	"Foreclosure Value"	means the foreclosure value of the Mortgaged Asset;
+	"Foundation Account Provider"	means any of de Volksbank, Rabobank or a Collection Foundation Eligible Counterparty, as the context may require;
+	"Foundation Administrator"	means de Volksbank in its capacity as foundation administrator to the Collection Foundation;
*	"Further Advance"	means a loan or a further advance, which may consist of one or more Loan Parts, to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;
+	"Further Advance Purchase Available Amount"	means an amount equal to the sum of: (i) items (i) up to and including (x) of the Floating Rate Available Principal Funds; and (ii) items (i) up to and including (x) of the Fixed Rate Available Principal Funds;
	"Further Advance Receivable"	means the Mortgage Receivable resulting from a Further Advance;
+	"General Banking Conditions"	means the general banking conditions in the form in which they have presently been deposited by the Netherlands Banking Association ( <i>Nederlandse Vereniging van Banken</i> ) with the clerk of the District Court of Amsterdam and which came into force on the 1 March 2017;
	"Global Note"	means any Temporary Global Note or Permanent Global Note;
+	"GMRA"	means Global Master Repurchase Agreement;
	"Higher Ranking Class"	means, in respect of any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Principal Priority of Payments;
+	"IGA"	means an intergovernmental agreement;
*	"Indexed Foreclosure Value"	means the value of the Mortgaged Asset calculated by indexing the Original Foreclosure Value with a property price index (weighted average of houses and apartments prices);
+	"ING Bank"	means ING Bank N.V.;
	"Initial Bank Savings Participation"	means, (a) with respect to Bank Savings Mortgage Receivables purchased on the Signing Date or (b)

		thereafter in case of the purchase and assignment by the Issuer of Further Advance Receivables in the form of Bank Savings Mortgage Receivables and New Bank Savings Mortgage Receivables, on the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Bank Savings Mortgage Loan, on the next succeeding Notes Payment Date, an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the relevant Cut-Off Date and in respect of item (c) above, up to the first day of the month immediately preceding the month in which the relevant Notes Payment Date falls;
	<b>"Initial Insurance Savings Participation"</b>	means, (a) in respect of Savings Mortgage Receivables purchased on the Signing Date, or (b) thereafter in case of the purchase and assignment by the Issuer of Further Advance Receivables in the form of Savings Mortgage Receivables and New Savings Mortgage Receivables, on the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan, the next succeeding Notes Payment Date an amount equal to the sum of the Savings Premia received by the Insurance Savings Participant with accrued interest up to the relevant Cut-Off Date and in respect of item (c) above, up to the first day of the month immediately preceding the month in which the relevant Notes Payment Date falls;
+	<b>"Initial Participation"</b>	means on the Closing Date or any relevant Notes Payment Date, each of the Initial Bank Savings Participation and the Initial Insurance Savings Participation on such date;
*	<b>"Initial Purchase Price"</b>	means in respect of any relevant Mortgage Receivable, New Mortgage Receivable or a Further Advance Receivable, its Outstanding Principal Amount on the relevant Cut-Off Date;
	<b>"Insurance Company"</b>	means any insurance company established in the Netherlands;
	<b>"Insurance Policy"</b>	means a Life Insurance Policy, a Risk Insurance Policy and/or a Savings Insurance Policy;
	<b>"Insurance Savings Participant"</b>	means SRLEV N.V., a public company ( <i>naamloze vennootschap</i> ) organised under Dutch law and with its registered office in Alkmaar, the Netherlands;
*	<b>"Insurance Savings Participation"</b>	means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable 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;
	<b>"Insurance Savings Participation Agreement"</b>	means the insurance savings participation agreement between the Issuer and the Insurance Savings Participant and the Security Trustee dated the Signing Date;
+	<b>"Insurance Savings Participation Enforcement Available Amount"</b>	<p>means amounts corresponding to the sum of:</p> <p>(a) amounts equal to the Insurance Savings Participation in each Savings Mortgage Receivable or,</p> <p>(b) if the amount recovered is less than the Insurance Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor in connection with the Trustee Indemnification, whereby the relevant part will be equal to a part pro rata to the proportion the aggregate Insurance Savings Participation in all Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables;</p> <p>in case of (a) less the sum of (i) any amount paid by the Security Trustee to the Insurance Savings Participant pursuant to the Parallel Debt Agreement and in each case less (ii) a part pro rata to the proportion the aggregate Insurance Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;</p>
	<b>"Insurance Savings Participation Increase"</b>	<p>means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: <math>(P \times I) + S</math>, whereby:</p> <p>P = Participation Fraction;</p> <p>S = the amount received by the Issuer pursuant to the Insurance Savings Participation</p>

		Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable from the Insurance Savings Participant; and I = the amount of interest due by the Borrower on the relevant Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;
	<b>"Insurance Savings Participation Redemption Available Amount"</b>	has the meaning ascribed thereto in section 7.6 ( <i>Sub-Participations</i> ) of this Prospectus;
+	<b>"Insurance Savings Participation Rights"</b>	means any and all rights of the Issuer vis-à-vis the Insurance Savings Participant under or in connection with the Insurance Savings Participation Agreement;
*	<b>"Interest Determination Date"</b>	has the meaning ascribed to it in Condition 4(d) ( <i>Euribor</i> );
N/A	<b>"Interest Period"</b>	
N/A	<b>"Interest Rate"</b>	
+	<b>"Interest Reconciliation Ledger"</b>	means the Ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;
+	<b>"Interest Shortfall"</b>	means, on any Notes Calculation Date, an amount equal to the amount by which the Available Revenue Funds, without taking into account any withholding from the Available Principal Funds but including, for the avoidance of doubt, any drawing under the Cash Advance Facility, on the immediately following Notes Payment Date falls short of the amounts required to satisfy items (a) up to and including (e) of the Revenue Priority of Payments;
	<b>"Interest-Only Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;
	<b>"Interest-Only Mortgage Receivable"</b>	means the Mortgage Receivable resulting from an Interest-Only Mortgage Loan;
	<b>"Investment Mortgage Loan"</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;
	<b>"Investment Mortgage Receivable"</b>	means the Mortgage Receivable resulting from an Investment Mortgage Loan;
	<b>"Investor Report"</b>	means any of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;
+	<b>"IORP Directive"</b>	means Directive (EU) 2016/2341 of the European

		Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision;
+	"IRS"	U.S. Internal Revenue Service;
	"Issuer"	means Lowland Mortgage Backed Securities 5 B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and established in Amsterdam, the Netherlands;
	"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 ING Bank;
	"Issuer Accounts"	means any of the Issuer Collection Account and the Construction Deposit Account;
	"Issuer Administrator"	means Intertrust Administrative Services B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) organised under Dutch law and with its registered office in Amsterdam, the Netherlands;
	"Issuer Collection Account"	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	"Issuer Director"	means Intertrust Management B.V.;
	"Issuer Management Agreement"	means the issuer management agreement between the Issuer, Intertrust Management B.V. and the Security Trustee dated the Signing Date;
*	"Issuer Mortgage Receivables Pledge Agreement"	means the 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 (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Servicing Agreement, (iv) the Participation Agreements, (v) the Cash Advance Facility Agreement (vi) the Issuer Account Agreement, (vii) the Custody Agreement and (b) in respect of the Issuer Accounts and the Custody Cash Account;
*	"Issuer Rights Pledge Agreement"	means the pledge agreement between, among others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights and the Securities;
+	"Issuer Services"	means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, pursuant to the Administration Agreement, as set out in Schedule 1 thereto;

N/A	"Issuer Transaction Account[s]"	
+	"Jointly-held Borrower Pledges"	means the Borrower Pledges which are jointly-held by the Seller and the Issuer and/or the Security Trustee, as the case may be;
+	"Jointly-held Mortgages"	means the Mortgages which are jointly-held by the Seller and the Issuer and/or the Security Trustee; as the case may be;
	"Land Registry"	means the Dutch land registry ( <i>het Kadaster</i> );
+	"Ledger"	means any of the ledgers referred to in Clause 5 of the Administration Agreement;
	"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 and which has the benefit of a Life Insurance Policy;
	"Life Mortgage Receivable"	means the Mortgage Receivable resulting from a Life Mortgage Loan;
	"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;
N/A	"Linear Mortgage Receivable"	
+	"List of Mortgage Loans"	means at the Closing Date and at each Notes Payment Date, the list providing the details regarding the Mortgage Loans as required in Schedule 1 to the Mortgage Receivables Purchase Agreement;
	"Listing Agent"	means ABN AMRO Bank;
+	"Loan Files"	means the file or files relating to each Mortgage Loan containing, <i>inter alia</i> , (i) all material correspondence relating to that Mortgage Loan; and (ii) a certified copy of the Mortgage Deed;
*	"Loan Parts"	means one or more of the loan parts ( <i>leningdelen</i> ) of which a Mortgage Loan may consist;
+	"Loan to Income Ratio"	means in respect of a Mortgage Loan, the ratio calculated by dividing the Net Outstanding Principal Amount on such date by the sum of the gross annual income of the relevant Borrowers;
	"Management Agreement"	means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

	<b>"Manager"</b>	means de Volksbank;
	<b>"Market Value"</b>	means (i) the market value ( <i>marktwaarde</i> ) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus the purchase price of the relevant building lot;
	<b>"Master Definitions Agreement"</b>	means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;
+	<b>"MiFID II"</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;
	<b>"Moody's"</b>	means Moody's Investors Service Ltd. and includes any successor to its rating business;
	<b>"Mortgage"</b>	means a mortgage right ( <i>hypothekrecht</i> ) securing the relevant Mortgage Receivables;
*	<b>"Mortgage Calculation Date"</b>	means, in relation to a Mortgage Collection Payment Date, the third Business Day prior to such Mortgage Collection Payment Date;
*	<b>"Mortgage Calculation Period"</b>	means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period which commences on (and includes) the relevant Cut-Off Date and ends on (and includes) the last day of May 2018;
	<b>"Mortgage Collection Payment Date"</b>	means the 8th Business Day of each calendar month;
	<b>"Mortgage Conditions"</b>	means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;
+	<b>"Mortgage Interest"</b>	means interest (receivable or received) under a Mortgage Loan;
+	<b>"Mortgage Interest Rate"</b>	means the rate(s) of interest from time to time chargeable to Borrowers under the Mortgage Loans;
	<b>"Mortgage Loan Criteria"</b>	means the criteria relating to the Mortgage Loans set forth as such in section 7.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;
*	<b>"Mortgage Loan Services"</b>	means the services to be provided by the Servicer

		to the Issuer and the Security Trustee with respect to the Mortgage Loans pursuant to the Servicing Agreement;
*	<b>"Mortgage Loans"</b>	means the mortgage loans granted by the Seller to the relevant borrowers which may consist of one or more Loan Parts as set forth in the List of Mortgage Loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any New Mortgage Receivables and/or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Mortgage Loans and/or Further Advances, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
	<b>"Mortgage Receivable"</b>	means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;
	<b>"Mortgage Receivables Purchase Agreement"</b>	means the mortgage receivables purchase agreement between the Seller, the Issuer and the Security Trustee dated the Signing Date;
+	<b>"Mortgage Report Date"</b>	means the 6 <sup>th</sup> Business Day following the end of each Mortgage Calculation Period;
+	<b>"Mortgage Report"</b>	has the meaning ascribed to it in Clause 5.1 of the Servicing Agreement;
	<b>"Mortgaged Asset"</b>	means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ), (iii) a long lease ( <i>erfpachtsrecht</i> ) or (iv) a right of superficies ( <i>opstalrecht</i> ) situated in the Netherlands on which a Mortgage is vested;
	<b>"Most Senior Class"</b>	means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Redemption Priority of Payments;
+	<b>"MRPA Rights"</b>	means any and all rights of the Issuer vis-à-vis the Seller under or in connection with the Mortgage Receivables Purchase Agreement;
	<b>"Net Foreclosure Proceeds"</b>	means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other

		guarantees or sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;
+	<b>"Net Outstanding Principal Amount"</b>	means, in relation to a Mortgage Receivable, at any moment in time, the Outstanding Principal Amount of such Mortgage Receivable less, if it is a Savings Mortgage Receivable or a Bank Savings Mortgage Receivable, an amount equal to the Participation in respect of such Savings Mortgage Receivable or Bank Savings Mortgage Receivable;
+	<b>"New Bank Savings Mortgage Loan"</b>	means a New Mortgage Loan or Loan Part thereof which is linked to a Bank Savings Account;
+	<b>"New Bank Savings Mortgage Receivable"</b>	means a Bank Savings Mortgage Receivable resulting from a New Bank Savings Mortgage Loan;
*	<b>"New Mortgage Loan"</b>	means on any Notes Payment Date a mortgage loan granted by the Seller to the relevant borrower, which may consist of one or more Loan Parts and sold and assigned on such Notes Payment Date as set forth in the List of Mortgage Loans attached to the relevant Deed of Purchase, Repurchase and Pledge;
	<b>"New Mortgage Receivable"</b>	means the Mortgage Receivable resulting from a New Mortgage Loan;
+	<b>"New Mortgage Receivables Purchase Available Amount"</b>	means on any Notes Payment Date an amount equal to (a) the Further Advance Purchase Available Amount less (b) the aggregate amount applied by the Issuer to purchase Further Advance Receivables on such date;
+	<b>"New Savings Mortgage Loan"</b>	means a New Mortgage Loan or Loan Part thereof which is linked to a Savings Insurance Policy;
+	<b>"New Savings Mortgage Receivable"</b>	means the Savings Mortgage Receivable resulting from a New Savings Mortgage Loan;
	<b>"NHG Conditions"</b>	means the terms and conditions ( <i>voorwaarden en normen</i> ) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;
	<b>"NHG Guarantee"</b>	means a guarantee ( <i>borgtocht</i> ) under the NHG Conditions granted by Stichting WEW;
*	<b>"NHG Mortgage Loan"</b>	means a Mortgage Loan or Loan Part that has the benefit of an NHG Guarantee and is listed as such in the List of Mortgage Loans;
	<b>"NHG Mortgage Loan Receivable"</b>	means the Mortgage Receivable resulting from an NHG Mortgage Loan;
*	<b>"Non-Permitted Mortgage Loan Amendment"</b>	means an amendment by the Seller and the relevant Borrower of the terms of a Mortgage Loan as a result of which (i) such Mortgage Loan no longer meets the Mortgage Loan Criteria and/or (ii) such Mortgage Loan no longer complies with the representations and warranties relating to the

		Mortgage Receivables and the Mortgage Loans as set out in section 7.2 ( <i>Representations and warranties</i> );
	<b>"Noteholders"</b>	means the persons who for the time being are the holders of the Notes;
	<b>"Notes"</b>	means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;
	<b>"Notes and Cash Report"</b>	means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
*	<b>"Notes Calculation Date"</b>	means, in relation to a Notes Payment Date, the second Business Day prior to such Notes Payment Date;
*	<b>"Notes Calculation Period"</b>	means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in June 2018 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
	<b>"Notes Payment Date"</b>	means the 18th day of each calendar month or, if such day is not a Business Day, the immediately succeeding Business Day, unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;
*	<b>"Notes Purchase Agreement"</b>	means the notes purchase agreement relating to the Notes between the Manager, the Issuer and the Seller dated the Signing Date;
+	<b>"Notification Event"</b>	means any of the Assignment Notification Events and the Pledge Notification Events;
	<b>"Optional Redemption Date"</b>	means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;
*	<b>"Original Foreclosure Value"</b>	means the Foreclosure Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan;
*	<b>"Original Loan to Original Foreclosure Value Ratio"</b>	means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable at the moment it was granted by the Original Foreclosure Value;
*	<b>"Original Market Value"</b>	means the Market Value of the Mortgaged Asset as assessed by the Seller at the time of granting the Mortgage Loan;
	<b>"Other Claim"</b>	means any claim the Seller has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;
	<b>"Outstanding Principal Amount"</b>	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 type (a) and (b) of the definition in respect of such Mortgage Receivable has been debited to the Principal Deficiency Ledger, zero;
	<b>"Parallel Debt"</b>	has the meaning ascribed thereto in the section 4.7 ( <i>Security</i> ) of this Prospectus;
	<b>"Parallel Debt Agreement"</b>	means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
	<b>"Participants"</b>	means the Bank Savings Participant and the Insurance Savings Participant;
	<b>"Participation"</b>	means, in respect of each Savings Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;
	<b>"Participation Agreement"</b>	means any of the Bank Savings Participation Agreement or the Insurance Savings Participation Agreement;
*	<b>"Participation Fraction"</b>	means in respect of each Savings Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the relevant Participation divided by the Outstanding Principal Amount of such Savings Mortgage Receivable or Bank Savings Mortgage Receivable, as applicable, both on the first day of the relevant Mortgage Calculation Period;
+	<b>"Participation Increase"</b>	means the Bank Savings Participation Increase and/or the Insurance Savings Participation Increase;
+	<b>"Participation Rights"</b>	means the Bank Savings Participation Rights and/or the Insurance Savings Participation Rights;
	<b>"Paying Agency Agreement"</b>	means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Signing Date;
	<b>"Paying Agent"</b>	means ABN AMRO Bank;
*	<b>"Permanent Global Note"</b>	means a permanent global note in respect of a Class or Sub-Class of Notes;
*	<b>"Pledge Agreements"</b>	means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and any supplemental deed of pledge in the form as set out in the Schedule to the Issuer Rights Pledge Agreement;
*	<b>"Pledged Assets"</b>	means, the Mortgage Receivables, the Beneficiary Rights, the Issuer Rights and any and all present and future Securities standing to the credit of the Securities Account, from time to time;
	<b>"Pledge Notification Event"</b>	means any of the events specified in Clause 5 of the Issuer Rights Pledge Agreement;
	<b>"Portfolio and Performance Report"</b>	means the report which will be published monthly by the Issuer, or the Issuer Administrator on its

		behalf, and which report will comply with the standard of the DSA;
+	<b>"Portfolio Conditions"</b>	means the conditions listed in section 7.4 ( <i>Portfolio conditions</i> );
+	<b>"Posted Commingling Collateral"</b>	means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by the Seller and received by the Issuer pursuant to the Commingling Financial Collateral Agreement, together with any Commingling Financial Collateral Interest, and which is standing to the credit of the Commingling Financial Cash Collateral Ledger at opening of business of such day;
+	<b>"Posted Commingling Collateral Value"</b>	means, on any day, the balance standing to the credit of the Commingling Financial Cash Collateral Ledger with accrued interest at close of business of such day;
+	<b>"Posted Set-Off Collateral"</b>	means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by the Seller and received by the Issuer pursuant to the Set-Off Financial Collateral Agreement, together with any Set-Off Financial Collateral Interest, and which is standing to the credit of the Set-Off Financial Cash Collateral Ledger at opening of business of such day;
+	<b>"Posted Set-Off Collateral Value"</b>	means, on any day, the balance standing to the credit of the Set-Off Financial Cash Collateral Ledger with accrued interest at close of business of such day.
*	<b>"Post-Enforcement Priority of Payments"</b>	means the priority of payments set out as such in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;
+	<b>"Post-Foreclosure Proceeds"</b>	means any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Foreclosure Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage, Borrower Pledges and other collateral securing the Mortgage Receivable;
+	<b>"Potential Commingling Required Amount"</b>	means on the Closing Date EUR 77,100,000 and on each Notes Payment Date, an amount equal to the amount of principal and interest received by the Collection Foundation in connection with the Mortgage Receivables on average per calendar month in the immediately preceding 6 calendar months or, if shorter, in the period as of the initial Cut-Off Date;
+	<b>"Potential Set-Off Amount"</b>	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> );
+	<b>"Potential Set-Off Required Amount"</b>	has the meaning ascribed thereto in section 5.1 ( <i>Available Funds</i> );
	<b>"Prepayment Penalties"</b>	means any prepayment penalties ( <i>boeterente</i> ) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as

		otherwise permitted pursuant to the Mortgage Conditions;
+	<b>"Previous Transaction Security Trustees"</b>	Means Stichting Security Trustee PEARL Mortgage Backed Securities 1, Stichting Security Trustee Lowland Mortgage Backed Securities 2, Stichting Security Trustee Lowland Mortgage Backed Securities 3, Stichting Security Trustee Lowland Mortgage Backed Securities 4, Stichting Security Trustee SNS Covered Bond Company and Stichting Security Trustee Woonhuishypothekeken;
+	<b>"Previous Transaction SPV's"</b>	means PEARL Mortgage Backed Securities 1 B.V., Lowland Mortgage Backed Securities 2 B.V., Lowland Mortgage Backed Securities 3 B.V., Lowland Mortgage Backed Securities 4 B.V., SNS Covered Bond Company B.V. and Woonhuishypothekeken B.V.;
+	<b>"PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs);
*	<b>"Principal Amount Outstanding"</b>	means, with respect to any Note on any date, the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts that have become due and payable prior to such date, provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid shall not be so deducted;
*	<b>"Principal Deficiency"</b>	means the debit balance, if any, of the relevant sub-ledger of the Principal Deficiency Ledger;
*	<b>"Principal Deficiency Ledger"</b>	means the Ledger to record Realised Losses comprising sub-ledgers for each such Class of Notes;
+	<b>"Principal Ledger"</b>	means a Ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as principal in accordance with the Administration Agreement;
+	<b>"Principal Reconciliation Ledger"</b>	means the Ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;
*	<b>"Principal Shortfall"</b>	has the meaning ascribed to it in Condition 9(a) in respect of the relevant Class of Notes, other than the Class A Notes;
	<b>"Priority of Payments"</b>	means any of the Revenue Priority of Payments, Redemption Priority of Payments and the Post-Enforcement Priority of Payments;
	<b>"Prospectus"</b>	means the prospectus dated 18 May 2018 relating to the issue of the Notes;

	<b>"Prospectus Directive"</b>	means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;
+	<b>"Provisional Pool"</b>	means a provisional pool of mortgage loans which forms the basis for the Final Portfolio;
+	<b>"Public"</b>	the public as interpreted under CRD IV Directive and CRR by the relevant authority or authorities;
+	<b>"Purchase Price"</b>	means the Initial Purchase Price and the Deferred Purchase Price;
+	<b>"Rabobank"</b>	means Coöperatieve Rabobank U.A., a cooperation with excluded liability ( <i>coöperatie met uitgesloten aansprakelijkheid</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
+	<b>"Rabobank Existing Account"</b>	means the bank account with Rabobank in its capacity as Foundation Account Provider;
	<b>"Realised Loss"</b>	has the meaning ascribed thereto in section 5.3 ( <i>Loss allocation</i> ) of this Prospectus;
+	<b>"Receivables Fixed Rate Fraction"</b>	means the aggregate Net Outstanding Principal Amount of the Fixed Rate Mortgage Receivables on the Closing Date divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables on the Closing Date;
+	<b>"Receivables Floating Rate Fraction"</b>	means the aggregate Net Outstanding Principal Amount of the Floating Rate Mortgage Receivables divided by the aggregate Net Outstanding Principal Amount of all Mortgage Receivables;
*	<b>"Receivables Proceeds Distribution Agreement"</b>	means the receivables proceeds distribution agreement between the Seller, the Collection Foundation and the Foundation Account Provider dated 19 December 2011, as amended and restated on 10 July 2013;
+	<b>"Reconciliation Ledger"</b>	means each of the Principal Reconciliation Ledger and Interest Reconciliation Ledger;
	<b>"Redemption Amount"</b>	means the principal amount redeemable in respect of a Note as described in Condition 6 ( <i>Redemption</i> );
	<b>"Redemption Priority of Payments"</b>	means the priority of payments set out as such in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;
	<b>"Reference Agent"</b>	means ABN AMRO Bank;
+	<b>"Reference Mortgage Lenders"</b>	means five (5) leading mortgage lenders in the Dutch mortgage market selected by the Issuer Administrator on behalf of the Issuer in good faith;
	<b>"Regulation S"</b>	means Regulation S of the Securities Act;
	<b>"Relevant Class"</b>	has the meaning ascribed thereto in Condition 10 ( <i>Events of Default</i> );
	<b>"Relevant Implementation Date"</b>	means the date on which the Prospectus Directive

		is implemented in the Relevant Member State;
	<b>"Relevant Member State"</b>	means each member state of the European Economic Area which has implemented the Prospectus Directive;
	<b>"Relevant Remedy Period"</b>	means (i) in respect of a downgrade or withdrawal by Moody's, thirty (30) calendar days or in respect of a downgrade or withdrawal by Fitch, fourteen (14) calendar days;
+	<b>"Repo Agreement"</b>	means the repurchase agreement (documented under a 2011 GMRA, including Annex I ( <i>Supplemental Terms or Conditions</i> ) and Annex II ( <i>Master Confirmation and Form of Confirmation</i> ) thereto) entered into by the Issuer and the Repo Counterparty dated the Signing Date and any Repo Transaction thereunder;
+	<b>"Repo Counterparty"</b>	means de Volksbank;
+	<b>"Repo Transaction"</b>	means any repurchase transaction entered into under the Repo Agreement at any time as evidenced by a confirmation in the form as set out in Annex II ( <i>Master Confirmation and Form of Confirmation</i> ) to the Repo Agreement;
	<b>"Requisite Credit Rating"</b>	means the rating of (i) in respect of Moody's, 'Prime-1' (short-term) by Moody's and (ii) in respect of Fitch, the short-term issuer default rating of 'F-1' by Fitch or the long-term issuer default rating of 'A' by Fitch;
N/A	<b>"Reserve Account Target Level"</b>	
+	<b>"Reserved Amount"</b>	means on any Notes Payment Date up to (but excluding) the First Optional Redemption Date an amount equal to the sum of (i) the balance standing to the credit of the Floating Rate Purchase Ledger and (ii) the balance standing to the credit of the Fixed Rate Purchase Ledger, at the opening of business on such date Notes Payment Date;
+	<b>"Reserved Maximum Amount"</b>	means, in respect of a Notes Payment Date, an amount equal to EUR 1,000,000 or such other lower amount as agreed between the Seller and Issuer in respect of such Notes Payment Date;
+	<b>"Revenue Ledger"</b>	means the Ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as interest in accordance with the Administration Agreement;
	<b>"Revenue Priority of Payments"</b>	means the priority of payments set out as such in section 5.2 ( <i>Priorities of Payments</i> ) of this Prospectus;
	<b>"Risk Insurance Policy"</b>	means the risk insurance ( <i>risicoverzekering</i> ) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance

		Companies;
	"RMBS Standard"	means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;
*	"S&P"	means Standard & Poor's Credit Market Services Europe Limited;
	"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 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 Insurance Savings Participant;
	"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 amounts paid by the relevant Borrower, if any, to the Insurance Savings Participant on the basis of the Savings Insurance Policy;
	"Secured Creditors"	means (a) the Noteholders, (b) the Directors, (c) the Issuer Administrator, (d) the Servicer, (e) the Paying Agent, (f) the Reference Agent, (g) the Insurance Savings Participant, (h) the Seller, (i) the Bank Savings Participant, (j) the Cash Advance Facility Provider, (k) the Issuer Account Bank, (l) the Custodian and (m) the Repo Counterparty;
+	"Securities"	means on any date, the securities set forth in Clause 2(b) of Annex I of the Repo Agreement which is part of a Repo Transaction;
	"Securities Act"	means the United States Securities Act of 1933 (as amended);
+	"Securities Account"	means the administrative record opened in the books of the Custodian in the name of the Issuer, reflecting the holding and administration of the Securities;
+	"Securitisation Regulation"	means Regulation (EU) 2015/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulation (EC) No 1060/2009 and (EU) No 648/2012;
	"Security"	means any and all security interest created

		pursuant to the Pledge Agreements;
+	<b>"Security Account"</b>	means such account as opened by the Security Trustee in its name at any bank as chosen by the Security Trustee, to which account payments from Borrowers and any other relevant debtor shall be directed upon notification as referred to in Clause 5.1 of the Issuer Mortgage Receivables Pledge Agreement and/or the withdrawal of the power to collect pursuant to Clause 5.1 of the Issuer Rights Pledge Agreement;
+	<b>"Security Interests"</b>	means any of the Mortgages and/or Borrower Pledges;
	<b>"Security Trustee"</b>	means Stichting Security Trustee Lowland Mortgage Backed Securities 5, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>"Security Trustee Director"</b>	means SGG Securitisation Services B.V.;
	<b>"Security Trustee Management Agreement"</b>	means the security trustee management agreement between the Security Trustee, SGG Securitisation Services B.V. and the Issuer dated the Signing Date;
+	<b>"Security Trustee Secured Liabilities"</b>	means any and all liabilities (whether actual or contingent), whether principal, interest or otherwise, to the extent such liabilities result in a claim for payment of money ( <i>geldvordering</i> ), which are now or may at any time hereafter be due, owing or payable (i) from or by the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and the Trust Deed and (ii) from or by the Issuer to the Security Trustee resulting from or in connection with any of the other Transaction Documents;
	<b>"Seller"</b>	means de Volksbank;
	<b>"Servicer"</b>	means de Volksbank;
+	<b>"Servicer Termination Event"</b>	means any of the events mentioned in Clause 23.1 of the Servicing Agreement;
	<b>"Servicing Agreement"</b>	means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;
+	<b>"Servicing Rights"</b>	means any and all rights of the Issuer vis-à-vis the Servicer under or in connection with the Servicing Agreement;
+	<b>"Set-Off Amount"</b>	means, in respect of any Mortgage Receivable on any Notes Payment Date, an amount equal to the full amount due but unpaid in respect of such Mortgage Receivable during the Mortgage Calculation Period immediately preceding such Notes Payment Date if and to the extent the Issuer has not received such amount, as a result of the fact that a Borrower has invoked a right of set-off

		for amounts due by the Seller to it and the Issuer has not otherwise received such amount during the Mortgage Calculation Period immediately preceding such Notes Payment Date;
+	<b>"Set-Off Delivery Amount"</b>	means, on any Notes Payment Date, the higher of (i) the Potential Set-Off Required Amount minus the Posted Set-Off Collateral Value and (ii) zero;
+	<b>"Set-Off Financial Cash Collateral Funds"</b>	means, on any day, the Posted Set-Off Collateral standing to the credit of the Set-Off Financial Cash Collateral Ledger at opening of business of such day;
+	<b>"Set-Off Financial Cash Collateral Ledger"</b>	means the Ledger created for the purpose of recording any Eligible Collateral transferred by the Seller to the Issuer Collection Account under the Set-Off Financial Collateral Agreement in accordance with the Administration Agreement;
+	<b>"Set-Off Financial Collateral Agreement"</b>	means the set-off financial collateral agreement between the Issuer, the Seller and the Security Trustee dated the Signing Date;
+	<b>"Set-Off Financial Collateral Interest"</b>	means, with respect to a Mortgage Calculation Period, any amount of interest calculated for each day in that Mortgage Calculation Period on the Set-Off Financial Cash Collateral Funds and received by the Issuer in accordance with the Issuer Account Agreement;
+	<b>"Set-Off Return Amount"</b>	means, on any Notes Payment Date, the higher of (i) the Posted Set-Off Collateral Value minus the Potential Set-Off Required Amount and (ii) zero;
	<b>"Shareholder"</b>	means Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>"Shareholder Director"</b>	means Intertrust (Netherlands) B.V.;
*	<b>"Shareholder Management Agreement"</b>	means the shareholder management agreement between the Shareholder and Intertrust (Netherlands) B.V. dated 26 June 2001, as of which the Security Trustee has the benefit as a result of the letter signed for acceptance by Intertrust (Netherlands) B.V. and the Security Trustee dated the Signing Date;
	<b>"Signing Date"</b>	means 18 May 2018 or such later date as may be agreed between the Issuer, the Seller and the Manager;
	<b>"Solvency II"</b>	means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of Insurance and Reinsurance;
+	<b>"Solvency II Regulation"</b>	means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of



		the business of Insurance and Reinsurance;
+	<b>"Special Measures Financial Institutions Act"</b>	means Wet bijzondere maatregelen financiële ondernemingen and the rules and regulations promulgated pursuant thereto as implemented in the Wft;
+	<b>"SPVs"</b>	means the Issuer and the Previous Transaction SPVs;
+	<b>"SRM Regulation"</b>	means regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, and the rules and regulations related thereto;
	<b>"Stichting WEW"</b>	means Stichting Waarborgfonds Eigen Woningen;
+	<b>"Sub-Class"</b>	means in respect of the Class A Notes, the Class A1 Notes or the Class A2 Notes respectively;
	<b>"TARGET 2"</b>	means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;
	<b>"TARGET 2 Settlement Day"</b>	means any day on which TARGET 2 is open for the settlement of payments in euro;
*	<b>"Tax Call Option"</b>	means the option of the Issuer to redeem the Notes for certain tax reasons as provided in Condition 6(e);
	<b>"Temporary Global Note"</b>	means a temporary global note in respect of a Class of Notes;
	<b>"Transaction Documents"</b>	means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Financial Collateral Agreements, the Cash Advance Facility Agreement, the Issuer Account Agreement, the Servicing Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Notes Purchase Agreement, the Participation Agreements, the Beneficiary Waiver Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment and Pledge, any Deed of Purchase, Repurchase and Pledge, the Receivables Proceeds Distribution Agreement, the Collection Foundation Account Pledge Agreement, the Deposit Agreement, the Repo Agreement, including any Repo Transactions, the Custody Agreement and the Trust Deed and any further documents relating to the transaction envisaged in the above mentioned documents and any other such documents as may be designated by the Security Trustee as such;
+	<b>"Transaction Parties"</b>	means any party to the Transaction Documents or any counterparty of the Issuer;
	<b>"Trust Deed"</b>	means the trust deed entered into by, the Issuer,

		the Shareholder and the Security Trustee dated the Signing Date;
+	"Trustee Indemnification"	has the meaning ascribed to it in Clause 13.2 of the Mortgage Receivables Purchase Agreement;
	"U.S."	means the United States of America
	"Wft"	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and its subordinate and implementing decrees and regulations as amended from time to time;
*	"Wge"	means the Dutch Giro Securities Transfer Act ( <i>Wet Giraal Effectenverkeer</i> );
+	"Withheld Amount"	means the amount withheld as item (xiii) of the Available Revenue Funds; and
*	"WOZ"	means the Dutch Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ).
+	"de Volksbank"	means de Volksbank N.V., a public company ( <i>naamloze vennootschap</i> ) organised under Dutch law, and with its registered office in Utrecht, the Netherlands;

## 9.2 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, the Class B notes, the Class C Notes, the Class D Notes or the Class E Notes, as applicable;

a "**Class A1**", "**Class A2**", "**Class A**", "**Class B**", "**Class C**", "**Class D**" or "**Class E**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption Amount pertaining to, as applicable, the relevant Class or Sub-Class of Notes;

"**foreclosure**" includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" or "**directive**" or "**regulation**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, 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 "**Agreement**", "**Deed**", "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Agreement, Deed, 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*";

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of or otherwise replaced such party under 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**

#### **Lowland Mortgage Backed Securities 5 B.V.**

Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER AND SERVICER**

#### **de Volksbank N.V.**

Croeselaan 1  
3521 BJ Utrecht  
The Netherlands

### **ISSUER ADMINISTRATOR**

#### **Intertrust Administrative Services B.V.**

Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SECURITY TRUSTEE**

#### **Stichting Security Trustee Lowland Mortgage Backed Securities 5**

Hoogoorddreef 15  
1101 BA Amsterdam  
The Netherlands

### **LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER**

**(as to Dutch law)**

#### **NautaDutilh N.V.**

Beethovenstraat 400  
1082 PR Amsterdam  
The Netherlands

### **AUDITORS**

#### **Ernst & Young Accountants LLP**

Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

### **ISSUER ACCOUNT BANK**

#### **ING Bank N.V.**

Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

**CUSTODIAN**  
**ING BANK N.V.**  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

**PAYING AGENT, REFERENCE AGENT AND  
LISTING AGENT**  
**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**COMMON SAFEKEEPER**  
*In respect of the Class A Notes*  
**Clearstream, Luxembourg**  
42 Avenue J.F. Kennedy  
L-1855 Luxembourg  
Luxembourg

**Bank of America National Association,  
London Branch**  
*In respect of the Class B Notes, Class C  
Notes, Class D Notes and Class E Notes*  
2 King Edward Street,  
London EC1A 1HQ  
United Kingdom

**MANAGER AND ARRANGER**  
**de Volksbank N.V.**  
Croeselaan 1  
3521 BJ Utrecht  
The Netherlands