

24 February 2014

**VENN PARTNERS ACQUIRES €500m DUTCH RESIDENTIAL MORTGAGE PORTFOLIO
FROM GE ARTESIA BANK**

First step in Venn's establishment of a new Dutch mortgage lending platform

Venn Partners LLP ("Venn"), a specialist credit advisory and investment manager, is pleased to announce the acquisition of a €500 million portfolio of Dutch residential mortgages from GE Artesia Bank, a business unit of GE Capital International.

The acquisition is driven by GE Artesia Bank's decision to focus on its core international trade and commodity finance business, where it has been a leading player in the Dutch market for nearly half a century.

The deal is the first step in Venn's plans to establish a new lending platform focusing on the Dutch residential mortgage market, through primary origination and acquisitions of high-grade secondary mortgage portfolios. It plans to finance this business through the creation of an RMBS issuance platform, which would be the first new prime issuance entity in the Dutch RMBS market since the financial crisis began.

The Dutch RMBS market is characterised by low delinquencies and default rates, and has seen healthy issuance since the financial crisis, with total issuance of €11bn in 2012 and €17bn in 2013 and total outstanding issuance of €68bn.

The decision to enter this market is determined by Venn's view that there is a dislocation in the supply of lending into the €650 billion Dutch residential mortgage market, based on a range of factors.

Currently, new origination is largely provided by domestic banks, against a backdrop of the ongoing retrenchment of European banks and financial institutions in various lending markets. In addition to reducing borrower choice, a significant amount of new origination (reaching around 80% in 2013) has focused on loans which qualify under the Dutch government's NHG mortgage guarantee scheme, driven by the bank's preferences for lower regulatory capital charges in combination with a loosening of NHG criteria post the financial crisis. However, the NHG scheme is now being reduced, increasing the demand for non-NHG mortgages.

In addition, typical barriers to entry to the mortgage market are lower in the Netherlands than elsewhere. In particular, the relatively expensive cost of bank deposits in the Netherlands plus its prevailing strong intermediary network (>60% of origination is via intermediaries) present a favourable landscape for a new lending platform that is supported by a prime securitisation platform and without the need or associated cost of a large-branch network.

Venn therefore believes that this acquisition and creation of an RMBS programme will provide a unique opportunity to build a new lending platform in the non-NHG Dutch mortgage market and to provide a competitive alternative for borrowers.

The transaction is part of Venn's wider strategy to expand its direct asset based lending activities in Europe; focusing on markets that demonstrate a systemic dislocation or distortion in credit supply as a consequence of the restrictions or retreat of traditional bank lending activities. Since its launch in 2009, Venn has already established direct lending operations in European Commercial Real Estate, Renewable Energy and Receivables Finance.

Jonathan Clayton, Managing Partner of Venn Partners, commented:

"We were delighted to work together with GE Capital and GE Artesia Bank on this transaction, which we see as ground-breaking in the Dutch mortgage market.



The systemic changes in the Dutch mortgage market combined with continued retrenchment and constraints on incumbent lenders provide a positive backdrop for us to build a competitive and meaningful new platform.

The acquisition is also part of our broader strategy to further expand our direct lending activity in the European Asset Finance markets and to provide access to a broad range of investors to the opportunities in the private credit markets.“

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