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

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# PROSPECTUS DATED 24 NOVEMBER 2014

## Essence V B.V. as Issuer (incorporated with limited liability in the Netherlands)

|   | Class A                                     | Class B                                  | Class C                                  |
|---|---|--|--|
| <b>Principal Amount</b>                                   | EUR 666,400,000                             | EUR 52,500,000                           | EUR 9,400,000                            |
| <b>Issue Price</b>  | 100 per cent.                               | 100 per cent.                            | 100 per cent.                            |
| <b>Interest rate until First Optional Redemption Date</b> | 1.10 per cent. per annum                    | 2.00 per cent. per annum                 | 2.25 per cent. per annum                 |
| <b>Interest rate after First Optional Redemption Date</b> | 2.20 per cent. per annum                    | 6.00 per cent. per annum                 | 6.75 per cent. per annum                 |
| <b>Expected ratings (Moody's / DBRS)</b>                  | 'Aaa (sf)' / AAA'sf                         | NR / NR                                  | NR / NR                                  |
| <b>First Optional Redemption Date</b>                     | Notes Payment Date falling in December 2019 | Notes Payment Date falling December 2019 | Notes Payment Date falling December 2019 |
| <b>Final Maturity Date</b>                                | December 2063                               | December 2063                            | December 2063                            |

**Amstelstaete Hypotheken B.V., ATRIOS Hypotheekfonds B.V., Capitalum Hypotheken B.V., Estate Hypotheken B.V., Huizen Hypotheken B.V., Hypinvest B.V., IKS Hypotheken B.V., Muzen Hypotheken B.V., Nationale Hypotheek Maatschappij B.V., NIBC Direct Hypotheek B.V., NIBC Direct Hypotheken B.V., Nieuwegein Hypotheken B.V., Quion 14 B.V., Quion 19 B.V., Quion 30 B.V., Quion I B.V., Quion III B.V., Royal Residentie Hypotheken B.V., Seyst Hypotheken B.V., Zwaluw Hypotheken B.V. and 1895 Hypotheken B.V.  
as Sellers**

|                               |  |
|-------------------------------|--|
| <b>Closing Date</b>           | The Issuer will issue the Notes in the classes set out above on 27 November 2014 (or such later date as may be agreed between the Issuer and NIBC) (the " <b>Closing Date</b> ").  |
| <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 the Sellers and SRLEV and Goudse Levensverzekeringen N.V., ING Verzekeringen N.V. CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.) and secured over residential properties located in the Netherlands. Legal title to the resulting Mortgage Receivables will be assigned to the Issuer on the Closing Date and, subject to certain conditions being met, during a period from the Closing Date until but excluding the Final Maturity 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 and the Issuer Rights (see section 4.7 ( <i>Security</i> )).  |
| <b>Denomination</b>           | The Notes will have a minimum denomination of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof.  |
| <b>Form</b>                   | The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.  |

|                                     |  |
|-------------------------------------|--|
| <b>Interest</b>                     | The Notes will carry fixed rates of interest as set out above, payable monthly in arrear on each Notes Payment Date. See further Condition 4 ( <i>Interest</i> ).  |
| <b>Redemption Provisions</b>        | Payments of principal on the Notes will be made monthly in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. The Notes will mature on the Final Maturity Date. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances, the Issuer will have the option to redeem all of the Notes (other than the Class C Notes) and has undertaken to use its best efforts to sell the Mortgage Receivables on such date for the Sale Price. If the Issuer does not exercise its option to redeem all (but not some only) of the Notes, other than the Class C Notes, on the First Optional Redemption Date, the Issuer shall use its best efforts to sell the Mortgage Receivables for the Sale Price and redeem the Notes, other than the Class C Notes, every 6 months. See further Condition 6 ( <i>Redemption</i> ). |
| <b>Subscription and Sale</b>        | The Lead Manager (or its affiliates) has agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Class A Notes, the Class B Notes and the Class C Notes.  |
| <b>Purchase by NIBC:</b>            | NIBC Bank N.V. has agreed to purchase the Class A Notes and other Classes of Notes as part of the initial issuance of the Notes and will be able to exercise their voting rights in respect of any such Notes.   |
| <b>Credit Rating Agencies</b>       | Each of Moody's and DBRS (together, the " <b>Credit Rating Agencies</b> ") is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the " <b>CRA Regulation</b> "). 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 (" <b>ESMA</b> ") on its website in accordance with the CRA Regulation.  |
| <b>Ratings</b>                      | <p>Ratings will only be assigned to the Class A Notes, as set out above on or before the Closing Date. The ratings of the Class A Notes, addresses the assessment made by each of the Credit Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.</p> <p><b>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</b></p>   |
| <b>Listing</b>                      | <p>Application has been made to list the Class A Notes on Euronext Amsterdam. The Class B Notes and the Class C Notes will not be listed. The Class A Notes are expected to be listed on or about the Closing Date.</p> <p>This prospectus (the "<b>Prospectus</b>") 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 Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.   |
| <b>Limited recourse obligations</b> | The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available. See section 2 ( <i>Risk Factors</i> ).  |
| <b>Subordination</b>                | The right of payment of interest and principal on the Classes of Notes, other than the Class A Notes and, in respect of principal, the Class C Notes, are subordinated to the other Classes of Notes in reverse alphabetical order. See section 5 ( <i>Credit Structure</i> ).   |

|  |   |
|--|---|
| <b>Retention and Information Undertaking</b> | <p>NIBC has undertaken to the Issuer, the Security Trustee and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation which shall in any event not be less than 5%, in accordance with article 405 of the CRR and article 51 of the AIFMR. As at the Closing Date, such interest is retained in accordance with article 405 of the CRR and article 51 of the AIFMR by NIBC within the meaning of the CRR or the AIFMR, as the case may be, by holding (part of) the Class B Notes and the Class C Notes.</p> <p>In addition, NIBC shall make available to Noteholders all materially relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR and the AIFMR, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation and to ensure that the Noteholders have readily available access to all materially relevant data (see Section 8 (<i>General</i>) for more details). See Section 2 (<i>Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes</i>) and Section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p> |
|--|---|

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

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

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

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

*Arranger and Lead Manager*  
**NIBC Bank N.V.**

## 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. The Issuer accepts such responsibility accordingly. 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 Sellers are also responsible for the information contained in the following sections of this Prospectus: section 3.4 '*Originators*', 3.5 '*Servicer*', section 6 '*Portfolio Information*', sub-sections '*Stater*' and '*Quion Groep B.V.*' under section 7.5 '*Servicing Agreement*', the paragraph '*Average life*' in section 1.4 '*Transaction Overview*' and, together with NIBC, each paragraph dealing with article 405 of the CRR and article 51 of the AIFMR. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers and NIBC 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, any Seller or the Lead Manager.

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* below. No one is authorised by the Issuer or each Seller to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Lead 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 any Seller nor NIBC has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading.

The Lead 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 language of the Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Prospectus.

The Notes have not been and will not be registered under the 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 U.S. tax regulations and Regulation S under the Securities Act (see section 4.3 (*Subscription and Sale*)). The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering on accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

The Lead Manager has not separately verified the information set out in this Prospectus. To the fullest extent permitted by law, the Lead Manager does not accept any responsibility for the content of this Prospectus or for any statement or information contained in or consistent with this Prospectus in connection with the offering of the Notes. The Lead Manager disclaims any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

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## **1. TRANSACTION OVERVIEW**

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto.*

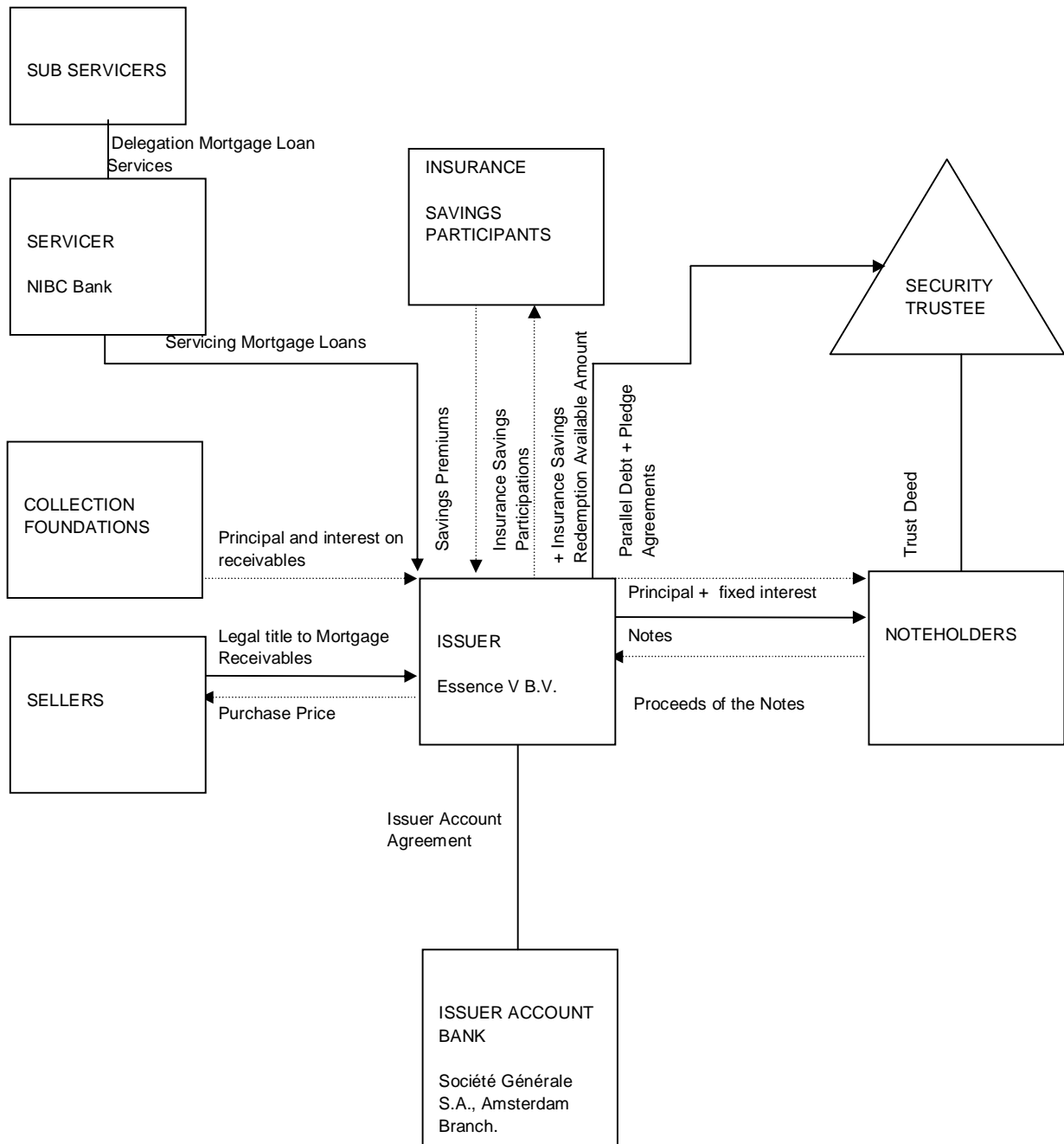
*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (Definitions) of the Glossary of Defined Terms set out in this Prospectus.*

*The principles of interpretation set out in paragraph 2 (Interpretation) of the Glossary of Defined Terms in this Prospectus shall apply to 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 facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see section 2 *Risk Factors*).

### 1.3 PRINCIPAL PARTIES

|                          |   |
|--------------------------|---|
| <b>Issuer:</b>           | Essence V B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 61812986. The entire issued share capital of the Issuer is held by the Shareholder.  |
| <b>Shareholder:</b>      | Stichting Dutch MBS Holding, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ).  |
| <b>Security Trustee:</b> | Stichting Security Trustee Essence V, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ).   |
| <b>Sellers:</b>          | <p>Amstelstaete Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169418;</p> <p>ATRIOS Hypotheekfonds B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27263477;</p> <p>Capitalum Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27268783;</p> <p>Estate Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27260432;</p> <p>Huizen Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27243228;</p> <p>Hypinvest B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169419;</p> <p>IKS Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27258412;</p> |

Muzen Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27185657;

Nationale Hypotheek Maatschappij B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27193063;

NIBC Direct Hypotheek B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 53076796;

NIBC Direct Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 53084179;

Nieuwegein Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 30108842;

Quion 14 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 33281382;

Quion 19 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 53816978;

Quion 30 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169414;

Quion I B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27151794;

Quion III B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce

for the Haaglanden under number 27173364;

Royal Residentie Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27159558;

Seyst Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27159557;

Zwaluw Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27243227; and

1895 Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 7278624.

All outstanding shares in the capital of each of the Sellers are indirectly held by NIBC Bank N.V. ("**NIBC**"), incorporated under the laws of the Netherlands as a public company (*naamloze vennootschap*) having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27032036..

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| <b>Servicer:</b>                               | NIBC in its capacity as the Servicer will initially appoint each of STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.   |
| <b>Sub-servicers:</b>                          | STATER Nederland B.V. and Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V., each incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) (each a Sub-servicer).  |
| <b>Back-up Administrator</b>                   | Intertrust Administrative Services B.V.   |
| <b>Issuer Administrator:</b>                   | NIBC.   |
| <b>Issuer Account Bank:</b>                    | Société Générale S.A., Amsterdam Branch.  |
| <b>Previous Transaction Security Trustees:</b> | Stichting Security Trustee Essence IV, Stichting Security Trustee Essence III, Stichting Security Trustee Dutch MBS XVIII, Stichting Security Trustee Dutch MBS XVII, Stichting Security Trustee Dutch MBS XVI, Stichting Security Trustee Dutch MBS XV, Stichting Security Trustee SOUND II and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company. |

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| <b>Previous Transaction SPVs:</b>      | Essence IV B.V., Essence III B.V., Dutch MBS XVIII B.V., Dutch MBS XVII B.V., Dutch MBS XVI B.V., Dutch MBS XV B.V., SOUND II B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V.   |
| <b>Directors:</b>                      | Intertrust Management B.V. as the sole director of the Issuer, Intertrust (Netherlands) B.V. as the sole director of Stichting Dutch MBS Holding and Amsterdamsch Trustee's Kantoor B.V. as the sole director of the Security Trustee. |
| <b>Paying Agent:</b>                   | Citibank, N.A., London Branch.   |
| <b>Listing Agent:</b>                  | NIBC.  |
| <b>Arranger:</b>                       | NIBC.  |
| <b>Lead Manager:</b>                   | NIBC.  |
| <b>Common Service Provider:</b>        | Citibank, N.A., London Branch.   |
| <b>Common Safekeeper:</b>              | In respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Notes, other than the Class A Notes, Citibank Europe Plc.   |
| <b>Insurance Savings Participants:</b> | APL, Generali and SRLEV, each with respect to the Mortgage Loans which have attached a Savings Investment Insurance Policy or a Savings Insurance Policy taken out with it.  |

## 1.4 NOTES

Certain features of the Notes are summarised below (see for a further description below):

|   | <b>Class A</b>                              | <b>Class B</b>                              | <b>Class C</b>                              |
|---|---|---|---|
| <b>Principal Amount</b>                                   | EUR 666,400,000                             | EUR 52,500,000                              | EUR 9,400,000                               |
| <b>Issue Price</b>  | 100 per cent.                               | 100 per cent.                               | 100 per cent.                               |
| <b>Interest rate until First Optional Redemption Date</b> | 1.10 per cent. per annum                    | 2.00 per cent. per annum                    | 2.25 per cent. per annum                    |
| <b>Interest rate after First Optional Redemption Date</b> | 2.20 per cent. per annum                    | 6.00 per cent. per annum                    | 6.75 per cent. per annum                    |
| <b>Expected ratings (Moody's / DBRS)</b>                  | 'Aaa (sf)' / 'AAA' sf                       | NR / NR                                     | NR / NR                                     |
| <b>First Optional Redemption Date</b>                     | Notes Payment Date falling in December 2019 | Notes Payment Date falling in December 2019 | Notes Payment Date falling in December 2019 |
| <b>Final Maturity Date</b>                                | Notes Payment Date falling in December 2063 | Notes Payment Date falling in December 2063 | Notes Payment Date falling in December 2063 |

**Notes:** The Notes shall be the following notes of the Issuer, which are expected to be issued on or about the Closing Date:

- (i) the Class A Notes;
- (ii) the Class B Notes; and
- (iii) the Class C Notes.

**Issue Price:** The issue price of the Notes shall be as follows:

- (i) the Class A Notes 100 per cent.;
- (ii) the Class B Notes 100 per cent.; and
- (iii) the Class C 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 and higher integral multiples of EUR 1,000 with a maximum of EUR 199,000.

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| <b>Status &amp; Ranking:</b>             | <p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on the Class A Notes and (ii) payments of principal and interest on the Class C Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on the Class A Notes and the Class B Notes.</p> <p>See further section 4.1 (<i>Terms and Conditions</i>).</p>   |
| <b>Interest:</b>                         | <p>Interest on the Notes is payable by reference to the successive Interest Periods. The interest will be calculated on the basis of 30 day month divided by 360 days.</p> <p>Interest will be payable monthly in arrear in respect of the Principal Amount Outstanding on each Notes Payment Date.</p> <p>Interest on the Notes for each Interest Period will accrue from the Closing Date at a fixed rate equal to:</p> <ul style="list-style-type: none"> <li>(i) for the Class A Notes, 1.10 per cent. per annum;</li> <li>(ii) for the Class B Notes, 2.00 per cent. per annum;</li> <li>(iii) for the Class C Notes, 2.25 per cent. per annum.</li> </ul>  |
| <b>Interest Step-Up:</b>                 | <p>If on the First Optional Redemption Date the relevant Class of Notes has not been redeemed in full, the rate of interest applicable for the Notes will accrue at a fixed rate equal to:</p> <ul style="list-style-type: none"> <li>(i) for the Class A Notes, 2.20 per cent. per annum;</li> <li>(ii) for the Class B Notes, a margin of 6.00 per cent. per annum; and</li> <li>(iii) for the Class C Notes, a margin 6.75 per cent. per annum;</li> </ul>  |
| <b>Redemption of the Notes:</b>          | <p>The Issuer will be obliged to apply the Available Principal Redemption Funds to (partially) redeem the Notes, other than the Class C Notes, on each Notes Payment Date at their respective Principal Amount Outstanding, on a <i>pro rata</i> basis within a Class, in the following order:</p> <ul style="list-style-type: none"> <li>(a) <i>first</i>, the Class A Notes, until fully redeemed; and</li> <li>(b) <i>second</i>, the Class B Notes, until fully redeemed.</li> </ul> <p>The Class C Notes will be subject to mandatory partial redemption on each Notes Payment Date as further described in the Conditions.</p>   |
| <b>Optional Redemption of the Notes:</b> | <p>The Issuer will have the option to redeem all of the Notes, other than the Class C Notes, but not some only, on each Optional Redemption Date at their respective Principal Amount Outstanding, subject to Condition 9(b) and has undertaken to use its best efforts to sell the Mortgage Receivables for the Sale Price. If the Issuer does not exercise its option to redeem all (but not some only) of the Notes, other than the Class C Notes, on the First Optional Redemption Date, the Issuer has undertaken to use its best efforts to sell the Mortgage Receivables for the Sale Price and redeem the Notes, other than the Class C Notes, every 6 months. The Notes, other than the Class A Notes, can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6 and 9(b) in <i>Conditions</i> below). For the avoidance of</p> |



doubt, balances standing on the Reserve Account can be used to redeem the Notes as well, provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable priority of payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on the First Optional Redemption Date, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are 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, the sale price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) 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.

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on each Notes Payment Date after the First Optional Redemption Date, shall be at least equal to the relevant Principal Amount Outstanding at such time of the Class A Notes, increased with interest due but not paid, and the amount required to meet any payment of the Issuer ranking above the payment of principal and interest on the Class A Notes (taking into account the funds available on the Liquidity Reserve Account and the Reserve Account)..

For the avoidance of doubt, balances standing on the Reserve Account can be used to redeem the Notes as well, provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable priority of payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

**Final Maturity Date:**

If and to the extent not otherwise redeemed, the Issuer will redeem the Class A Notes at their respective Principal Amount Outstanding on the Final Maturity Date.

**Average life:**

The estimated average life of the Notes, other than the Class C Notes, on the Closing Date based on the assumptions that (i) full replenishment will take place up to the First Optional Redemption Date and (ii) the Issuer will redeem the Notes on the First Optional Redemption Date will be as follows:

- (i) the Class A Notes 5.00 years; and
- (ii) the Class B Notes 5.00 years.

The average lives of the Notes given above should be viewed with caution; reference is made to the paragraph *Risk related to prepayments on the Mortgage Loans* in section 2 *Risk Factors*. See section 6.1 (*Stratification Tables*).

**Redemption for regulatory reasons:**

In the event of the occurrence of a Regulatory Change, the Issuer may, if so directed by NIBC, the sole (indirect) shareholder of the Sellers, redeem all (but not some only) of the Notes, other than the Class C

Notes, on any Notes Payment Date at their Principal Amount Outstanding on such date, together with interest accrued up to and including the date of redemption, subject to, in respect of the Class B Notes, Condition 9(b). The Sellers have undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Relevant Mortgage Receivables, if the Issuer upon the direction of NIBC exercises the Regulatory Call Option, or alternatively the Sellers may appoint a third party at their discretion and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party. The Sale Price will be calculated as described in *Sale of Mortgage Receivables* below.

**Clean-Up Call Option:**

If on any Notes Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Issuer has the option (but not the obligation) to redeem all (but not some only) of the Notes, other than the Class C Notes, at their Principal Amount Outstanding, subject to, in respect of the Class B Notes, Condition 9(b).

**Redemption for tax reasons:**

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 laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Class B Notes, Condition 9(b).

**Retention and disclosure requirements under the CRR:**

NIBC has undertaken to the Issuer, the Security Trustee and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation which shall in any event not be less than 5%, in accordance with article 405 of the CRR and article 51 of the AIFMR. As at the Closing Date, such interest is retained in accordance with article 405 of the CRR and article 51 of the AIFMR by NIBC within the meaning of the CRR or the AIFMR, as the case may be, holding (part of) the Class B Notes and the Class C Notes.

In addition, NIBC shall make available to Noteholders all materially relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR and the AIFMR, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation and to ensure that the Noteholders have readily available access to all materially relevant data.

NIBC and the Sellers accept responsibility for the information set out in this paragraph.

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| <b>Use of proceeds:</b>        | <p>The Issuer will use the net proceeds from the issue of the Notes, other than the Class C Notes, to pay part of the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of the Mortgage Receivables Purchase Agreement and made between the Sellers, the Issuer and the Security Trustee and 61.76 per cent. of the proceeds of the Class C Notes will be deposited on the Liquidity Reserve Account and 38.24 per cent. of the proceeds of the Class C Notes will be deposited on the Reserve Account.</p>  |
| <b>Withholding Tax:</b>        | <p>All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges 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. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.</p> |
| <b>FATCA Withholding:</b>      | <p>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 "<b>Code</b>") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof, or any law implementing an intergovernmental agreement thereto. Any such amounts withheld or deducted 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.</p>   |
| <b>Method of Payment:</b>      | <p>For so long as the Notes are represented by a Global Note, payments of principal and interest on the Notes will be made in euros to the Common Safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.</p>   |
| <b>Security for the Notes:</b> | <p>The Notes will be secured:</p> <ul style="list-style-type: none"> <li>(i) by a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables, including all rights ancillary thereto and (b) the Beneficiary Rights; and</li> <li>(ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Insurance Savings Participation Agreements, the Administration Agreement, the Back-up Administration Agreement and the Issuer Account Agreement in respect of the Issuer Accounts.</li> </ul> <p>After delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, <i>inter alia</i>, will consist of amounts recovered by the Security Trustee in</p>  |

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. See further section 5 (*Credit Structure*) and section 4.7 (*Security*).

In addition, the Collection Foundations shall grant a first right of pledge on the balance standing to the credit of the relevant Collection Foundation Account in favour of the Issuer and the Previous Transaction SPVs jointly, and the Issuer and the Previous Transaction SPVs by way of repledge create a first right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees each subject to the agreement that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the Foundation Accounts Provider.

**Parallel Debt Agreement:**

On the Closing Date, the Issuer and the Security Trustee will – among others – 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 amounts equal to the amounts 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 Closing Date the Issuer will enter into the Paying Agency Agreement with the Paying 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 A Notes to be admitted to the official list and trading on its regulated market.

**Ratings:**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' sf rating by DBRS and a 'Aaa (sf)' rating by Moody's. The Class B Notes and the Class C Notes will not be assigned a rating.

**Settlement:**

Euroclear and Clearstream, Luxembourg.

**Governing Law:**

The Notes will be governed by and construed in accordance with the laws of the Netherlands.

**Selling Restrictions:**

There are selling restrictions in relation to the European Economic Area, France, Italy, the United Kingdom 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

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| <b>Available Funds:</b>                | The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with drawings from the Liquidity Reserve Account, the Reserve Account and the Issuer Collection Account, to make payments of, <i>inter alia</i> , principal and interest due in respect of the Notes.   |
| <b>Priority of Payments:</b>           | The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see section 5 ( <i>Credit Structure</i> )) and the right to payment of interest and principal on the Class B Notes and the Class C Notes will be subordinated to the Class A Notes and limited as more fully described herein under section 4.1 ( <i>Credit Structure</i> and <i>Terms and Conditions</i> ).   |
| <b>Issuer Accounts:</b>                | <p>The Issuer shall maintain with the Issuer Account Bank the following accounts:</p> <ul style="list-style-type: none"><li>(i) an account to which on each Mortgage Collection Payment Date - <i>inter alia</i> - all amounts received in respect of the Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement (the "<b>Issuer Collection Account</b>");</li><li>(ii) an account to which, on the Closing Date, part of the proceeds of the Class C Notes, and on each Notes Payment Date, certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred (the "<b>Reserve Account</b>");</li><li>(iii) an account to which, on the Closing Date, part of the proceeds of the Class C Notes, and on each Notes Payment Date, certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred (the "<b>Liquidity Reserve Account</b>"); and</li><li>(iv) an account to which, on the Closing Date and on each Notes Payment Date, an amount equal to the aggregate Construction Deposits, if any, will be transferred in accordance with the Mortgage Receivables Purchase Agreement (the "<b>Construction Deposit Account</b>");</li></ul> |
| <b>Collection Foundation Accounts:</b> | All payments made by the Borrowers in respect of the Mortgage Loans will be paid into the Collection Foundation Accounts.  |
| <b>Issuer Account Agreement:</b>       | <p>On the Closing Date the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank, under which the Issuer Account Bank agrees to pay a guaranteed interest rate determined by reference to EONIA, on the balance standing to the credit of each of the Issuer Accounts from time to time. See section 5 (<i>Credit Structure</i>).</p> <p>If at any time, such guaranteed interest rate determined by reference to EONIA would result in a negative interest rate, the Issuer Account Bank has the right to charge such negative interest, provided that it has sent a written notice to the Issuer ten (10) business days in advance.</p>   |

**Administration Agreement:**

Under the Administration Agreement between the Issuer, the Issuer Administrator and the Security Trustee, the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

**Back-up Administration Agreement**

Under the Back-up Administration Agreement between the Issuer, the Security Trustee and the Back-up Administrator, the Back-up Administrator will agree to provide the administration, calculation and cash management services to the Issuer substantially on the terms of the Administration Agreement in case the Administration Agreement is terminated or the appointment of the Issuer Administrator is terminated for whatever reason.

## 1.6 PORTFOLIO INFORMATION

### 1. Key Characteristics

|  | As per Cutt-Off Date |
|--|----------------------|
| Principal amount   | 732,776,960.94       |
| Value of savings deposits                                    | 13,876,960.94        |
| Net principal balance  | 718,900,000.00       |
| Construction Deposits  | 1,550,348.68         |
| Net principal balance excl. Construction and Saving Deposits | 717,349,651.32       |
| Number of loans  | 4,561                |
| Number of loanparts  | 8,174                |
| Average principal balance (borrower)                         | 160,661.47           |
| Weighted average current interest rate                       | 4.49%                |
| Weighted average maturity (in years)                         | 21.78                |
| Weighted average remaining time to interest reset (in years) | 7.57                 |
| Weighted average seasoning (in years)                        | 6.18                 |
| Weighted average CLTOM V                                     | 87.09%               |
| Weighted average CLTIM V                                     | 91.25%               |
| Weighted average CLTOFV                                      | 99.04%               |
| Weighted average CLTIFV                                      | 103.67%              |

#### Mortgage Loans:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the relevant Seller the Relevant Mortgage Receivables, which include NHG Mortgage Loan Receivables. The Mortgage Receivables will result from Mortgage Loans secured by a mortgage right over Mortgaged Assets which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date.

Part of the Mortgage Loans sold by Amstelstaete, Hypinvest and Zwaluw have been originated by Originators other than these respective Sellers and have been transferred to these Sellers. See section 6.3 (*Origination and Servicing*) below.

The pool of Mortgage Loans (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) will consist of Interest-only Mortgage Loans (*aflossingsvrije hypotheke*), Investment Mortgage Loans (*beleggingshypotheke*), Life Mortgage Loans (*levenhypotheke*), Savings Mortgage Loans (*spaarhypotheke*), Switch Mortgage Loans (*switch hypotheke*), Linear Mortgage Loans (*lineaire hypotheke*) and Annuity Mortgage Loans (*annuïteiten hypotheke*) or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right and were 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. If a Mortgage Loan consists of one or more Loan

Parts, the relevant 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 at the Closing Date (or at the Relevant Notes Payment Date as the case may be). See section 6.2 (*Description of Mortgage Loans*).

Subject to what is set out in section 2 (*Risk factors*), the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

**NHG Guarantee:**

Certain Mortgage Loans are NHG Mortgage Loans. The aggregate Outstanding Principal Amount of the NHG Mortgage Loan Receivables at the Cut-Off Date amounts to EUR 430,765,584.90. See further section 6.2 (*Description of the Mortgage Loans*) and section 6.5 (*NHG Guarantee Programme*).

**Risk Insurance Policies:**

Each Mortgage Loan, except for Mortgage Loans originated by NIBC Direct Hypotheek and NIBC Direct Hypotheken and Mortgage Loans originated from June 2013, shall further have the benefit of a Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 100 per cent. of the foreclosure value of the Mortgaged Asset. Each Mortgage Loan originated by NIBC Direct Hypotheek and NIBC Direct Hypotheken and Mortgage Loans originated from June 2013, shall further have the benefit of a Risk Insurance Policy in the event and to the extent the relevant Mortgage Loan exceeds 80 per cent. of the market value of the Mortgaged Asset. In the case of a Mortgage Loan of which one or more loan part includes a Life Mortgage Loan, Switch Mortgage Loan or Savings Mortgage Loan, such Risk Insurance Policy will be included in the relevant Life Insurance Policy, Savings Investment Insurance Policy or Savings Insurance Policy (see below).

**Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Life Mortgage Loans, i.e. Mortgage Loans or parts thereof which have the benefit of Life Insurance Policies taken out by Borrowers with an Insurance Company. Under a Life Mortgage Loan, no principal is paid until maturity. The Life Insurance Policies are offered in the following alternatives by the Insurance Companies. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii) a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the guaranteed amount. "**Unit-Linked Alternative**" means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. The Life Insurance Policies are pledged to the relevant Seller as security for repayment of the relevant Life Mortgage Loan.

See section 2 (*Risk Factors*) and section 6.2 (*Description of the Mortgage Loans*).

**Savings Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Savings Mortgage Loans, which consist of Mortgage Loans entered into by the relevant Seller and the relevant Borrowers combined with a Savings Insurance Policy with the relevant Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the relevant Insurance Savings Participant in connection with the relevant Savings Mortgage Loan.



Under the Savings Mortgage Loan, no principal is paid by the Borrower prior to maturity of the Savings Mortgage Loan. Instead, the Borrower/insured pays Savings Premium on a monthly basis. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Insurance Savings Participant to the relevant Borrower is equal to the principal amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan. The Savings Insurance Policies are pledged to the relevant Seller as security for repayment of the relevant Savings Mortgage Loan. See further section 2 (*Risk Factors*) and section 6.2 (*Description of the Mortgage Loans*).

**Switch Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Switch Mortgage Loans. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy with the relevant Insurance Savings Participant whereby the premiums paid are invested in Investment Alternatives and/or Savings Alternatives, whereby the interest rate received on the credit balance is equal to that under the Mortgage Loan. The Borrowers have the possibility to switch their investments in the Investment Alternative to and from the relevant Savings Alternative. The Savings Investment Insurance Policies are pledged to the relevant Seller as security for repayment of the relevant Switch Mortgage Loan.

**Investment Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Investment Mortgage Loans. Under an Investment Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an instalment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The rights under these investments are pledged to the relevant Seller as security for repayment of the relevant Investment Mortgage Loan. See section 2 (*Risk Factors* and *Description of Mortgage Loans*).

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans or parts thereof will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 100 per cent. of the Foreclosure Value of the Mortgaged Asset at the time of origination, except for NHG Mortgage Loans, for which Interest-only Mortgage Loan Parts may have been granted up to an amount equal to 50 per cent. of the Foreclosure Value of the Mortgaged Asset.

**Annuity Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Annuity Mortgage Loans. Under an Annuity Mortgage Loan the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that such Mortgage Loan will be fully redeemed at the end of its term.

**Linear Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower

redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.

**Construction Deposits:**

The Construction Deposits are deposited on an account with the relevant Seller which is pledged to such Seller and will be paid out in case certain conditions are met. The Issuer and the Sellers will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Deposits as per the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables or New Mortgage Receivables, on the relevant Purchase Date. Such amounts will be deposited on the Construction Deposit Account. On each Notes Payment Date, the Issuer will release from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Deposits and the balance standing to the credit of the Construction Deposit Account and pay such amount to the relevant Seller.

Pursuant to the mortgage conditions in respect of the Mortgage Loans, Construction Deposits have to be paid out within 12 to 24 months (depending on the product). After such period, any remaining Construction Deposits, if the Construction Deposit exceeds EUR 7,500 or 2,500, as the case may be, will be set-off against the Mortgage Receivable, up to the amount of the remaining Construction Deposit, in which case the Issuer shall have no further obligation towards the Sellers to pay the remaining relevant part of the Initial Purchase Price and an amount equal to such part of the Initial Purchase Price will be debited from the Construction Deposit Account on such Notes Payment Day and will be used for redemption of the Notes, other than the Class C Notes, in accordance with the Conditions of the Notes. See further *Mortgage Receivables Purchase Agreement*.

## 1.7 PORTFOLIO DOCUMENTATION

### **Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of the Mortgage Receivables, which will include any Substitute Mortgage Receivables and New Mortgage Receivables upon the purchase and acceptance of the assignment thereof), of each of the Sellers against the Borrowers under or in connection with certain pre-selected Mortgage Loans. The Issuer will be entitled to the principal proceeds of the Mortgage Receivables from (and including) the Cut-Off Date and to the interest proceeds (including Prepayment Penalties) from (and including) the Closing Date.

Each Seller has the benefit of Beneficiary Rights which entitle the relevant Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, each Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

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

In the Mortgage Receivables Purchase Agreement, each of the Sellers has undertaken to repurchase and accept reassignment of a Relevant Mortgage Receivable for the Sale Price on the Mortgage Collection Payment Date immediately following:

- (i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including the representation and warranty that the Relevant Mortgage Loans or, as the case may be, the Relevant Mortgage Receivables meet certain mortgage loan criteria, are untrue or incorrect in any material respect; or
- (ii) the date on which the relevant Seller agrees with a Borrower to grant a Further Advance; or
- (iii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Relevant Mortgage Receivable vis-à-vis the relevant Borrower; or
- (iv) the date on which the relevant Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan, or part of such Relevant Mortgage Loan, as a result of which such Relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Relevant Mortgage Loan such Seller shall not repurchase such Relevant Mortgage Receivable; or
- (v) the date on which the relevant Insurance Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to a Savings

Switch; or

- (vi) the date on which the relevant Insurance Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with an Investment Alternative to switch whole or part of the premia accumulated in the Investment Alternative into the Savings Alternative and the relevant Insurance Savings Participant has not entered into an Insurance Savings Participation Agreement with the Issuer in respect of such Switch Mortgage Receivable; or
- (vii) in respect of Quion I, Quion III, Quion 14, Quion 19 B.V. and Quion 30 only, the date on which (i) the interest on the Relevant Mortgage Receivable will be reset, if the interest rate in respect of such Relevant Mortgage Receivable is reset and the Relevant Mortgage Loan shall according to the relevant Mortgage Conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller) or (ii) an amendment of the terms of the Relevant Mortgage Loan upon the request of a Borrower is refused by any of Quion I, Quion III, Quion 14, Quion 19 B.V. and Quion 30 and the Relevant Mortgage Loan shall, according to the relevant Mortgage Conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller); or
- (viii) the date on which the relevant Seller agrees with the relevant Borrower to set the interest rate with respect to the Relevant Mortgage Loan (or relevant loan part thereof) for the next succeeding fixed interest rate period (*rente vastperiode*) at a fixed interest rate lower than 2.25 per cent. per annum; or
- (ix) in respect of the Relevant Mortgage Loan (or relevant loan part thereof) which is linked to a floating interest rate index, the date on which the relevant Seller agrees with the relevant Borrower to set the margin over the relevant floating interest rate index at a value lower than 2.25 per cent. per annum.

Furthermore, each of the Sellers has the option, but not the obligation, to repurchase and accept reassignment of a Relevant Mortgage Receivable for the Sale Price on a Mortgage Collection Payment Date and the Issuer shall accept such repurchase and shall reassign such Relevant Mortgage Receivable to the relevant Seller, provided that relevant Seller has notified the Issuer thereof five (5) business days in advance and provided that the Sellers jointly may under this option not repurchase more than five (5) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables per calendar year (as calculated on the first day of such calendar year).

The Sale Price for the Relevant Mortgage Receivable in each such event will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Relevant Mortgage Receivable.

**Substitution:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Notes Payment Date up to (but excluding) the Final

Maturity Date purchase from the relevant Seller(s) Relevant Substitute Mortgage Receivables subject to fulfilment of certain conditions and to the extent offered by such Seller.

The Issuer will apply towards the purchase of Substitute Mortgage Receivables amounts received as a result of the repurchase of Mortgage Receivables in accordance with the Mortgage Receivables Purchase Agreement (see *Repurchase of Mortgage Receivables* above) to the extent such amounts relate to principal (less the Insurance Savings Participation, if any), being the Substitution Available Amount.

In case the Substitution Available Amount is not applied towards the purchase of Substitute Mortgage Receivables on the relevant Notes Payment Date such proceeds will form part of the Replenishment Available Amount (until the month prior to the First Optional Redemption Date) and, to the extent not applied or reserved for replenishment, of the Available Principal Fund. See section 7.4 (*Portfolio Conditions*).

#### **Replenishment**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will, to the extent offered by the relevant Seller, on each Notes Payment Date up to (but excluding) the Notes Payment Date immediately preceding the First Optional Redemption Date purchase from the relevant Seller(s) New Mortgage Receivables by applying the Replenishment Available Amount, subject to the fulfilment of certain conditions.

In case the Replenishment Available Amount is not applied towards the purchase of New Mortgage Receivables on the relevant Notes Payment Date or reserved for the purchase of New Mortgage Receivables on the succeeding two (2) Notes Payment Dates, such proceeds will be available for redemption of the Notes, other than the Class C Notes. See section 7.1 (*Purchase, Repurchase and Sale*).

#### **Sellers Clean-Up Call Option:**

On each Notes Payment Date the Sellers, acting jointly, have the option (but not the obligation) to exercise the Sellers Clean-Up Call Option.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers exercise the Sellers 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 Conditions and Condition 9(b). The Sale Price will be as described in *Sale of Mortgage Receivables* below.

#### **Sale of Mortgage Receivables:**

On each Optional Redemption Date, the Issuer may and on the First Optional Redemption Date the Issuer has undertaken to use its best efforts to sell and assign all, but not some, of the Mortgage Receivables to a third party, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Class C Notes, in full, subject to, in respect of the Class B Notes, Condition 9(b). If, on the First Optional Redemption Date, the Issuer has not sold and assigned the Mortgage Receivables, it shall on each 6<sup>th</sup> Notes Payment Date thereafter use its best efforts to sell and assign the Mortgage Receivables, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Class C Notes, in full, subject to, in respect of the

Class B Notes, Condition 9(b).

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on the First Optional Redemption Date, will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Mortgage Receivable.

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes following the First Optional Redemption Date, shall be at least equal to the relevant Principal Amount Outstanding at such time of the Class A Notes, increased with interest due but not paid, and the amount required to meet any payment of the Issuer ranking above the payment of principal and interest on the Class A Notes. For the avoidance of doubt, balances standing on the Reserve Account can be used to redeem the Notes as well, provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable priority of payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Sellers have the obligation to repurchase certain Relevant Mortgage Receivables in certain events (see above under *Repurchase of Mortgage Receivables*) and all Mortgage Receivables if the Sellers Clean-Up Call Option or the Regulatory Call Option is exercised.

The Sale Price of each Mortgage Receivable in the event of each Sellers Clean-Up Call Option, Clean-Up Call Option, the Regulatory Call Option, the Tax Call Option or optional repurchase on the First Optional Redemption Date of the Mortgage Receivables shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are 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, the sale price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) 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.

**Insurance Savings  
Participation Agreements:**

Under the terms of the Insurance Savings Participation Agreement with the relevant Insurance Savings Participant, the relevant Insurance Savings Participant will acquire participations in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative equal to amounts of Savings Premium paid by the relevant Borrower to the relevant Insurance Savings Participant in respect of a Savings Insurance Policy or Savings Investment Insurance Policy (including accrued interest thereon). In each Insurance Savings Participation Agreement, the relevant Insurance Savings Participant will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium (including in respect of the Initial Insurance Savings Participation only, accrued interest thereon) on the relevant Savings

Insurance Policies or Savings Investment Insurance Policy. In return, each Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative from the Issuer. The amount of the Insurance Savings Participation with respect to a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, consists of (a) the Initial Insurance Savings Participation at the Closing Date or in the case of purchase of a Substitute Mortgage Receivable and a New Mortgage Receivable to which a Savings Insurance Policy is connected, on the Notes Payment Date or in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative on the Mortgage Collection Payment Date (which in each case is equal to the sum of all amounts due to the relevant Insurance Savings Participant as Savings Premium and accrued interest up to the Cut-Off Date or on the first day of the month immediately preceding the month wherein the Relevant Substitute Mortgage Receivable and/or New Mortgage Receivable is purchased or the relevant Mortgage Collection Payment Date falls), being, in case of the total Initial Insurance Savings Participation at the Closing Date, an amount equal to EUR 13,876,960.94 increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the relevant 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 or Switch Mortgage Receivable with a Savings Alternative, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable. See further section 7.6 (*Sub-Participation*).

**Servicing Agreement:**

Under the Servicing Agreement, (i) the Servicer will agree to provide mortgage payment transactions and the other services as agreed in the Servicing Agreement 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 Loans and (ii) the Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section 6.3 (*Origination and Servicing*)).

In accordance with the Servicing Agreement, the Servicer will initially appoint STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans.

## **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, 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, any Seller, the Insurance Companies, the Servicer, the Sub-servicers, the Issuer Administrator, the Directors, the Paying Agent, the Lead Manager, the Issuer Account Bank, the Insurance Savings Participants and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Insurance Companies, the Servicer, the Sub-servicers, the Issuer Administrator, the Directors, the Paying Agent, the Arranger, the Lead Manager, the Issuer Account Bank, the Insurance Savings Participants 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 Sellers, the Insurance Companies, the Servicer, the Sub-servicers, the Issuer Administrator, the Directors, the Paying Agent, the Arranger, the Lead Manager, the Issuer Account Bank, the Insurance Savings Participants and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer.

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

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, drawings under the Reserve Account and/or the Liquidity Reserve Account and the receipt by it of interest in respect of the balance standing to the credit of the Issuer Collection Account (see section 5 (*Credit Structure*)). The Issuer does not have any other resources available to it to meet its obligations under the Notes.

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

The Issuer is for the performance of its obligations fully dependent on its counterparties. Counterparties to the Issuer may not perform their obligations under the Transaction Documents. If any of the counterparties to the Issuer do not perform their obligations under the Transaction Documents, this may result in the Issuer not performing its obligations under the Transaction Documents and/or not receiving sufficient funds and as a consequence thereof not being able to meet its obligations under the Notes, including any payments on the Notes. It should be noted that there is a risk that (a) NIBC in its capacity as Servicer and Issuer Administrator will not meet its obligations vis-à-vis the Issuer, (b) Amstelstaete, ATRIOS, Capitalum, Huizen, Estate, Hypinvest, IKS, Muzen, NHM, NIBC Direct Hypotheek, NIBC Direct Hypotheken, Nieuwegein, Quion 14, Quion 19, Quion 30, Quion I, Quion III, Royal Residentie, Seyst, Zwaluw and 1895 Hypotheken in their capacities as Sellers will not meet its obligations vis-à-vis the Issuer, (c) Société Générale S.A., Amsterdam Branch in its capacity as Issuer Account Bank will not meet its obligations vis-à-vis the Issuer, (d) Amsterdamsch Trustee's Kantoor B.V. and Intertrust Management B.V. will not perform their respective obligations under the relevant Management Agreement, (e) APL, Generali and SRLEV as Insurance Savings Participants and (f) Citibank, N.A., London Branch as Paying Agent will not meet their respective obligations vis-à-vis the Issuer under the Insurance Savings Participation Agreements.

### **Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer**

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee, and after bankruptcy or suspension of payments will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four 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 receivable 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 Collection Account following the Issuer's bankruptcy or suspension of payments. With respect to Beneficiary Rights and Construction Deposits, reference is made to *Risks relating to Beneficiary Rights under the Insurance Policies* and *Risk related to Construction Deposits being set-off with the Mortgage Receivables* respectively below.

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the 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 the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also *Security below*). 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 Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and Pledge and the Issuer Rights Pledge Agreement. Should the Parallel Debt not constitute a valid basis for the creation of security rights, the Mortgage Receivables and the Issuer Rights 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 have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent. Should the Security Trustee become insolvent, the Secured Creditors will have an unsecured claim on the bankrupt estate of the Security Trustee.

### **Licence requirement under the Wft**

Under the Wft, which entered into force on 1 January 2007, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a licence under the Wft. An exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Servicer. The Servicer holds a licence as intermediary (*bemiddelaar*) and offeror of credit (*aanbieder van krediet*) under the Wft and the Issuer thus benefits from the exemption. However, if the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing

Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a licence itself, the Issuer will have to terminate its activities and settle (*afwikkelen*) its existing agreements, which may ultimately result in, among others, an early redemption of the Notes. Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions that are at least as beneficial as those of 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**

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 below, placing such investor at a greater risk of receiving a lesser return on his investment:

- 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 below;
- 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;
- 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;
- 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 thereof) as such investor is more vulnerable from any fluctuations in the financial markets generally; and
- 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 owed 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 of Notes 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.

### **Subordination of the Class B Notes and the Class C 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 and (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes. With respect to any such Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

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.

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

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the Most Senior Class of Notes, if, in the Security Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class of Notes on the one hand and the holders of junior ranking Notes on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that, in the event of a conflict of interests between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Party prevails.

Considering that NIBC, and/or any of its subsidiaries, has the intention to purchase the Class A Notes and other Classes of Notes as a part of the initial issuance of the Notes, it will be able to exercise the voting rights in respect of the Notes purchased by it and, in so doing, may take into account factors specific to it, including its relationship with the Sellers.

**The Security Trustee may without the consent of the Noteholders agree to changes to the Transaction Documents and Conditions**

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents, and any consent, including to the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee has received Credit Rating Agency Confirmation. Any such changes will be binding on the Noteholders. Therefore Noteholders may be bound by changes to which they have not agreed.

**Clean-Up Call Option, redemption for tax reasons and redemption for regulatory reasons**

Should the Issuer exercise the Clean-Up Call Option it will redeem all the Notes, other than the Class C Notes, in accordance with Condition 6(h) and subject to, in respect of the Class B Notes, Condition 9(b). The Issuer will have the option to redeem the Notes, other than the Class C Notes, for tax reasons in accordance with Condition 6(f) and subject to, in respect of the Class B Notes, Condition 9(b). The Issuer will have the option to redeem the Notes, other than the Class C Notes, for regulatory reasons in accordance with Condition 6(g) and subject to, in respect of the Class B Notes, Condition 9(b). The Sale Price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure* below.

If the Clean-Up Call Option is exercised or if the Issuer redeems the Notes for tax reasons or redeems the Notes for regulatory reasons, this may lead to the Notes being redeemed prematurely. Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions that are at least as beneficial as those of the Notes.

**Optional Redemption and Maturity Risk**

As a result of the increase in the fixed rate payable on and from the First Optional Redemption Date in respect of the fixed rate of interest on the Class A Notes, the Issuer may have an incentive to exercise its right to redeem the Notes, other than the Class C Notes, on the First Optional Redemption Date or on any Optional Redemption Date thereafter. In addition, the Issuer has undertaken to use its best efforts to sell the Mortgage Receivables on such date for the Sale Price (equal to the Outstanding Principal Amount of the Mortgage Receivables). The proceeds of such sale shall be applied towards the redemption of the Notes. If the Issuer does not exercise its option to redeem all (but not some only) of the Notes, other than the Class C Notes, on the First Optional Redemption Date, the Issuer shall use its best efforts to sell the Mortgage Receivables and apply the proceeds to redeem the Notes, other than the Class C Notes, every 6 months for the Sale Price (which must be sufficient to repay the Class A Notes in full). No guarantee can be given that the Issuer will actually exercise such right and

whether it is able to sell the Mortgage Receivables for the Sale Price. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes still outstanding at that time and the sale of Mortgage Receivables will be subject to the ability of the Sellers or third parties to pay the Sale Price.

Noteholders should be aware that on each Optional Redemption Date and the Final Maturity Date the Notes, other than the Class A Notes, may be redeemed by the Issuer at an amount less than their Principal Amount Outstanding in certain cases, which amount may even be zero, including, *inter alia*, in the case that losses under the Mortgage Receivables have occurred (see Conditions 6 and 9(b) in *Conditions below*) and that as a result of the minimum Sale Price after the First Optional Redemption Date being less than the Outstanding Principal Amount, this risk is increased. If the Mortgage Receivables are sold for a Sale Price which is only sufficient to redeem the Class A Notes this will result in a full write-down of the Class B Notes. For the avoidance of doubt, balances standing on the Reserve Account can be used to redeem the Notes as well, provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable priority of payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

The ability of the Issuer to redeem all 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 proceeds of the Mortgage Receivables is sufficient to redeem the Notes.

The Notes may therefore not be redeemed on an Optional Redemption Date and/or if the Notes are redeemed on an Optional Redemption Date or the Final Maturity Date, the Class B Notes and the Class C Notes may be redeemed at an amount less than their Principal Amount Outstanding, which may even be zero. Also see *Subordination of the Class B Notes and the Class C Notes and redemption with a loss below*.

#### **Optional Repurchase**

Each of the Sellers has the option, but not the obligation, to repurchase and accept reassignment of a Relevant Mortgage Receivable on a Mortgage Collection Payment Date and the Issuer shall accept such repurchase and shall reassign such Relevant Mortgage Receivable to the relevant Seller, provided that relevant Seller has notified the Issuer thereof five (5) business days in advance and provided that the Sellers jointly may not repurchase more than five (5) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables per calendar year (as calculated on the first day of such calendar year). Any amounts received by the Issuer as a result of such repurchase of a Relevant Mortgage Receivable shall be part of the Substitution Available Amount or, if and to the extent such amount will not be applied to the purchase of Substitute Mortgage Receivables, the Replenishment Available Amount or, if and to the extent such amount will not be applied to the purchase of New Mortgage Receivables, such amount will be available for the redemption of the Notes, other than the Class C Notes. Consequently, The Notes may therefore be redeemed in full on a Notes Payment Date prior to an Optional Redemption Date or the Final Maturity Date or the rate of repayment may be accelerated and the Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions that are at least as beneficial as those of the Notes.

#### **Factors regarding Tax consequences on holding of the Notes**

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

#### **U.S. Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to certain payments made to persons that fail to meet certain certification or reporting requirements, including certain investors that do not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "reportable account" (a "Recalcitrant Holder") of the relevant non-U.S. financial institution ("FFI").

Under FATCA, withholding is required with respect to withholdable payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) July 1, 2014 in respect of certain U.S. source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and

(iii) January 1, 2017 (at the earliest) in respect of "foreign passthru payments" and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified after the date that is six months after the date on which the final regulations defining the term "foreign passthru payments" are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, The Netherlands entered into an intergovernmental agreement (an "IGA") with the United States on 18 December 2013 (the "U.S.-Netherlands IGA"), which modifies the way in which FATCA applies to certain entities organized in The Netherlands. The U.S.-Netherlands IGA is based on the "Model 1" 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 a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. The Model 1 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold on foreign passthru payments and payments that it makes to Recalcitrant Holders. 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, as applicable.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, the Paying Agent or any other person would, pursuant to the Conditions be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Paying Agent or the common depository or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under the U.S.-Netherlands IGA will be unlikely to affect the Notes. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. In addition, the documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding under FATCA. However, definitive Notes will only be printed in limited circumstances.

An investor may be able to obtain a credit for or refund of any amounts withheld under these rules, provided the required information is timely furnished to the IRS. An investor that is an FFI generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles such institution to a reduced rate of tax on the payment that was subject to withholding under these rules. Investors generally will not be entitled to interest from the IRS for the period prior to the refund. It is not entirely clear how income tax treaty exemptions apply to withholding on payments of principal or gross proceeds recognised on the sale or other disposition of Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAs, ALL OF WHICH ARE SUBJECT TO CHANGE OR MAY BE IMPLEMENTED IN A MATERIALLY DIFFERENT FORM. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS ON HOW THESE RULES MAY APPLY TO THE ISSUER AND TO PAYMENTS THEY MAY RECEIVE IN CONNECTION WITH THE NOTES.

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

The structure of the issue of the relevant Notes is based on Dutch law in effect as at the date of this Prospectus and the relevant ratings which are to be assigned to them are based thereon. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in the Netherlands after the date of this Prospectus.

**Subordination of the Class B Notes and the Class C Notes and redemption with a loss**

To the extent set forth in Condition 9 (a) the Class B Notes are subordinated in right of payment to the Class A Notes and (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes, and even not receive any repayment at all, and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9. On any Notes Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in Credit Structure below.

**Risks related to the limited liquidity of the Notes**

There is not, at present, any active and liquid secondary market for the Notes. Although application has been made to the Euronext Amsterdam for the Notes to be admitted for trading on its regulated market, there can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue for the life of the Notes. In addition, considering that NIBC, and/or any of its subsidiaries, has the intention to purchase the Class A Notes and other Classes of Notes as a part of the initial issuance of the Notes, this may adversely affect the liquidity of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The secondary market for the Notes has experienced severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage-backed securities is experiencing limited liquidity. Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. The conditions may continue or worsen in the future. 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.

In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell the Notes and/or the price an investor receives for the Notes in the secondary market.

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

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

**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 capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager or the Sellers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

On 26 June 2013 the Council and the European Parliament adopted the package known as "CRD IV". CRD IV will replace the current CRD with the CRD IV Directive and the CRR which aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the access to deposit-taking activities while the CRR establishes the majority of prudential requirements institutions need to respect. The CRR has come into force in all European Member States from 1 January 2014. The CRD IV Directive has been implemented on 1 August 2014. The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) will have to be completed before 1 January 2019.

In particular, in Europe, investors should be aware of articles 405-410 of the CRR which replace in its entirety article 122a of the CRD and have come into force in all European Member States from 1 January 2014.

Articles 405-410 of the CRR restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by article 405-410 of the CRR. Articles 405-410 of the CRR also require an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in articles 405-410 of the CRR will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Prospective noteholders should therefore make themselves aware of the requirements of article 405-410 of the CRR, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

Relevant investors are required to independently assess and determine the sufficiency of the information described in this Prospectus, in any investor report and otherwise, for the purposes of complying with article 405-410 of the CRR and neither the Issuer, NIBC, the Sellers, the Issuer Administrator, the Arranger nor the Lead Manager make any representation that the information described in this Prospectus, in any investor report and otherwise in relation to articles 405-410 of the CRR is sufficient in all circumstances for such purposes.

Furthermore, investors should be aware of article 17 of the AIFMD, as supplemented by Section 5 of the AIFMR, which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply pursuant to articles 405-410 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

As at the Closing Date, NIBC has undertaken to the Lead Manager, the Security Trustee and the Issuer that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation which shall in any event not be less than 5%, in accordance with article 405 of the CRR and article 51 of the AIFMR. As at the Closing Date, such interest is retained in accordance with article 405 of the CRR and article 51 of the AIFMR by NIBC by holding (part of) the Class B Notes and the Class C Notes. In addition, NIBC shall make available to Noteholders all materially relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR and the AIFMR, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained



net economic interest in the securitisation and to ensure that the Noteholders have readily available access to all materially relevant data. (see Section 8 (*General*) for more details).

There remains considerable uncertainty with respect to articles 405-410 CRR and 51 AIFMR and it is not clear what will be required to demonstrate compliance to national regulators. As regards Part 5 of the CRR, the European Banking Authority has conducted an open public consultation on the draft implementing technical standards on which CRR is based. Following this consultation, the European Banking Authority published the final version of the Draft Regulatory Technical Standards and the Draft Implementing Technical Standards in respect of Part 5 of the CRR on 17 December 2013. The European Commission subsequently published the text of the Regulatory Technical Standards and the Implementing Technical Standards it has adopted on 12 March 2014. The Technical Standards are currently subject to the review of the Council of the EU and the European Parliament. As the final Regulatory Technical Standards have not been published (expected to be published this year), the final Regulatory Technical Standards may differ from the Regulatory Technical Standards adopted by the European Commission.

Articles 405-410 of the CRR, article 51 of the AIFMR 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.

### **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 new 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 phased implementation, meaning that the measures will not apply in full until January 2019). The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

For European banks these requirements are implemented through CRD IV (see above). While the full impact of the Basel III rules will depend on how they are implemented by national regulators, including the extent to which regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, these rules can have a material impact on its operations and financial condition of the Seller and may require the Seller to seek additional capital. The CRR entered into force on 1 January 2014, with full implementation by January 2019; however, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III.

Furthermore, pursuant to rules referred to as Solvency II, more stringent rules will apply for European insurance companies which are expected to become effective as of January 2016 in respect of instruments such as the Notes in order to constitute regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*).

Basel II, as published, and Basel III, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the CRD IV or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). This could affect the market value of the Notes in general and the relative value for the investors in the Notes.

Potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator or following implementation, and any changes thereto pursuant to Basel III and CRD IV, and the application of Solvency II, to their holding of any Notes. None

of the Issuer, the Security Trustee or the Lead 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 or Solvency II (whether or not implemented by them in its current form or otherwise).

#### **Financial transaction tax**

On February 14, 2013, the European Commission published a proposal for a Directive for a common financial transaction tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the current proposals 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 or a person which is not a financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including where the financial instrument which is subject to the transaction is issued in a participating Member State. A financial institution may also be deemed to be "established" in a participating Member State by transacting with a person established in that Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and Member States mentioned above may decide not to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form. Each Temporary Global Note will be deposited with a common safekeeper. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in the relevant Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances as more fully described in Global Notes. Each of the persons shown in the records of Euroclear 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 rules and procedures of Euroclear or Clearstream, Luxembourg, as applicable. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

#### **Notes in definitive form and denominations in integral multiples**

The Notes have a denomination consisting of a minimum authorised denomination of EUR 100,000 plus higher integral multiples of EUR 1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Notes in definitive form are required to be issued, a Noteholder who holds a principal amount of a Note less than the minimum authorised denomination at the relevant time may not receive a Note in definitive form in respect of

such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount). Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000. If Notes in definitive form are issued, Noteholders should be aware that these Notes in definitive form which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

#### **No gross-up for taxes**

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

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

In case the Issuer Administrator does not receive a Mortgage Report from the Servicer with respect to a Mortgage Calculation Period, then the Issuer (or the Issuer Administrator on its behalf) may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts of principal and interest available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts to the extent relating to interest from the Interest Reconciliation Ledger and by drawing amounts to the extent relating to principal from the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, and (ii) payments made and not made under any of the Notes and 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 itself not lead to an Event of Default or any other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Pledge Notification Events). If, after the Issuer Administrator has received the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, the Issuer would not have sufficient assets available to make, or procure that the Issuer Administrator makes, such reconciliation payments, either (a) the Noteholders may receive by way of principal repayment on the Notes an amount less than the amount which should have been paid in accordance with the Conditions (save for such payments made in accordance with the Administration Agreement in such period) or, as the case may be, (b) the Issuer may be unable to pay in full the amount of interest due on the Notes, in the case of both (a) and (b) subject to the terms of the Conditions. Therefore there is a risk that the Issuer pays out less or more interest, if any, and, respectively, less or more principal on the Notes than would have been payable if accurate Mortgage Reports were available.

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

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon 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 on a quarterly basis which information can be obtained at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> within one month after the Notes Payment Date, for as long as such requirement is effective, to the extent it has such 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 eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. The Notes other than the Class A Notes are not intended to be held in a manner which allows Eurosystem eligibility.

**Credit ratings may not reflect all risks**

The ratings of the Notes, other than the Class C Notes, addresses the assessment made by DBRS and Moody's of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.

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

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, the circumstances (including a reduction in the credit rating of the Issuer Account Bank) in the future so require. The Class B Notes and the C Notes will not be rated.

**Risk that the ratings of the Notes change**

The ratings to be assigned to the Class A Notes by the Credit Rating Agencies are based - *inter alia* - on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Credit Rating Agencies. There is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies if, in any of the Credit Rating Agencies' judgement, circumstances so warrant. Any downgrade of the ratings may have a negative effect on the value of the Notes.

**No Recourse against the Credit Rating Agencies**

Notwithstanding that none of the Security Trustee and the Noteholders may have any right of recourse against the Credit Rating Agencies in respect of any confirmation given by them and relied upon by the Security Trustee, the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Credit Rating Agencies have confirmed that the then current rating of the applicable Class or Classes of Notes would not be adversely affected by such exercise.

By investing in the Notes, Noteholders acknowledge that, notwithstanding the foregoing a credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholders. 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 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/or in the context of 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* below).

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. Furthermore, if no confirmation or indication is forthcoming from any Credit Rating Agency and confirmation of the Credit Rating Agencies is implied in accordance with the definition of Credit Rating Agency Confirmation, the Credit Rating Agencies may nevertheless downgrade the credit ratings assigned to the Notes, which could lead to losses under the Notes.

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.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties (including a reduction in the credit rating of NIBC or the Issuer Account Bank) may have an adverse effect on the rating of one or all classes of Notes. Any downgrade of the ratings may have a negative effect on the value of 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 will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

#### **Conflict of interest**

Certain Transaction Parties, including but not limited to the Lead Manager, the Servicer, the Issuer Administrator and the Listing Agent, may act in different capacities in relation to the Transaction Documents and may also be engaged in other commercial relationships, in particular, be part of the same group as the Sellers, provide banking, investment and other financial services to the Transaction Parties and other relevant parties. In such relationships, *inter alios*, the Lead Manager, the Servicer, the Issuer Administrator and the Listing Agent are not obliged to take into consideration the interests of the Noteholders. Consequently, potential conflict of interest may arise.

Furthermore, Intertrust Management B.V. belongs to the same group of companies as Intertrust Administrative Services B.V. (being the Back-up Administrator), Amsterdamsch Trustee's Kantoor B.V. (being the sole managing director of the Security Trustee) and Intertrust (Netherlands) B.V. (being the sole managing director of the Shareholder). Therefore, a conflict of interest may arise.

## RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

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

Under Dutch law, assignment of the legal title of 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 of the Relevant Mortgage Receivables will be assigned on the Closing Date and, in respect of the Substitute Mortgage Receivables and New Mortgage Receivables on the Notes Payment Date whereon the Substitute Mortgage Receivables and/or the New Mortgage Receivables are purchased, by the relevant Seller to the Issuer through a Deed of Assignment and Pledge and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Relevant Mortgage Receivables by the relevant Seller to the Issuer will not be notified by the relevant Seller or, as the case may be, the Issuer to the Borrowers except if any of the Assignment Notification Events occur. For a description of these notification events reference is made to *Portfolio Conditions* in *Portfolio Information*.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Relevant Mortgage Receivables can only validly pay to the relevant Seller in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. The relevant Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Collection Payment Date to the Issuer any amounts received in respect of the Relevant Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the relevant Seller actually making such payments. If the relevant 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 (for mitigation of this risk see below).

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

The risks set out in the preceding two paragraphs, are mitigated by the following. Each Borrower has given a power of attorney to the Sellers or the Sub-servicers respectively to direct debit his account for amounts due under the relevant Mortgage Loan. The Sellers will undertake or procure that the Sub-servicers undertake to direct debit all amounts of principal and interest to the relevant Collection Foundation Accounts maintained by the Collection Foundations which are bankruptcy remote foundations (*stichtingen*). In addition each Seller has represented that it has given and will give instructions to the relevant Insurance Companies to pay any amounts in respect of the Beneficiary Rights into the Collection Foundation Accounts. The Collection Foundation Accounts are maintained by (i) Stichting Hypotheek Ontvangsten in respect of Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM and NIBC Direct Hypotheek and (ii) Stichting Ontvangsten Hypotheekgeld in respect of the other Sellers. The Collection Foundation will have a claim against ABN AMRO Bank N.V. as foundation accounts provider (or its successor) as the bank where such accounts are held, in respect of the balances standing to credit of the relevant Collection Foundation Account.

The Issuer has been advised that in the event of a bankruptcy of any of the Sellers any amounts standing to the credit of the relevant Collection Foundation Account relating to the Relevant Mortgage Receivables will not form part of the bankruptcy estate of the relevant Seller. The Collection Foundations are set up as passive bankruptcy remote entities. The objectives clause of each Collection Foundation is limited to collecting, managing and distributing amounts received on the relevant Collection Foundation Account to the persons who are entitled to receive such amounts pursuant to the relevant Receivables Proceeds Distribution Agreement.

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

There is a risk that any of the Sellers (prior to notification of the assignment) or its liquidator (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid (*bevrijdend*). This risk is, however, mitigated by the following. First, each of the Sellers has under the relevant Receivables Proceeds Distribution Agreement undertaken towards the Issuer and the Security Trustee not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Accounts in respect of the Relevant Mortgage Receivables to another account, without prior approval of the Issuer and the Security Trustee and confirmation from the Credit Rating Agencies that the then current ratings of the Class A Notes would not thereby be adversely affected and/or notified the Credit Rating Agencies. In addition, the Sub-servicers have undertaken to disregard any orders from any of the Sellers to cause the transfer of amounts in respect of the Relevant Mortgage Receivables to be made to another account than the relevant Collection Foundation Account without prior approval of the Issuer and the Security Trustee and the abovementioned confirmation from and/or notification to the Credit Rating Agencies. Notwithstanding the above, the Sellers are obliged to pay to the Issuer any amounts which were not paid on a Foundation Account but to the relevant Seller directly.

The balance of each Collection Foundation Account will be pledged to the Issuer and the Previous Transaction SPVs, and the Issuer and the Previous Transactions SPVs by way of repledge create a first right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees in view of the (remote) bankruptcy risk of the relevant foundation, in accordance with the relevant Collection Foundation Account Pledge Agreement. The pledge will be shared with other beneficiaries, most of which are set up as bankruptcy remote securitisation special purpose vehicles. Each beneficiary will 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 that Collection Foundation Account. 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 equal to the amounts in the Collection Foundation Account relating to the Relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code in respect of the balance of each Collection Foundation Account from time to time is equal to the sum of the amounts standing to the credit of such Collection Foundation Account 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 a Collection Foundation Account (i.e. if the relevant Collection Foundation defaults in forwarding the amounts received by it as agreed), the proceeds will be divided according to each beneficiary's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees.

#### **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 to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the relevant Seller to it (if any) with amounts it owes in respect of the Relevant Mortgage Receivable prior to notification of the assignment of the Relevant Mortgage Receivable to the Issuer having been made. Such amounts due and payable by a Seller to a Borrower could, *inter alia*, result from deposits made with such Seller. Also, such claims of a Borrower could, *inter alia*, result from (x) services rendered by a Seller to the Borrower, if rendered at all, such as investment advice rendered by any of the Sellers in connection with Investment Mortgage Loans or (y) services for which the relevant Seller is liable. As a result of the set-off of amounts due and payable by a Seller to the Borrower with amounts the Borrower owes in respect of the Relevant Mortgage Receivable, the Relevant Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

In respect of the Relevant Mortgage Receivables sold by each Seller (other than NIBC Direct Hypotheek and NIBC Direct Hypotheken), reference is made to the representation made by it that (i) it owes no amounts to a Borrower under a savings account or a current account or another account relationship and (ii) no deposits have been accepted by it from any Borrower. NIBC offers savings accounts and term deposits to its customers, which may include Borrowers. Such savings account or term deposit is a contract between NIBC and the customer, which may also be a Borrower, whereas the Mortgage Loan is a contract between the relevant Seller and the Borrower. In these circumstances one of the requirements for set-off, i.e. that the Borrower must have a claim which corresponds to this debt to the same counterparty, is not met. The Issuer has been advised that, in view of

the representations by each Seller (other than NIBC Direct Hypotheek and NIBC Direct Hypotheken) that any such savings account and the Mortgage Loan are offered in such manner that it is clear to the Borrower that (i) the savings account is held with NIBC, (ii) the Mortgage Loan is granted by the relevant Seller and (iii) NIBC and the relevant Seller are different legal entities, in principle the Borrower will not have a right of set-off. However the Borrower may possibly establish that set-off is allowed, if the savings account or the term deposit and the Mortgage Loan are to be regarded as one inter-related legal relationship. In view of the representation by each Seller (other than NIBC Direct Hypotheek and NIBC Direct Hypotheken) that (i) neither NIBC nor any intermediary offers the Mortgage Loans and the savings accounts or the term deposits as products which are in any way connected, (ii) the Mortgage Loan and the savings account or the term deposit are not connected, for example by means of set-off provisions, (iii) the savings account or the term deposit and the Mortgage Loan are not offered at the same time and (iv) the rights under the savings account or the term deposit will not be pledged to the Seller as security for the Mortgage Loan, the Issuer has been advised that the Mortgage Loan (other than with respect to NIBC Direct Hypotheek and NIBC Direct Hypotheken) and the savings account will not be regarded as one inter-related legal relationship and based upon these representations, and subject to what is stated otherwise in this paragraph, the Borrower will not have the right to set off the balance on a savings account or term deposit with NIBC with amounts due under a Mortgage Loan.

In the Mortgage Receivables Purchase Agreement, each of the Sellers represent that the Mortgage Conditions applicable to the Relevant Mortgage Loans provide that all payments by the Borrowers should be made without any set-off. Considering the wording of this provision, it is uncertain whether it is intended as a waiver by the relevant Borrowers of their set-off rights vis-à-vis the relevant Seller, but if this clause can be regarded as such, under Dutch law it is uncertain whether such waiver will be valid. A provision in general conditions (such as the applicable mortgage conditions) is voidable (*vernietigbaar*) if the provision is deemed to be unreasonably onerous (*onredelijk bezwarend*) for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party, against which the general conditions are used, does not act in the conduct of its profession or trade (i.e. a consumer). 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 relevant Mortgage Receivable and the claim of the Borrower against a Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and become due and payable (*opeisbaar*) prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). In the case of deposits, including any deposits in connection with a construction deposit, 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 Sellers that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable (*opeisbaar*) at any time.

If notification of the assignment of the Relevant Mortgage Receivables is made after the bankruptcy or emergency regulations of the relevant 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 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.

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



received by the Issuer in respect of such Relevant Mortgage Receivable. If any of the Sellers would not meet the obligations under the Mortgage Receivables Purchase Agreement, set-off by Borrowers could lead to losses under the Notes.

The Issuer has been informed with respect to Mortgage Loans originated by NIBC Direct Hypotheek and NIBC Direct Hypotheken that these Mortgage Loans are originated under the brand name NIBC Direct. The brand name NIBC Direct is also used by NIBC Bank N.V. as trade name for deposit accounts held with it and that in most of the cases the balance on such deposit account can be withdrawn at any time and, consequently, such balance is due and payable at any time. In respect of these Mortgage Loans originated by NIBC Direct Hypotheek and NIBC Direct Hypotheken the Issuer has been advised that, to the extent the Mortgage Loans are transferred to the Issuer by NIBC Direct Hypotheken or NIBC Direct Hypotheek, there is a considerable risk (*een aanmerkelijk risico*) that a set-off or defence with respect to the amounts due under the Mortgage Loans by the Borrowers and deposits such Borrowers hold with NIBC Bank N.V. (if any) would be successful in view of, inter alia, the close connection between the Mortgage Loans originated by NIBC Direct Hypotheek NIBC or Direct Hypotheken and the deposit accounts held with NIBC Bank N.V.

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 an Investment Mortgage Loan, reference is made to *Risk of set-off or defences by Borrowers in case of insolvency of Insurance Companies and Risks related to offering of Investment Mortgage Loans or Life Mortgage Loans or Switch Mortgage Loans with the Investment Alternative* below.

#### **Risk related to the Construction Deposits being set-off with the Mortgage Receivable**

The Construction Deposits are deposited on an account with the relevant Seller which is pledged to such Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the Sellers will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Deposits as per the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables or New Mortgage Receivables, on the relevant Purchase Date. Such amount will be deposited on the Construction Deposit Account. On each Notes Payment Date, the Issuer will release from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Deposits and the balance standing to the credit of the Construction Deposit Account and pay such amount to the relevant Seller.

Pursuant to the mortgage conditions in respect of the Mortgage Loans, Construction Deposits have to be paid out within 12 to 24 months (depending on the product). After such period, any remaining Construction Deposits will either (i) be paid out by the relevant Seller to the relevant Borrower and consequently the remaining relevant part of the Initial Purchase Price will be paid by the Issuer to the relevant Seller or (ii) if the Construction Deposit exceeds EUR 7,500 or 2,500 as the case may be, be set-off against the Mortgage Receivable, up to the amount of the remaining Construction Deposit, in which case the Issuer shall have no further obligation towards the Sellers to pay the remaining relevant part of the Initial Purchase Price and an amount equal to such part of the Initial Purchase Price will be debited from the Construction Deposit Account on such Notes Payment Day and will be used for redemption of the Notes, other than the Class C Notes, in accordance with the Conditions of the Notes.

The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Deposits are considered to be existing receivables. It could be argued that such part of the Mortgage Receivable concerned comes into existence only when and to the extent the Construction Deposit is paid out. If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the relevant Seller is declared bankrupt or has become subject to emergency regulations. In such a situation, the Issuer will have no further obligation to pay out to the relevant Seller the remaining of the Initial Purchase Price.

#### **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 that the mortgage rights created pursuant to such mortgage deeds are All Moneys Mortgages. The Mortgage Loans also provide for

rights of pledge granted in favour of the relevant Seller, which are All Moneys Pledges.

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

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a bank security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a bank 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 a bank security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of an all moneys mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a bank 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 a bank security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank 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.

In respect of some of the Mortgage Receivables, the relevant mortgage deeds stipulate that in case of assignment of the receivable the mortgage right and right of pledge will partially follow. These stipulations are 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 the Mortgage Loans makes clear that the All Moneys Security Right (partially) follows the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice. Other mortgage deeds do not contain any explicit provision on the issue whether the mortgage right or right of pledge follows the receivable upon its assignment. In these cases there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the All Moneys Security Right 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.

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. If an All Moneys Mortgage has not (partially) followed the Mortgage Receivable upon its assignment, the Issuer and/or the Security Trustee will not have the benefit of such security right. This will materially affect the ability of the Issuer to take recourse on the Mortgaged Asset and the Borrower in case the Borrower defaults under the Mortgage Loans and may affect the ability of the Issuer to meet its payment obligations under the Notes.

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 and the Deed of Assignment and Pledge.

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

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the All Moneys Security Rights will be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the relevant Seller and will secure both the Relevant Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any Other Claims.

Where the All Moneys Security Rights are jointly-held by both the Issuer or the Security Trustee and the relevant Seller, the rules applicable to a joint estate (*gemeenschap*) apply. The Netherlands Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement each 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. 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 relevant Seller, the relevant Seller's bankruptcy trustee (curator) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of (preliminary) suspension of payments or emergency regulations), as the case may be, may be required for such foreclosure. Each Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Rights of the Issuer and/or the Security Trustee 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 relevant 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 relevant 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 arrangement may not be effective against the Borrower.

Each of the Sellers will agree that in case of a breach by a Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of a Seller, such Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments.

In respect of Mortgage Loans originated by Quion I, Quion III, Quion 14, Quion 19 and Quion 30 (other than those originated prior to 2002), this arrangement will not be effective against the Borrower as the Mortgage Conditions in respect of such Mortgage Loans stipulate that, *inter alia*, (i) the shares of the relevant Seller and any assignee respectively will be *pro rata* the size of the claim they have against the Borrower and (ii) any power to manage or administer such jointly-held rights requires the explicit and written approval of the other party.

If (a bankruptcy trustee or administrator of) the relevant Seller would, notwithstanding the 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 relevant 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.

Each of the Sellers will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been fully redeemed in accordance with the Conditions and the Issuer has no further obligation under any of the other Transaction Documents, it shall not grant nor acquire any Other Claim against a Borrower, unless it will repurchase the Relevant Mortgage Receivable from the Issuer on the immediately succeeding Mortgage Collection Payment Date.

**Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in the section *Description of Mortgage Loans*. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the

long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. 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 Sellers will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Sellers provide that in certain events the Mortgage Loan shall have a maturity that is shorter than the term of the long lease. The general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration, (ii) the conditions of the long lease are changed, (iii) the lease holder breaches any obligation under the long lease, or (iv) the long lease is dissolved or terminated.

#### **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 relevant 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 debt restructuring scheme (*schuldsanering natuurlijke personen*), 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 any Borrower Investment Pledges.

To the extent the Borrower Insurance Pledges secure the same liabilities as the All Moneys Mortgages (and should therefore be regarded as All Moneys Pledges), reference is made to *Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* above.

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

The relevant Seller has been appointed as beneficiary under the relevant Insurance Policy, except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Seller, provided that, *inter alia*, the relevant beneficiary has given a Borrower Insurance Proceeds Instruction. The Issuer has been advised that it is unlikely that the appointment of the relevant 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. The Beneficiary Rights will be assigned by the relevant Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see section 4.7 (*Security*)). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

Each Seller will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event relating to it to terminate the appointment of the relevant 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 relevant Seller, will undertake to use its best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition (*ontbindende voorwaarde*) of a Pledge Notification Event relating to it and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Pledge Notification Event. 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 the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant 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 relevant Seller and the relevant Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant 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 relevant Seller or another beneficiary, as the case may be. However, the Issuer has been advised that payments by the Insurance Companies into the Collection Foundation Accounts would fall outside the estate of the Sellers. The Collection Foundations would be obliged to forward such amount to the Issuer, as agreed between the Issuer and the Seller. In case of insolvency of the Seller, a liquidator would be bound by such agreement.

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

Under certain types of Mortgage Loans the relevant Seller has the benefit of rights under Insurance Policies with Insurance Companies. 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, 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.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If this provision described above is not effective 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. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant 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 relevant 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 due and payable. 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, subject, however, to what is stated above under Risk that Borrower Insurance Pledges will not be effective. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of 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.

Finally, set-off vis-à-vis the Issuer after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above).

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the relevant 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 relevant 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 a Mortgage Receivable.

#### *Life Mortgage Loans*

In respect of Life Mortgage Loans originated by the Sellers where the Borrowers have taken out Life Insurance Policies with any of the Insurance Companies, other than Life Mortgage Loans to which the Life Insurance Policies described in the two succeeding paragraphs are connected, the Issuer has been advised that it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, taking into account that (x) each Seller has informed the Issuer that (i) there is no connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loan with its claims under the Life Insurance Policy or that it can invoke defences in this respect, (ii) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (iii) the Borrowers are free to choose the relevant Insurance Company and (iv) the Insurance Company is not a group company of the relevant Seller, and that (y) each Seller will represent and warrant in respect to these Life Mortgage Loans (a) the items (ii), (iii) and (iv) and (b) that to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the Insurance Set-off Risk. However, if any circumstances which would result in a connection (as set out in (y)(b) above) between the Life Mortgage Loan and a Life Insurance Policy exist, the risk that the courts will honour set-off or defences invoked by Borrowers, as described above, will increase.

In respect of the Life Mortgage Loans associated with a Life Insurance Policy entered into with (a) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Delta Lloyd Levensverzekering N.V.), (b) SRLEV to the extent it is a legal successor of Axa Leven N.V., Reaal Levensverzekering N.V., Zurich Lebensversicherungs-Gesellschaft or DBV Levensverzekeringmaatschappij N.V., or (c) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V. or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.)), (d) APL, to the extent originated by Hypinvest, or (e) Allianz, to the extent originated by Estate or Royal, or (f) Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V. to the extent originated by NHM, the Issuer has been informed that the Life Mortgage Loans have also been marketed in the relevant brochures under the name of the relevant Life Insurance Company as one product with the associated Life Insurance Policy, under the trade name of the relevant Life Insurance Company on behalf of relevant Seller (which is not a group company of any of the relevant Life Insurance Companies). In respect of these Mortgage Loans, the Issuer has been advised that, given the commercial connection, the possibility can certainly not be disregarded (*de mogelijkheid kan zeker niet worden uitgesloten*) that in the event that the Borrowers cannot recover their claims under these Life Insurance Policies from the relevant Life Insurance Company, the courts will honour set-off or defences invoked by Borrowers, as described above.

In respect of the Life Mortgage Loans sold and assigned by Amstelstaete and Zwaluw to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete or Zwaluw, respectively, the Issuer has been advised that there is a considerable risk (*een aanmerkelijk risico*) that any set-off or defences (as described above) would be successful, in view of the fact that these Life Mortgage Loans have been originated by the Insurance Company which also granted the Life Insurance Policy connected to such Mortgage Loan and this Life Mortgage Loan and Life Insurance Policy were marketed as one single package under one name.

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

In respect of Savings Mortgage Loans and Switch 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 Switch Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage deeds relating to the Savings Mortgage Loans and Switch Mortgage Loans.

In respect of Savings Mortgage Loans and Switch Mortgage Loans which are subject to an Insurance Savings Participation, each of the Insurance Savings Participation Agreements 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 relevant 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 or Savings Investment 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 or Switch Mortgage Receivable with a Savings Alternative, the relevant Insurance Savings Participation of the relevant 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-Participation*)), provided that the relevant Insurance Savings Participant will have paid all amounts equal to the amounts due under the relevant 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 relevant 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 relevant 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 in respect of the relevant Mortgage Loans (if any), such set-off or defences will affect the proceeds under the Mortgage Receivables and could lead to losses under the Notes. Furthermore, the Insurance Savings Participation Agreements will not apply to the Investment Alternative of a Savings Investment Insurance Policy connected to a Switch Mortgage Receivable.

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

The Sellers have represented that under the Investment Mortgage Loans the securities are purchased on behalf of the relevant Borrower by a bankruptcy remote securities giro (*effectengiro*), a bank or investment firm (*beleggingsonderneming*) for the account of the Borrowers and that these securities are held in custody by an admitted institution of Euroclear Netherlands if these securities qualify as securities defined in the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduit Supervision of Financial Enterprises. 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 become 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 under *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*.

#### **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 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.

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

Part of the Mortgage Receivables sold and assigned to the Issuer relate to Mortgage Loans which have been originated by Originators other than the relevant Seller. All rights and obligations under these Mortgage Loans have been transferred (*contractsoverneming*) to the relevant Seller. The Issuer has been advised that in case of such transfer (other than by means of assignment) it is not certain whether any Further Advances granted, or to be granted, by the relevant Seller after any such transfer are validly secured by the mortgage right and borrower pledges vested in favour of the Originator. For this question it is relevant, *inter alia*, whether the Further Advance resulted from the same legal relationship as the Mortgage Loan or whether it constitutes a new legal relationship. If a Further Advance Receivable is transferred to the Issuer and it is clear that it is not validly secured by a mortgage right, this constitutes a breach of the representations and warranties granted by the relevant Seller, resulting in an obligation of the relevant Seller to repurchase the relevant Further Advance Receivable. To the extent that a Further Advance is granted after the Closing Date, the relevant Seller will be obliged to repurchase the Relevant Mortgage Receivable. If in such event the relevant Seller does not repurchase the Relevant Mortgage Receivable for whatever reason, this constitutes a breach of the representations and warranties granted by the relevant Seller and the Issuer will own a Relevant Mortgage Receivable that may not be validly secured by the mortgage right and borrower pledges vested in favour of the Originator until it is repurchased.

#### **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 relevant Seller and it becomes insolvent, the co-operation of the trustee (in bankruptcy or suspension of payments) or administrator (in emergency regulations or suspension of payments) would be required to reset the interest rates. If in such event the trustee (in bankruptcy or suspension of payments) or administrator (in emergency regulations or suspension of payments) does not co-operate with the resetting of the interest rates, or sets the interest rate relatively high or low, this may, *inter alia*, result in higher prepayments or lower interest receipts. In such case the Issuer may be more exposed to changes in the relevant rates of interest than it would otherwise have been.

#### **Risk related to repurchase of Mortgage Receivables**

The liability of the Issuer to pay the interest on the Notes is not hedged against the variations in the interest received on the Mortgage Receivables. To mitigate a risk or a possible mismatch, the relevant Seller will undertake in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of Mortgage Receivables on the date on which relevant Seller agrees with the relevant Borrower to set the interest rate with respect to the Relevant Mortgage Loan (or relevant loan part thereof) for the next succeeding fixed interest rate period (*rentevastperiode*) at a fixed interest rate lower than 2.25 per cent. per annum or in respect of the Relevant Mortgage Loan (or relevant loan part thereof) which is linked to a floating interest rate index, the date on which the relevant Seller agrees with the relevant Borrower to set the margin over the relevant floating interest rate index at a value lower than 2.25 per cent. per annum. However, this is not a guarantee that the Seller will actually repurchase such Mortgage Receivables which, if such Mortgage Receivable is not repurchased, could result in a mismatch between the costs and the interest payable by the Issuer and the interest received on the Mortgage Receivables which could lead to losses under the Notes.

Furthermore, if the Seller no longer determines and sets the mortgage interest rates in respect of the Mortgage Loans for whatever reason, the Servicer has undertaken, on behalf of the Issuer of the Security Trustee, as the case may be, to determine and set such mortgage interest rates, provided that it will offer (i) in respect of Mortgage Loans (or relevant loan part thereof) which are not linked to a floating interest rate index, an interest rate for the next succeeding fixed interest rate period which is at least 2.25 per cent. per annum and (ii) in respect of Mortgage Loans (or relevant loan part thereof) which are linked to a floating interest rate index, a margin over the relevant floating interest rate index which is at least 2.25 per cent. per annum, subject in each case to the Mortgage Conditions and the applicable laws (including, without limitation, principles of reasonableness and fairness and competition laws). However, this is not a guarantee that the Servicer will actually determine and set such mortgage interest rates at such levels and, if such mortgage interest rates are not determined and set at such levels, this could result in a mismatch between the costs and the interest payable by the Issuer and the interest received on the Mortgage Receivables which could lead to losses under the Notes.

#### **Risks related to offering of Investment Mortgage Loans, Life Mortgage Loans or Switch Mortgage Loans with the Investment Alternative**

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans, Life Mortgage Loans and Switch Mortgage Loans with the Investment Alternative. 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 (*vernietigen*) or a Borrower may claim set-off or defences against the relevant 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 Life Insurance Policies is 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 or Savings Investment Insurance Policies with the



Investment Alternative, 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. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles stating (i) that individual law suits and class actions may be, and have been, started against individual insurers and (ii) that certain individual insurers have reached agreement with claimant organisations on compensation of its customers for the costs of investment insurance policies entered into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently still continuing, since consumer tv-shows and "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate compensation. Rulings of courts 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 the insured.

If Life Insurance Policies or Savings Investment Insurance Policies with the Investment Alternative related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or terminated, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this may be different depending on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower 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, except if the relevant Seller is itself liable, whether jointly with the insurer or separately, *vis-à-vis* the Borrower. In this situation, which may depend on the involvement of the relevant 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 relevant Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

#### **Risk related to prepayments on the Mortgage Loans**

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a Mortgage Loan and repurchase by the relevant Seller of Relevant Mortgage Receivables should such amount received in connection with the repurchase not be applied towards replenishment or substitution) on the Mortgage Loans and the amount of Substitute Mortgage Receivables and/or New Mortgage Receivables offered by the Sellers. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently. The estimated average lives must therefore be viewed with considerable caution and the Noteholders should make their own assessment thereof.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

#### **Risks of Losses Associated with Declining Values of Mortgaged Assets**

The security for the Notes created under the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The relevant Seller will not be liable for any losses incurred by the Issuer in connection with the Relevant Mortgage

Loans. Since 2009 there has been a decline in housing prices in the Netherlands which only very recently has come to a standstill. See section 6.2 (*Description of Mortgage Loans*) and section 6.4 (*Dutch Residential Mortgage Market*).

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

NHG Mortgage Loans will have the benefit of an 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. Each Seller will in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee, connected to the relevant NHG Mortgage Loan was granted for the full Outstanding Principal Amount of the relevant 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 relevant 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 relevant NHG Mortgage Loan should not be met in full and in a timely manner. The Sellers will undertake in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Relevant Mortgage Receivables subject to certain conditions in case any such representation or warranty is breached. The remaining risk is that the Sellers will not repurchase or will not be able to repurchase the Relevant Mortgage Receivables for whatever reason.

Furthermore, the terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee will terminate upon expiry of a period of thirty years after the issue of the NHG Guarantee. Since part of the NHG Mortgage Loans will have a maturity date which falls after the expiry date of the relevant NHG Guarantee. This will result in the Issuer not being able to claim for payment with the Stichting WEW of a loss incurred after the term of the NHG Guarantee has expired.

Finally, 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 Mortgage Loan can be different (see section 6.2 (*Description of Mortgage Loans*)). This may result in the Issuer not being able to fully recover 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 may result in the Issuer not being able to fully repay the Notes.

In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been adopted for the mortgage providers. On any loss claim a deduction of 10% will be applied to the loss.

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" by DBRS and "Aaa" by Moody's (negative outlook). Moreover, Stichting WEW is rated "AAA" by DBRS and "Aaa" by Moody's. In the event that (i) the State of the Netherlands ceases to be rated "AAA" by DBRS and "Aaa" by Moody's, respectively, or (ii) the Stichting WEW ceases to be rated "AAA" by DBRS and "Aaa" by Moody's, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Class A Notes and could potentially result in a corresponding downgrade of the Class A Notes.

#### **Changes to tax treatment of 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 period allowed for deductibility is restricted to a term of 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 realises a profit on the sale of his old home, the home owner is considered to invest this net profit into the new home. Broadly speaking, the net profit is deducted from the value of the new home and mortgage loan interest

deductibility is limited to the interest that relates to an amount loan equal to the purchase price of the new home less the net profit 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 is only available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest income tax rate) the interest deductibility will be reduced with 0.5% per year (i.e. 51.5% in 2014) until the rate is equal to the third-bracket income tax rate (currently 42%). This tax rate, as well as the rate against which the mortgage interest may be deducted, will eventually be reduced to 38% (starting in 2018).

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. 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, see *Risk related to prepayments on the Mortgage Loans*. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

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

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to *inter alia* a bank or insurer, in particular. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB's consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft (*gebeurtenis*) or being the subject of any similar event or measure under foreign law. Therefore there is a risk that the enforceability of the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Sellers, the Participants and/or the Issuer Account Bank, may be affected on the basis of the Wft, which may lead to losses under the Notes.

On 15 May 2014 Directive 2014/59/EU of the European Parliament and of the Council established a framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU) ("**BRRD**"). The BRRD gives Member States until 31 December 2014 to transpose the BRRD into national law. The BRRD gives regulators powers to write down debt (or to convert such debt into equity) of ailing banks, certain investment firms and their holding companies to strengthen their financial position and allow such institutions to continue as a going concern subject to appropriate restructuring. The exercise of powers under the BRRD could adversely affect the proper performance by the Issuer of its payment and other obligations and enforcement thereof against the same under the terms and conditions of the Transaction Documents. It is expected that the BRRD will be implemented in the Netherlands in 2015.

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

The Issuer was incorporated with limited liability under Dutch law on 4 November 2014. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The Issuer operates on a cross-border basis when offering the Notes in certain countries. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 61812968. The Issuer operates under Dutch law.

The Issuer is a special purpose vehicle, whose objectives are (a) to acquire, purchase, conduct the management of, dispose of and to encumber assets and to exercise any rights connected to these assets, (b) to acquire moneys to finance the acquisition of the assets mentioned under (a), by way of issuing notes, securities or by way of entering into loan agreements, (c) to on-lend and invest any funds held by the Issuer, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) in connection with the foregoing: (i) to borrow funds by way of issuing notes or by way of entering into loan agreements, amongst others to repay the obligations under the securities mentioned under (b), and (ii) to grant and 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 objectives.

The Issuer has an authorised share capital of euro 18,000, of which euro 18,000 has been issued and is fully paid. The share capital of the Issuer is held by Stichting Dutch MBS Holding (see section 3.2 (*Shareholder*)).

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

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, 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 included 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 or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and the Shareholder are aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, in the previous twelve months.

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

#### **The Issuer Director**

The sole managing director of the Issuer is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are Ronald Posthumus, Allard Reinier van der Veen, Derk Jan Cornelis Niezing, Peter de Langen and Orgerus Joseph Anton van der Nap. The managing directors of Intertrust Management B.V. have chosen domicile at the office address of Intertrust Management B.V., being Prins Bernardplein 200, 1097 JB Amsterdam. Intertrust Management B.V. belongs to the same group of companies as Intertrust Administrative Services B.V. (being the Back-up Administrator), Amsterdamsch Trustee's Kantoor B.V. (being the sole managing director of the Security Trustee) and Intertrust (Netherlands) B.V. (being the sole managing director of the Shareholder). Therefore, a conflict of interest may arise.

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

The Director of the Issuer has entered into the Issuer Management Agreement pursuant to which the Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do or should refrain from what an adequate managing director should not be doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition the Director of the Issuer agrees in the Issuer Management Agreement that it will not enter into any agreement in relation to the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Security Trustee and

provided that the Security Trustee has notified the Credit Rating Agencies thereof and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Class C Notes, will be adversely affected as a consequence thereof.

The Issuer 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 Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer Director or the Issuer Director being declared bankrupt or granted a suspension of payments. Furthermore, the Issuer Management Agreement can be terminated by the Issuer Director or, subject to Credit Rating Agency Confirmation, by the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice. The Issuer Director shall resign upon termination of the Issuer 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 in respect of each Credit Rating Agency is available in respect of such appointment.

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2015.

### **Capitalisation**

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

#### **Share Capital**

|                          |     |        |
|--------------------------|-----|--------|
| Authorised Share Capital | EUR | 18,000 |
| Issuer Share Capital     | EUR | 18,000 |

#### **Borrowings**

|   |     |               |
|---|-----|---------------|
| Class A Notes                           | EUR | 666,400,000   |
| Class B Notes                           | EUR | 52,500,000    |
| Class C Notes                           | EUR | 9,400,000     |
| Initial Insurance Savings Participation | EUR | 13,876,960.94 |

### 3.2 SHAREHOLDER

Stichting Dutch MBS Holding is a foundation (*stichting*) incorporated under Dutch law on 23 July 1998. The objectives of the Shareholder are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the entities such as the Issuer and to exercise all rights attached to such shares for the benefit of such entities and third parties, including its creditors. The Shareholder is also the sole shareholder of Dutch MBS XIV B.V., Essence III B.V. and Essence IV B.V. The sole managing director of the Shareholder is Intertrust (Netherlands) B.V.

The Director of the Shareholder has entered into the Shareholder Management Agreement pursuant to which the Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. Pursuant to a letter to the Shareholder Management Agreement the Director of the Shareholder will confirm to the Issuer and the Security Trustee that it will continue to act as a managing director of the Shareholder on the terms and conditions as set forth in the Shareholder Management Agreement and will represent and warrant to the Issuer and the Security Trustee that the representations and warranties as set forth in the Shareholder Management Agreement are true and correct at the Signing Date.

### 3.3 SECURITY TRUSTEE

Stichting Security Trustee Essence V is a foundation (*stichting*) incorporated under Dutch law on 4 November 2014. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The objectives 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 holding of the abovementioned security rights; (c) to borrow money; (d) to make donations; and (e) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are Dirk Peter Stolp and Martin Pereboom.

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*), gross negligence (*grove nalatigheid*) fraud or bad faith, and it shall not be responsible for any act or negligence of persons or institutions selected by it with due care.

The Security Trustee Director has entered into a management agreement with the Security Trustee and the Issuer. In this management agreement the Security Trustee Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Netherlands 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 obligations of the Security Trustee under any of the Transaction Documents. In addition the Security Trustee Director agrees in the relevant management agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

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

However, the Noteholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and the articles of incorporation of the Security Trustee. Moreover, each of the Director and the Security Trustee may terminate the appointment as managing director upon giving 90 days' written notice. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Creditors, other than the Noteholders, and provided that the Security Trustee has notified the Credit Rating Agencies of such event and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Class C Notes, will be adversely affected as a consequence thereof.

### 3.4 SELLER / ORIGINATORS

The Mortgage Loans involved are originated by (i) the Sellers (all 100 per cent. subsidiaries of NIBC) and (ii) in the case of Mortgage Loans sold by Amstelstaete and which were originated prior to 16 December 2004, by SRLEV, (iii) in the case of Mortgage Loans sold by Zwaluw and which were originated before July 2003, by Goudse Levensverzekeringen N.V. and ING Verzekeringen N.V.; (the Sellers, SRLEV, Goudse Levensverzekeringen N.V. and ING Verzekeringen N.V. collectively referred to as the "**Originators**"). To the extent a Relevant Mortgage Loan was not originated by the relevant Seller, such Relevant Mortgage Loan was transferred to the relevant Seller by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation.

The main business activity of SRLEV is providing insurance services. The registered address of SRLEV is Wognumsebuurt 10, 1817 BH Alkmaar.

The main business activity of ING Verzekeringen N.V. is providing insurance services and asset management activities. The registered address of ING Verzekeringen N.V. is Amstelveenseweg 500, 1081 KL Amsterdam.

The main business activity of Goudse Levensverzekeringen N.V. is providing life insurance services. The registered address of Goudse Levensverzekeringen N.V. is Bouwmeesterplein 1, 2801 BX Gouda.

The only business activity of the Sellers is originating mortgage loans. The registered address of the Sellers (other than Quion III, Quion 14 and Quion 30) is Carnegieplein 4, 2517 KJ The Hague. The registered address of Quion III, Quion 14 and Quion 30 is Lichtenauerlaan 170, 3062 ME Rotterdam.

#### **History and Development of the Originator**

NIBC was established on 31 October 1945 as Maatschappij tot Financiering van Nationaal Herstel by the Dutch government along with a number of commercial banks and institutional investors. It was set up to provide financing for the post-World War II economic recovery of the Netherlands. This entity was renamed De Nationale Investeringsbank ("**NIB**") in 1971 and was listed on the Dutch stock exchange, now Euronext Amsterdam, from 1986 to 1999. During this time DNIB focused on providing and participating in long-term loans and private equity investments.

In 1999, two of Europe's largest pension funds, Algemeen Burgerlijk Pensioenfonds ("**ABP**") and Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen ("**PGGM**"), made a public offer for the shares of DNIB through a new joint venture, named NIB Capital N.V. ("**NIB Capital**"). They acquired an 85 percent stake, leaving the Dutch government with a minority interest of approximately 15 percent. NIB Capital acquired these remaining shares from the Dutch state in May 2004. The acquisition and change of name to NIB Capital in 1999 marked the beginning of the evolution from what was essentially a long-term lending bank to an enterprising bank offering advisory, financing and investment services.

In December 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co. and ultimately controlled by New NIB Ltd., a company incorporated under the laws of Ireland ("**New NIB Ltd**") (collectively, the "**Consortium**") purchased all of the outstanding equity interests of NIB Capital.

In connection with this acquisition, NIBC Holding N.V. was formed and NIB Capital became its wholly-owned subsidiary and changed its name from NIB Capital N.V. to NIBC N.V.. NIBC N.V. subsequently merged (as the disappearing entity) into NIBC Holding N.V. As a result, NIBC N.V.'s subsidiary, NIB Capital Bank N.V. became a direct subsidiary of NIBC Holding N.V. NIBC Capital Bank N.V. subsequently changed its name from NIB Capital Bank N.V. to NIBC Bank N.V.

In April 2014 NIBC acquired Gallinat-Bank AG, a small bank located in Hamburg, Germany from the ALBIS Group. Gallinat-Bank AG provides mainly financing facilities to leasing companies within the ALBIS Group. The acquisition of Gallinat-Bank AG directly increases NIBC's presence in one of its domestic markets. Gallinat-Bank AG has been renamed to NIBC Bank Deutschland AG.



NIBC is a Dutch public limited liability company incorporated on 31 October 1945, with corporate seat in The Hague, The Netherlands and is registered at the Chamber of Commerce of The Hague under number 27032036. NIBC is in compliance with the applicable corporate governance regulations of The Netherlands.

#### **Business Overview**

NIBC is organised around two main activities: *Corporate Banking and Consumer Banking*. Indispensable to these activities are *Treasury, Risk Management* and *Corporate Center*.

*Corporate Banking* activities cover advice, financing and co-investment provided primarily to medium-sized companies in the Benelux, UK and Germany.

*Consumer Banking* activities include activities relating to residential mortgages and online saving products via NIBC Direct in The Netherlands, Germany and Belgium.

*Treasury* is responsible for adequately funding NIBC's assets and managing its interest and liquidity position.

*Risk Management* is responsible for the identifying, measuring, managing and reporting of financial risk on a bank-wide basis.

*Corporate Center* provides essential support in areas such as Finance & Tax, Legal & Compliance, Internal Audit, ICT & Operations, Human Resources and Corporate Communications.

#### *Supervisory Board*

|                        |   |
|------------------------|---|
| W.M. van den Goorbergh | Acting Chairman, former Vice Chairman and CFO of the Executive Board of Rabobank Nederland  |
| D. R. Morgan           | Vice Chairman, former CEO of Westpac Banking Corporation  |
| M.J. Christner         | Managing director at JC Flowers & Co UK Ltd   |
| J.C. Flowers           | Chief Executive Officer of J.C. Flowers & Co. LLC   |
| N.W. Hoek              | Chairman of the Executive Board of Delta Lloyd Groep  |
| A. de Jong             | Former Managing Director at Credit Suisse First Boston Ltd, responsible for investment banking activities in the Benelux            |
| S.A. Rocker            | Managing Director at JC Flowers & Co LLC  |
| A.H.A. Veenhof         | Former President & CEO of Philips DAP, member of the Group Management Committee Philips and former CEO of Koninklijke Wessanen N.V. |
| K. Steel               | Former Chief Marketing Officer at BNP Paribas/Fortis, member audit, risk & compliance Committee Fidea                               |

#### *Managing Board*

|                 |                                   |
|-----------------|-----------------------------------|
| P.A.M. de Wilt  | Chairman, Chief Executive Officer |
| H.J. Dijkhuizen | Chief Financial Officer           |

R.H.L. ten Heggeler    Chief Client Officer

P. C. van Hoeken      Chief Risk Officer

### **Mortgage Activities**

Against a background of institutional investors increasingly looking for direct financing relationships with individual companies, for direct purchases of assets and for increased yield, NIBC is increasingly acting as originator and arranger of structured transactions. It has played a leading role in the development of securitisation in the Netherlands. At the end of 1997, NIBC successfully structured and placed the first pass-through residential mortgage-backed certificates in the Dutch financial market, the Dutch MBS 97-I and Dutch MBS 97-II transactions. Since then, NIBC has successfully structured and/or placed over 20 Dutch RMBS transactions. As well as acting as arranger and (joint-) lead manager, NIBC also performs the functions of paying agent and issuer administrator in these transactions.

As a customer-focused and service-oriented bank, NIBC has originated residential mortgages since the early 1990s via the independent intermediary channel. The management of the mortgages portfolio is done by NIBC and some activities are subcontracted to specialised third parties. These third parties provide the origination systems and activities consisting of mortgage payment transactions and ancillary activities with regard to NIBC's residential mortgage loan portfolio.

| <b>NIBC Bank N.V. Consolidated Balance Sheet</b>                   | <b>2013</b> | <b>2012</b> | <b>2011</b> |
|--|-------------|-------------|-------------|
| Shareholder's equity (in millions of EUR)                          | 1,789       | 1,825       | 1,810       |
| Group capital base (in millions of EUR)                            | 2,087       | 2,172       | 2,191       |
| Loans to customers   | 6,666       | 8,469       | 9,128       |
| Residential mortgages  | 7,562       | 8,187       | 8,745       |
| Balance sheet total  | 22,323      | 26,244      | 28,554      |
| <b>Consolidated Income Statement</b>                               |             |             |             |
| Operating Income (in millions of EUR)                              | 225         | 272         | 282         |
| Operating Expense (in millions of EUR)                             | 134         | 146         | 170         |
| Net profit attributable to parent shareholder (in millions of EUR) | 22          | 73          | 68          |
| <b>Solvency Information</b>  |             |             |             |
| Risk-weighted assets (EUR billions)                                | 8.4         | 9.7         | 11.8        |
| Core Tier-I ratio  | 18.1%       | 15.3%       | 13.8%       |
| Tier-I ratio   | 21.3%       | 18.1%       | 16.2%       |
| BIS ratio  | 22.3%       | 19.1%       | 17.5%       |
| Debt/Equity ratio  | 11.5        | 13.4        | 14.8        |
| <b>Earnings Ratios</b>   |             |             |             |
| Return on equity   | 1.2%        | 4.0%        | 3.8%        |

|                            |     |     |     |
|----------------------------|-----|-----|-----|
| Cost-to-income ratio       | 60% | 54% | 60% |
| Dividend payout ratio      | 73% | 53% | 65% |
| <b>Employees</b>           |     |     |     |
| Number of FTEs end of year | 596 | 627 | 664 |

### **3.5      SERVICER**

The Issuer has appointed NIBC to act as its Servicer in accordance with the terms of the Servicing Agreement. The Servicer will initially appoint (a) STATER Nederland B.V. as the Sub-servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans originated by Amstelstaete, ATRIOS, Capitalum, Estate, Huizen, Hypinvest, Muzen, NIBC Direct Hypotheken B.V., Nieuwegein, Royal, Seyst and Zwaluw, (b) Quion Hypotheekbemiddeling B.V. as the Sub-servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans originated by Quion I, Quion III, Quion 14, Quion 19 B.V., Quion 30 and NIBC Direct Hypotheek and (c) Quion Hypotheekbegeleiding B.V. and Quion Services B.V. as the Sub-servicers to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans originated by IKS and NHM.

For further information regarding NIBC see section 3.4 (*Originators*).

### **3.6 ADMINISTRATOR**

The Issuer has appointed NIBC to act as its Issuer Administrator in accordance with the terms of the Administration Agreement.

For further information regarding NIBC see section 3.4 (*Originators*).

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

### 3.7 OTHER PARTIES

|  |  |
|--|--|
| <b>Issuer Account Bank:</b>                    | Société Générale S.A., Amsterdam Branch.   |
| <b>Sub-servicers:</b>                          | The Servicer will initially appoint STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V, each incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) as its sub-agents to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables. |
| <b>Previous Transaction Security Trustees:</b> | Stichting Security Trustee Essence IV, Stichting Security Trustee Essence III, Stichting Security Trustee Dutch MBS XVIII, Stichting Security Trustee Dutch MBS XVII, Stichting Security Trustee Dutch MBS XVI, Stichting Security Trustee Dutch MBS XV, Stichting Security Trustee SOUND II and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company.                              |
| <b>Previous Transaction SPVS:</b>              | Essence IV B.V., Essence III B.V., Dutch MBS XVIII B.V., Dutch MBS XVII B.V., Dutch MBS XVI B.V., Dutch MBS XV B.V., SOUND II B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V.   |
| <b>Directors:</b>                              | Intertrust Management B.V. as the sole director of the Issuer, Intertrust (Netherlands) B.V. as the sole director of the Shareholder and Amsterdamsch Trustees Kantoor B.V. as the sole director of the Security Trustee.  |
| <b>Paying Agent:</b>                           | Citibank, N.A., London Branch  |
| <b>Listing Agent:</b>                          | NIBC.  |
| <b>Arranger:</b>                               | NIBC.  |
| <b>Lead Manager:</b>                           | NIBC.  |
| <b>Common Service Provider:</b>                | Citibank, N.A., London Branch.   |
| <b>Common Safekeeper:</b>                      | In respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Notes, other than the Class A Notes, Citibank Europe Plc.   |
| <b>Insurance Savings Participants:</b>         | APL, Generali and SRLEV, each with respect to the Mortgage Loans which have attached a Savings Investment Insurance Policy or a Savings Insurance Policy taken out with it.  |

## 4. THE 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 Definitive Note 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 Form below.*

The issue of the EUR 666,400,000 Class A mortgage-backed notes 2014 due 2063 (the "**Class A Notes**"), the EUR 52,500,000 Class B mortgage-backed notes 2014 due 2063 (the "**Class B Notes**") and the EUR 9,400,000 Class C notes 2014 due 2063 (the "**Class C Notes**" and together with the Class A Notes and the Class B Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on or about 24 November 2014. The Notes are issued under the Trust Deed on the Closing Date.

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

Certain words and expressions used herein (and not otherwise defined herein) are defined in a master definitions agreement as amended from time to time (the "**Master Definitions Agreement**") dated the Signing Date and entered into between the Issuer, the Security Trustee, the Sellers and certain other parties. 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 terms or definitions used herein, the terms and definitions of these Conditions shall prevail.

Copies of the Paying Agency Agreement, the Trust Deed, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents (see section 8 (*General*) of the Prospectus) are available for inspection, free of charge, by Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Prins Bernardplein 200, 1097 JB Amsterdam, the Netherlands. Any reference to a Transaction Document shall be a reference to such Transaction Document as amended from time to time. 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 EUR 100,000 and higher integral multiples of EUR 1,000 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.

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons and, if necessary, talons attached.

#### 2. Status, Priority and Security

(a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and

rateably without any preference or priority among Notes of the same Class.

- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B 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 and the Pledge Agreements, which will create, *inter alia*, the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Sellers under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Servicer under or in connection with the Servicing Agreement; (c) against the Issuer Administrator under or in connection with the Administration Agreement; (d) against the Back-up Administrator under or in connection with the Back-up Administration Agreement; and (e) against the Issuer Account Bank under or in connection with the Issuer Account Agreement and in respect of the Issuer Accounts.
- (d) The obligations under the Notes are secured (directly and/or indirectly) by the Security. The obligations under the Class A Notes will rank in priority to the Class B Notes and the Class C Notes; and the Class B Notes will rank in priority to the Class C Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Secured Creditors as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the highest ranking Class of Noteholders. In this respect the order of priority is as follows: first, the Class A Noteholders, second, the Class B Noteholders and third, the Class C Noteholders. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors, provided that 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 Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 24 November 2014, relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (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, waived, 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 except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; and
- (g) have an interest in any bank account other than the Issuer Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii) or an account to which collateral under a swap agreement is transferred (if any).



#### **4. Interest**

(a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 (c)) from and including the Closing Date. Each 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 (including any Interest Period), such interest shall be calculated on the basis a month of 30 days and a 360 day year.

(b) *Interest Periods and Notes Payment Dates*

Interest on the Notes is payable by reference to the successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in January 2015.

Interest on each of the Notes shall be payable monthly in arrear in EUR in respect of the Principal Amount Outstanding (as defined in Condition 6(c)) of each Class of Notes on each Notes Payment Date, which is the each of the 9<sup>th</sup> day of each calendar month or, if such day is not a Business Day, the immediately succeeding Business Day.

(c) *Interest up to (and including) the First Optional Redemption Date*

Up to (and including) the First Optional Redemption Date (as defined in Condition 6(c)), interest on the Notes for each Interest Period will accrue from the Closing Date at an annual fixed rate equal to:

- (i) for the Class A Notes, 1.10 per cent. per annum;
- (ii) for the Class B Notes, 2.00 per cent. per annum; and
- (iii) for the Class C Notes, 2.25 per cent. per annum.

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

If on the First Optional Redemption Date (as defined in Condition 6(e)) any Class of Notes, other than the Class C Notes, will not have been redeemed in full, the rate of interest applicable to the relevant Class of Notes will accrue at an annual fixed rate equal to:

- (i) for the Class A Notes, 2.20 per cent. per annum;
- (ii) for the Class B Notes, 6.00 per cent. per annum; and
- (iii) for the Class C Notes, 6.75 per cent. per annum.

(e) *Calculation of Interest Amounts*

The Issuer Administrator will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date calculate the amount of interest payable on each of the Notes for the following Interest Period (the "**Interest Amount**") by applying the relevant interest rates to the Principal Amount Outstanding of each Class of Notes respectively. The determination of the Interest Amount by the Paying Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Determination or Calculation by Security Trustee*

If the Paying Agent at any time for any reason fails to calculate the relevant Interest Amounts in accordance with Condition 4(e) above, the Security Trustee shall calculate the Interest Amounts in accordance with Condition 4(e) above, and each such calculation shall be final and binding on all parties.

#### **5. Payment**

- (a) Payment of principal and 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 euro account maintained by the payee with a bank in the Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6(a)), or at 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 unenforceable 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 and Coupon (a "**Local Business Day**") the holder of the Note shall not be entitled to payment until the next following Local Business Day, such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account is open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and details of its offices are set out on the last page of the Prospectus.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

### (a) *Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding and, in respect of the Notes other than the Class A Notes, subject to Condition 9(b), on the Final Maturity Date, which falls on the Notes Payment Date falling in December 2063.

### (b) *Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with Condition 10, without prejudice to the obligations in Condition 6(e), the Issuer shall be obliged to apply on each Notes Payment Date the Available Principal Redemption Funds to redeem the Notes, other than the Class C Notes, whether in full or in part, at their respective Principal Amount Outstanding, on a *pro rata* basis within each Class in the following order:

- (i) *first*, in or towards satisfaction of principal amounts due under the Class A Notes on the relevant Notes Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions; and
- (ii) *second*, in or towards satisfaction of principal amounts due under the Class B Notes on the relevant Notes Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions.

The principal amount so redeemable in respect of each relevant Note (each a "**Redemption Amount**") in respect of a Note, other than the Class C Notes, on the relevant Notes Payment Date shall be the aggregate amount (if any) of the Available Principal Redemption Funds on the Notes Calculation Date relating to that Notes Payment Date available for a Class of Notes divided by the Principal Amount Outstanding of the relevant Class subject to such redemption (rounded down to the nearest euro) and multiplied by the Principal Amount Outstanding of the relevant Note on such Notes Calculation Date, provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Definitions*

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

**"Available Principal Funds"** shall mean the sum of the following amounts calculated on any Notes Calculation Date as being received during (or in respect of) the second preceding Mortgage Calculation Period prior to such Notes Calculation Date (or such other date as set out below):

- (i) as repayment and prepayment of principal in part under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, excluding Prepayment Penalties, and in respect of each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Insurance Savings Participation in such Mortgage Receivable;
- (ii) as repayment and prepayment of principal in full under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, excluding Prepayment Penalties, less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (iii) as Net Principal Proceeds on any Mortgage Receivable less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (v) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (vi) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vii) as Insurance Savings Participation Increase and as amounts to be received as Initial Insurance Savings Participation on the immediately succeeding Notes Payment Date pursuant to the Insurance Savings Participation Agreements; and
- (viii) (a) any part of the Available Principal Funds calculated on the immediately preceding Notes

Calculation Date, which has not been applied towards redemption of the Notes on the immediately preceding Notes Payment Date or otherwise in accordance with the Trust Deed, (b) any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date to the extent relating to principal and in respect of the first Notes Payment Date following the Closing Date only (c) an amount equal to the difference between (i) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class C Notes, and (ii) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date;

- (ix) an amount equal to the Replenishment Reserved Amount on the immediately succeeding Notes Payment Date; and
- (x) as amounts debited from the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement and not paid to the Sellers;

less:

- (xi) (a) the Substitution Available Amount, if and to the extent such amount will be actually applied to the purchase of Substitution Mortgage Receivables on the immediately succeeding Notes Payment Date; (b) the Replenishment Available Amount, if and to the extent such amount will be actually applied to the purchase of New Mortgage Receivables on the immediately succeeding Notes Payment Date; (c) an amount equal to the Replenishment Reserved Amount (reserved for the second following Notes Payment Date) and (d) any part of the Available Principal Funds required to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;

**"Available Principal Redemption Funds"** shall mean on any Notes Calculation Date an amount equal to the Available Principal Funds less the amounts paid pursuant to item (a) of the Redemption Priority of Payments;

**"Principal Amount Outstanding"** on any date shall be 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.

**"Net Principal Proceeds"** shall mean the Net Foreclosure Proceeds after deduction of the amount to be applied towards interest due and/or accrued due (including penalty interest) under the relevant Mortgage Receivable.

**"Replenishment Available Amount"** shall mean the sum of amounts received:

- (i) as Net Principal Proceeds on any Mortgage Receivable less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
- (ii) equal to the part of the Substitution Available Amount, if and to the extent such amount will not be applied to the purchase of Substitute Mortgage Receivables on the next succeeding Notes Payment Date;
- (iii) as to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (iv) as Insurance Savings Participation Increase and as amounts to be received as Initial Insurance Savings Participation on the immediately succeeding Notes Payment Date pursuant to the relevant Sub-Participation Agreement;
- (v) as part of the Available Principal Redemption Funds calculated in respect of the immediately preceding Notes Payment Date, which has not been applied towards redemption of the Notes on such Notes Payment Date and does not form part of the Replenishment Reserved Amount; and
- (vi) as the Replenishment Reserved Amount.

**"Replenishment Reserved Amount"** shall mean on any Notes Calculation Date, any part of the Replenishment Available Amount calculated on each of the two (2) immediately preceding Notes

Calculation Dates and on such Notes Calculation Date which has not been or will not be applied towards the purchase of New Mortgage Receivables on the relevant Notes Payment Dates, if any.

**"Substitution Available Amount"** shall mean, at any Notes Calculation Date up to, but excluding, the Notes Calculation Date immediately preceding the Final Maturity Date, any amounts received by the Issuer as a result of a repurchase of Mortgage Receivables by the relevant Seller or the Sellers, as the case may be, other than in case of a purchase of all Mortgage Receivables to the extent such amounts relate to principal during the immediately preceding Mortgage Calculation Period and with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation less (i) in case of a repurchase or a repayment in full the Insurance Savings Participation in such Mortgage Receivable or (ii) in case of a partial repayment or prepayment with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Insurance Savings Participation in such Mortgage Receivable.

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

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Available Principal Funds, (b) the Available Principal Redemption Funds, (c) the Class C Redemption Amount, (d) the amount of the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (e) 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 will on each Notes Calculation Date cause each determination of (a) the Available Principal Funds, (b) the Available Principal Redemption Funds, (c) the Class C Redemption Amount, (d) the amount of the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (e) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, Euroclear and Clearstream, Luxembourg and to the holders of Notes 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 any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with Condition 6(a), (b), (c) and (i) (but based upon the information in its possession as to the relevant amounts 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.

(e) *Optional Redemption*

Unless previously redeemed in full, the Issuer may at its option on each Optional Redemption Date redeem all (but not some only) of the Notes, other than the Class C Notes, at their respective Principal Amount Outstanding and, in respect of the Class B Notes, subject to Condition 9(b).

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class C Notes, are also redeemed in full subject to, in respect of the Class B Notes, Condition 9(b), at the same time.

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

(f) *Redemption for tax reasons*

All (but not some only) of the Notes, other than the Class C Notes, may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding and, in respect of the Class B Notes, subject to Condition 9(b), 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 the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; 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 interest due in respect of the Notes, other than the Class C Notes, and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class C Notes, are also redeemed in full subject to, in respect of the Class B Notes, Condition 9(b), at the same time.

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

(g) *Redemption for regulatory reasons*

All (but not some only) of the Notes, other than the Class C Notes, may be redeemed by the Issuer, upon the direction of NIBC Bank N.V., (the sole (indirect) shareholder of the Sellers) on any Notes Payment Date, at their Principal Amount Outstanding and, in respect of the Class B Notes, subject to Condition 9(b), if:

- (a) a change published on or after the Closing Date in the Basel II, Basel III or in the Banking Regulations applicable to NIBC Bank N.V. (including any change in the Banking Regulations enacted for purposes of implementing a change to the Basel II or Basel III) or a change in the manner in which the Basel II, Basel III or such Banking Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent authority) which has the effect of adversely affecting the rate of return on capital of NIBC Bank N.V. or increasing the cost or reducing the benefit to NIBC Bank N.V. with respect to the transaction contemplated by the Notes (a "**Regulatory Change**"); 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 interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes, other than the Class C Notes, in accordance with the Trust Deed.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class C Notes, are also redeemed in full subject to, in respect of the Class B Notes, Condition 9(b), at the same time.

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

(h) *Clean-Up Call Option*

If on any Notes Payment Date the aggregate Principal Amount Outstanding of Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Issuer has the option (but not the obligation) to redeem all (but not some only) of the Notes, other than the Class C Notes, at their Principal Amount Outstanding, and in respect of the Class B Notes, subject to Condition 9(b).

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class C Notes, are also redeemed in full subject to, in respect of the Class B Notes, Condition 9(b), at the same time.

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

(i) *Mandatory Redemption of Class C Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Class C Available Principal Funds to redeem (or partially redeem) on a *pro rata* basis the Class C Notes until fully redeemed. For the purpose of this Condition, "**Class C Available Principal Funds**" shall mean on the Notes Calculation Date immediately preceding the relevant Notes Payment Date until the Class C Notes are redeemed in full, the Available Revenue Funds remains after all payments ranking above item (k) in the Revenue Priority of Payments have been made in full.

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

## 7. Taxation

(a) *General*

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands 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. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

(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 ("**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental agreement thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid by the Issuer 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

(a) *Interest*

Interest on the Class B Notes and the Class C Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on the next Notes Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest due on such Notes Payment Date to the holders of the Class B Notes. In the event of a shortfall, the Issuer shall credit the Class B Notes Interest Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class B Notes, on any Notes Payment Date in accordance with this

Condition falls short of the aggregate amount of interest payable on the Class B Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class B Notes for such period, and a *pro rata* share such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class B Note on the next succeeding Notes Payment Date.

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

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Notes Calculation 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 the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Notes Payment Date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

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

**10. Events of Default**

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Class A Noteholders, or if no Class A Notes are outstanding, by an Extraordinary Resolution of the Class B Noteholders or, if no Class A Notes and Class B Notes are outstanding, by an Extraordinary Resolution of the Class C Noteholders (subject, in each case, to being indemnified to its satisfaction) (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 shall occur (each an "**Event of Default**");

- (a) default is made for a period of 7 days in the payment of the principal of, or default is made for a period of 14 days in the payment of interest on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 days after written notice by the Security Trustee to the Issuer



requiring the same to be remedied; or

- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of 30 days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments (*(voorlopige) surseance van betaling*) or for bankruptcy (*faillissement*) or has been 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, Limited Recourse and Non-Petition**

- (a) At any time after the obligations under 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 Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) Notwithstanding Condition 11(a) above, if the obligations under the Notes have become due and payable pursuant to Condition 10 otherwise than by reason of a default in payment of any amount due pursuant to the obligations under the Class A Notes, the Security Trustee will not be entitled to dispose of the assets pledged to it on the basis of the Pledge Agreements, unless either a sufficient amount would be realised to allow discharge in full of, all amounts owing to the Class A Noteholders or if the Security Trustee is of the opinion, reached after considering the advice of a financial adviser selected by the Security Trustee for the purpose of giving such advice, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders in accordance with the Priority of Payments as set out in the Trust Deed.
- (c) In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.
- (d) The Noteholders may not 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.
- (e) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note has been paid in full. The Noteholders accept and agree that, the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

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

### **13. Notices**

With the exception of the publications of the Paying Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Class A Notes are listed on Euronext Amsterdam, any notice will also be made to Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication.

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

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

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

A meeting 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 (ii) by Noteholders of a Class or by Noteholders of one or more Class or Classes, as the case may be, holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or of the Notes of such Classes, as the case may be.

#### **(b) Quorum**

The quorum for an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, as the case may be, 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 or Classes of Notes.

If at a meeting a quorum is not present, a second meeting will be held not less than fourteen (14) 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 Term Change, can be adopted regardless of the quorum represented at such meeting.

#### **(c) Extraordinary Resolution**

A Meeting shall have power, exercisable only by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person:

- i. to approve any proposal for any 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;
- ii. 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;
- iii. 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;
- iv. 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;
- v. to give any other authorisation or approval which under this Issuer Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- vi. 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) Limitations**

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 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.

A resolution of Noteholders of a Class or by Noteholders of one or more Class or Classes, as the case may be, 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. "**Higher Ranking Class**" means, in relation to 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 Revenue Priority of Payments.

(e) Modifications by the Security Trustee

The Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, or is made in order to comply with its EMIR obligations and (ii) provided that the Security Trustee has received Credit Rating Agency Confirmation, any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transaction Documents, and any consent, including to the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders.

(f) Exercise of Security Trustee's functions

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

"**Basic Terms Change**" means, in respect of Notes of one or more Class or Classes, as the case may be, 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 in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Priority of Payments upon Enforcement or (vi) of the quorum or majority required to pass an Extraordinary Resolution.

"**Extraordinary Resolution**" means a resolution passed at a Meeting duly convened and held by the Noteholders of one or more Class or Classes, as the case may be, by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least seventy-five (75) per cent. of the validly cast votes.

**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 the Coupons and any non-contractual obligations arising out of or in relation to the Notes and the 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 the Coupons including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Notes and the Coupons, shall be submitted to the exclusive jurisdiction of the competent court of Amsterdam, the Netherlands.

## 4.2 FORM

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A Notes in the principal amount of EUR 666,400,000, (ii) in the case of the Class B Notes in the principal amount of EUR 52,500,000 and (iii) in the case of the Class C Notes in the principal amount of EUR 9,400,000. Each Temporary Global Note will be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. 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. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the common safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. 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. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 100,000 and higher integral multiples of EUR 1,000 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-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate, in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. No Notes in definitive form will be issued with a denomination above EUR 199,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons and, if necessary, talons attached.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression "**Noteholder**" shall be construed accordingly, but without

prejudice to the entitlement of the bearer of the relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue:

- (i) Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
  - (ii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
  - (iii) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent.
- in each case within 30 days of the occurrence of the relevant event.

### 4.3 SUBSCRIPTION AND SALE

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

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which is the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Lead Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

#### United Kingdom

The Lead Manager has represented and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

#### France

The Lead 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 distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) 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 (ii) qualified investors (*investisseurs qualifiés*) other than individuals – all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the 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, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

- in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

#### **United States**

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

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 United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

The Lead 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) days after the later of the commencement of the offering or the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulations under the Securities Act.

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

#### **General**

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by 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 Lead 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 & INDUSTRY COMPLIANCE

##### **Retention and disclosure requirements under the CRR and the AIFMR**

NIBC has undertaken to the Issuer, the Security Trustee and the Lead Manager that, for as long as the Notes are outstanding, it shall retain, on an ongoing basis, a material net economic interest in the securitisation which shall in any event not be less than 5%, in accordance with article 405 of the CRR and article 51 of the AIFMR. As at the Closing Date, such interest is retained in accordance with article 405 of the CRR and article 51 of the AIFMR by NIBC within the meaning of the CRR or the AIFMR, as the case may be, holding (part of) the Class B Notes and the Class C Notes.

In addition, NIBC shall make available to Noteholders all materially relevant information that such Noteholders may require to comply with their obligations under the applicable provisions of the CRR and the AIFMR, including to make appropriate disclosures, or to procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation and to ensure that the Noteholders have readily available access to all materially relevant data. (see also Section 8 (*General*) of the Prospectus).

NIBC and the Sellers accept responsibility for the information set out in this Section 4.4 (*Regulatory and Industry Compliance*).

##### **Credit ratings**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'Aaa (sf)' rating by Moody's and a 'AAA' sf rating by DBRS. Credit ratings included or referred to in this Prospectus have been issued by Moody's and DBRS, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies. The Class B Notes and the Class C Notes will not be assigned a rating.

##### **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 DSA (the RMBS Standard). This has also been recognised by PCS as the Domestic Market Guideline for the Netherlands in respect of this asset class.

##### **PCS Label**

An application has been made to Prime Collateralised Securities (PCS) UK Limited for the Class A Notes to receive the PCS Label and the Sellers currently expect that the Class A Notes will receive the PCS Label. However, there can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the United States Securities Acts of 1933 (as amended).

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



#### **4.5 USE OF PROCEEDS**

The aggregate net proceeds of the Notes to be issued on the Closing Date amount to EUR 728,300,000.

The net proceeds of the issue of the Notes, other than the Class C Notes, will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement and 61.76 per cent. of the net proceeds from the issue of the Class C Notes will be credited to the Liquidity Reserve Account and 38.24 per cent. of the net proceeds from the issue of the Class C Notes will be credited to the Reserve Account. An amount of EUR 1,550,348.68 (being equal to the aggregate Construction Deposits on the Cut-Off Date) of the Initial Purchase Price payable on the Closing Date will be withheld by the Issuer and deposited in the Construction Deposit Account.

#### 4.6 TAXATION IN THE NETHERLANDS

*The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Notes. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.*

*This summary is based on The Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect. Where in this summary the terms "the Netherlands" and "Dutch" are used, these terms solely refer to the part of the Kingdom of the Netherlands that is situated in Europe.*

*With the exception of paragraph (a) below under General, this summary does not address the Netherlands tax consequences of:*

- (i) a holder holding a substantial interest (aanmerkelijk belang) in the Issuer, within the meaning of Section 4.3 of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001). Generally speaking, a holder (including both individuals and entities) holds a substantial interest in the Issuer, if such holder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of five per cent. or more of the total issued capital of the Issuer or of five per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) a holder qualifying as an investment institution (fiscale beleggingsinstellingen); and
- (iii) a holder qualifying as a pension fund, exempt investment institution (vrijgestelde beleggingsinstellingen) or other entity that is exempt from Netherlands corporate income tax.

Where in this summary reference is made to a "holder", this includes, without limitation, an individual to whom, or an entity to which, benefits derived from Notes are attributed for Dutch tax purposes.

##### **General**

The Issuer has been advised that under the existing laws of The Netherlands:

- (i) all payments by the Issuer under the Notes can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein;
- (ii) a holder deriving income from a Note or realising a gain on the disposal or redemption of a Note will not be subject to Netherlands taxation on income or capital gains unless:
- (iii) the holder is a resident of the Netherlands or treated as resident in The Netherlands for the purpose of the relevant provisions; or
- (iv) such income or gain is attributable to an enterprise or part thereof which is (i) carried on by or for the benefit of the holder through a permanent establishment or a permanent representative in The Netherlands or (ii) which is effectively managed in the Netherlands; or
- (v) the holder is an individual and such income or gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) in The Netherlands as defined in section 3.4 of the Dutch Income Tax Act 2001;

Netherlands gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder, unless:

- (i) the holder is, or is deemed to be, a resident of The Netherlands for the purpose of the Netherlands gift and inheritance tax (Successiewet 1956); or
- (ii) the transfer is construed as an inheritance or as a gift 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 the purpose of the relevant provisions;
- (iii) there is no Netherlands registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes;

- (iv) there is no Netherlands value added tax payable in respect of payments in consideration for the issue of a Note or in respect of the payment of interest or principal under the Notes or the transfer of a Note; and
- (v) a holder of a Note will not have a permanent establishment, or be deemed to have a permanent establishment, in The Netherlands by reason only of the holding of a Note or the execution, performance delivery and/or enforcement of a Note.

#### **EU Directive on the Taxation of Savings Income**

Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

#### 4.7 SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", which is an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) as fees, costs, expenses or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Servicer under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Back-up Administrator under the Back-up Administration Agreement, (v) as fees and expenses to the Paying Agent under the Paying Agency Agreement, (vi) to the Noteholders under the Notes, (vii) to each Seller under the Mortgage Receivables Purchase Agreement, (viii) to the Issuer Account Bank under the Issuer Account Agreement and (ix) to the Insurance Savings Participants under the Insurance Savings Participation Agreements. 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 the amounts due to the Insurance Savings Participants in connection with the Insurance Savings Participations, among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation) and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, the Deed of Assignment and Pledge and the Issuer Rights Pledge Agreement and (ii) on each of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation to the extent the amount recovered exceeds the Insurance Savings Participation in the relevant Savings Mortgage Receivables and Switch Mortgage Receivables.

The amounts due to the Insurance Savings Participants will be equal to the Insurance Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation or if the amount recovered is less than the Insurance Savings Participation in such Savings Mortgage Receivables and Switch Mortgage Receivables the amount equal to the amount actually recovered.

The Issuer will vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and in respect of any Substitute Mortgage Receivables or New Mortgage Receivables undertakes to grant a first ranking right of pledge on the Relevant Substitute Mortgage Receivables or New Mortgage Receivables and the Beneficiary Rights relating thereto on the Notes Payment Date on which they are acquired, which will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except upon the occurrence of certain notification events, which are similar to the Assignment Notification Events but relating to the Issuer, including the issuing of an Enforcement Notice by the Security Trustee (the "**Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be a "silent" right of pledge (*stil pandrecht*) within the meaning of article 3:239 of the Netherlands Civil Code.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Closing Date pursuant to the Issuer Rights Pledge Agreement over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Insurance Savings Participation Agreements, (iv) the Issuer Account Agreement, (v) the Paying Agency Agreement, (vi) the Administration Agreement and (v) the Back-up Administration Agreement and (b) in respect of the Issuer Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*), but the Security Trustee will grant a power to collect to the Issuer which will be

withdrawn upon the occurrence of any of the Pledge Notification Events.

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

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

The 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 and the Class C Noteholders, but 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 (see section 5 (*Credit Structure*)).

Pursuant to the Collection Foundation Account Pledge Agreements the Collection Foundations shall grant a first ranking right of pledge on the balance standing to the credit of the relevant Collection Foundation Account in favour of the Issuer and the Previous Transaction SPVs jointly, and the Issuer and the Previous Transaction SPVs by way of repledge create a first right of pledge in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly each subject to the agreement that future issuers (and any security trustees) in securitisations and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the bank where the relevant Collection Foundation Account is maintained.

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

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

Furthermore, such parties will agree in the Collection Foundation Account Pledge Agreements that (i) the share (*aandeel*) in each co-held right of pledge will be equal to the amounts collected from the respective mortgage receivables purchased by each Previous Transaction SPV and the amounts collected from the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Collection Foundation Accounts the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transaction Security Trustees should become insolvent. However, the Issuer has been advised that the insolvency of the Collection Foundations would not affect this arrangement. In this respect it will be 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 set out below.*

### 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 (being the third Business Day prior to each Notes Payment Date) as being received during or in respect of the second preceding Mortgage Calculation Period (as defined in Condition 6) prior to such Notes Calculation Date (items under (i) up to and including (xiii) less (xiv) hereafter being referred to as the "**Available Revenue Funds**"):

- (i) as interest, including penalty interest, on the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrowers during such Mortgage Calculation Period, including, in respect of interest, any amounts paid by the Borrowers on the first, second and third Business Day following such Mortgage Calculation Period (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent not relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Available Revenue Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, and less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (ii) as interest accrued (to the extent the interest on the relevant account is positive) on the Issuer Accounts;
- (iii) as Prepayment 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 each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (v) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the amount so received in respect of such Mortgage Receivable multiplied by the Participation Fraction;
- (vi) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the amount so received in respect of such Mortgage Receivable multiplied by the Participation Fraction and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
- (vii) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;
- (viii) any amounts to the extent relating to interest debited to the Interest Reconciliation Ledger and released from the Issuer Collection Account on the immediately succeeding Notes Payment Date;
- (ix) as amounts to be drawn from the Liquidity Reserve Account on the immediately succeeding Notes Payment Date;
- (x) as amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (xi) any amounts standing to the credit of any of the Issuer Accounts after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Class C Notes, have been

paid in full;

- (xii) any amounts standing to the credit of the Reserve Account and or the Liquidity Reserve Account after the Reserve Account Target Level and/or the Liquidity Reserve Account Target Level, as the case may, is reduced to zero; and

- (xiii) any amounts available pursuant to item (d) of the Redemption Priority of Payments on the immediately succeeding Notes Payment Date;

less

- (xiv) (a) on the first Notes Payment Date of each year, an amount equal to 10 per cent. of the Issuer's annual operational expenses of the immediately preceding calendar year in accordance with item (a) of the Revenue Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities increased with an amount equal to 10 per cent. of the Issuer's equity and (b) any part of the Available Revenue Funds required to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement,

will be applied 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 (as also defined in Condition 6(c)) calculated on any Notes Calculation Date as being received during (or in respect of) the second preceding Mortgage Calculation Period prior to such Notes Calculation Date (items under (i) up to and including (x) less (xi) hereinafter being referred to as the "**Available Principal Funds**"):

- (i) as repayment and prepayment of principal in part under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, excluding Prepayment Penalties, and in respect of each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Insurance Savings Participation in such Mortgage Receivable;
- (ii) as repayment and prepayment of principal in full under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, excluding Prepayment Penalties less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (iii) as Net Principal Proceeds on any Mortgage Receivable less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to

each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;

- (v) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables, less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation, the Insurance Savings Participation in such Mortgage Receivable;
  - (vi) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
  - (vii) as Insurance Savings Participation Increase and as amounts to be received as Initial Insurance Savings Participation on the immediately succeeding Notes Payment Date pursuant to the relevant Insurance Savings Participation Agreement;
  - (viii) (a) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes on the immediately preceding Notes Payment Date or otherwise in accordance with the Trust Deed, (b) any amount to the extent relating to principal to be drawn from Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date and (c), in respect of the first Notes Payment Date following the Closing Date only, an amount equal to the difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class C Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date;
  - (ix) an amount equal to the Replenishment Reserved Amount on the immediately succeeding Notes Payment Date; and
  - (x) as amounts debited from the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement and not paid to the Sellers;
- less:
- (xi) (a) the Substitution Available Amount, if and to the extent such amount will be actually applied to the purchase of Substitution Mortgage Receivables on the immediately succeeding Notes Payment Date; (b) the Replenishment Available Amount, if and to the extent such amount will be actually applied to the purchase of New Mortgage Receivables on the immediately succeeding Notes Payment Date; (c) an amount equal to the Replenishment Reserved Amount (reserved for the second following Notes Payment Date) and (d) any part of the Available Principal Funds required to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement,

will be applied in accordance with the Redemption Priority of Payments.

#### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. All payments made by the Borrowers in respect of the Mortgage Receivables sold by the Sellers will be paid into the Collection Foundation Accounts maintained by the Collection Foundations with the Foundation Accounts Provider. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Sellers are entitled vis-à-vis Collection Foundations.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. (or a successor bank where the Collection Foundation Accounts are held) are assigned a rating of less than the Collection Bank Required Ratings (as defined below), the Collection Foundations will as soon as reasonably possible, but at least within 30 days either (i) transfer the Collection Foundation Accounts to an alternative bank with at least the Collection Bank Required Ratings or (ii) ensure that payments to be made in respect of amounts received on a Collection Foundation Account relating to Mortgage Receivables will be guaranteed by a third party with at least the Collection Bank Required Ratings, a copy of which guarantee shall in advance be submitted for approval to the relevant credit rating agencies and shall otherwise meet the relevant credit rating agency requirements, where applicable, or (iii) implement any other actions agreed at that time with the relevant credit rating agency.



**"Collection Bank Required Rating"** means the rating of (i) 'Prime-1' (short-term) by Moody's, (ii) 'F-1' (short-term issuer default rating) or 'A' (long-term issuer default rating) by Fitch Ratings Ltd. and (iii) BBB (long term) by Standard & Poor's Ratings Group, a division of The McGraw Hill Group of Companies, Inc.

All reasonable costs and expenses, if any, incurred by the relevant Collection Foundation relating to the transfer of the Collection Foundation Account resulting from a downgrading below the Requisite Credit Ratings, shall be borne by the relevant bank where the Collection Foundation Accounts are held and such bank shall reimburse the relevant Collection Foundation for such costs and expenses immediately after it will have received a written statement from such Collection Foundation, detailing such costs and expenses.

On each Mortgage Collection Payment Date all amounts of principal, interest (including penalty interest) and Prepayment Penalties received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Loans will be transferred to the Issuer Collection Account by the relevant Collection Foundation in accordance with the relevant Receivables Proceeds Distribution Agreement. Each of the Sellers (or the Servicer (or its sub-agent) on its behalf in accordance with the Servicing Agreement) has the obligation to transfer (or procure the transfer of) such amounts.

On each Mortgage Collection Payment Date the relevant Seller shall procure that all amounts of principal, interest and Prepayment Penalties received by the Collection Foundations in respect of the Mortgage Receivables (or by or on behalf of the relevant Seller) during the immediately preceding Mortgage Calculation Period will be transferred to the Issuer Collection Account held by the Issuer.

#### **Calculations**

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

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

## 5.2 PRIORITY OF PAYMENTS

### Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Revenue Funds 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 (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents (as defined in the Conditions), (iii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iv) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (v) the fees and expenses due and payable to the Back-up Administrator under the Back-up Administration Agreement; and (vi) fees, expenses and other amounts due to the Issuer Account Bank under the Issuer Account Agreement;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (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 item (xiii) under (a) of the Available Revenue Funds) 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 and (ii) fees and expenses due to the Paying Agent under the Paying Agency Agreement;
- (c) *third*, in or towards satisfaction, of interest due or accrued due but unpaid on the Class A Notes;
- (d) *fourth*, in or towards satisfaction of sums to be deposited on the Liquidity Reserve Account or, as the case may be, to replenish the Liquidity Reserve Account up to the amount of the Liquidity Reserve Account Target Level;
- (e) *fifth*, in or towards satisfaction, of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (f) *sixth*, in or towards satisfaction of sums to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (g) *seventh*, on the Notes Payment Date immediately following the First Optional Redemption Date and on any Notes Payment Date thereafter, in or towards satisfaction of principal amounts due under the Class A Notes;
- (h) *eighth*, 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;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class B Notes;
- (j) *tenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class C Notes;
- (k) *eleventh*, in or towards satisfaction of principal amounts due under the Class C Notes;
- (l) *twelfth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.

### Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Principal Funds will pursuant to 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*, if and to the extent the Available Revenue Funds are insufficient to meet item (d) of the Revenue Priority of Payments, in or towards satisfaction of any amounts, to be deposited on the Liquidity Reserve

Account or, as the case may be, to replenish the Liquidity Reserve Account up to the amount of the Liquidity Reserve Account Target Level;

- (b) *second*, in or towards satisfaction of principal amounts due under the Class A Notes on the relevant Notes Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions;
- (c) *third*, in or towards satisfaction of principal amounts due under the Class B Notes on the relevant Notes Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, all remaining proceeds will be distributed in accordance with the Revenue Priority of Payments.

#### **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 Insurance Savings 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, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents (as defined in the Conditions), (iii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iv) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (v) the fees and expenses due and payable to the Back-up Administrator under the Back-up Administration Agreement and (vi) fees and expenses due to the Issuer Account Bank under the Issuer Account Agreement;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (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 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 and (ii) fees and expenses due to the Paying Agent under the Paying Agency Agreement;
- (c) *third*, *pro rata*, in or towards satisfaction of all amounts due but unpaid in respect of interest on the Class A Notes;
- (d) *fourth*, *pro rata*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class C Notes; and
- (i) *ninth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.

After the delivery of an Enforcement Notice, the Insurance Savings Participation Enforcement Available Amount will be paid by the Security Trustee to the Insurance Savings Participants.

### 5.3 LOSS ALLOCATION

#### **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising two sub-ledgers, known as the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses and any Liquidity Reserve Replenishment Amounts on the Mortgage Receivables (each respectively the Class A Principal Deficiency and the Class B Principal Deficiency and together a Principal Deficiency). The sum of any Realised Losses and any Liquidity Reserve Replenishment Amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (h) of the Revenue Priority of Payments on each relevant Notes Payment Date) 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 to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (e) of the Revenue Priority of Payments on each relevant Notes Payment Date).

**"Realised Losses"** means, on any relevant Notes Calculation Date, the sum of (a) with respect to the Mortgage Receivables in respect of which the relevant Seller, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the immediately preceding Mortgage Calculation Period the amount of difference between (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, the Insurance Savings Participations; and (ii) the amount of the Net Principal Proceeds less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, the Insurance Savings Participations; and (b), with respect to the Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, the Insurance Savings Participations; and (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, the Insurance Savings Participations; and (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defence to payments, the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) unless, and to the extent, such amount is received from the relevant Seller.

**"Liquidity Reserve Replenishment Amounts"** means, on any relevant Notes Calculation Date, the amounts applied in accordance with item (a) of the Redemption Priority of Payments on all Notes Payment Dates from the Closing Date up to and including the immediately preceding Notes Payment Date.

#### 5.4 HEDGING

Not applicable

## 5.5 LIQUIDITY SUPPORT

If and so long as the Notes, other than the Class C Notes, are not redeemed on an Optional Redemption Date, amounts credited to the Liquidity Reserve Account will be available on any Notes Payment Date to meet items (a) to (c) (inclusive) of the Revenue Priority of Payments, provided that all other amounts available to the Issuer for such purpose have been used or shall be used on such Notes Payment Date to meet these items (a) to (c) (inclusive) of the Revenue Priority of Payments, including any drawings from the Reserve Account (described in the succeeding section).

If and to the extent that the Available Revenue Funds on any Notes Calculation Date exceeds the amounts required to meet items ranking higher than item (d) in the Revenue Priority of Payments, the excess amount will be used to replenish the Liquidity Reserve Account, to the extent required until the balance standing to the credit of the Liquidity Reserve Account equals the Liquidity Reserve Account Target Level. If the Liquidity Reserve Account is not replenished up to the Liquidity Reserve Account Target Level under item (d) of the Revenue Priority of Payments, the Available Principle Funds will be used to replenish the Liquidity Reserve Account to the extent required until the balance standing to the credit of the Liquidity Reserve Account equals the Liquidity Reserve Account Target Level under item (a) of the Redemption Priority of Payments.

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

If on a Notes Calculation Date all amounts of interest and principal due in respect of the Class A Notes will be repaid on the Notes Payment Date immediately following such Notes Calculation Date, the Liquidity Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Liquidity Reserve Account will thereafter form part of the Available Revenue Funds and be applied in accordance with the Revenue Priority of Payments on the Notes Payment Date immediately following such Notes Calculation Date.

## 5.6 TRANSACTION ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with the Issuer Account Bank the Issuer Collection Account to which – *inter alia* – all amounts received (i) in respect of the Mortgage Receivables, (ii) from the Insurance Savings Participants under the relevant Insurance Savings Participation Agreement 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, including the amounts received set out under (i), (ii) and (iii) above, in respect of the Mortgage Receivables.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account in respect of the Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received on each relevant Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to the relevant principal ledger or the revenue ledger, as the case may be.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business.

#### *Liquidity Reserve Account*

The Issuer will maintain the Liquidity Reserve Account at the Issuer Account Bank. An amount equal to 61.76 per cent. of the net proceeds of the Class C Notes will be credited to the Liquidity Reserve Account on the Closing Date.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which an amount equal to 38.24 per cent. of the net proceeds of the Class C Notes will be credited on the Closing Date.

If and so long as the Notes, other than the Class C Notes, are not redeemed on an Optional Redemption Date, amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (e) (inclusive) of the Revenue Priority of Payments, provided that all other amounts available to the Issuer for such purpose have been used or shall be used on such Notes Payment Date to meet these items (a) to (e) (inclusive) of the Revenue Priority of Payments.

If and to the extent that the Available Revenue Funds on any Notes Calculation Date exceeds the amounts required to meet items ranking higher than item (f) in the Revenue Priority of Payments, the excess amount will be used to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

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

If on a Notes Calculation Date all amounts of interest and principal due in respect of the Class A Notes will be paid on the Notes Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Available Revenue Funds and be applied in accordance with the Revenue Priority of Payments.

#### *Construction Deposit Account*

The Issuer will also maintain with the Issuer Account Bank the Construction Deposit Account to which on the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables and/or New Mortgage Receivables, on the relevant Purchase Date, an amount corresponding to the aggregate Construction Deposit relating to the Relevant Mortgage Receivables will be credited. Payments may be made from the Construction Deposit Account on a Notes Payment Date only to satisfy payment by the Issuer to the relevant Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Deposit by the relevant Seller to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited with the amount having been set off against the Relevant Mortgage Receivables in connection with the Construction Deposits and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Issuer Collection Account and form part of the Available Principal Funds.

#### *Rating Issuer Account Bank*

If at any time the rating of the Issuer Account Bank falls below the Requisite Credit Rating or any such rating is withdrawn by DBRS or Moody's, the Issuer will be required within 30 days (a) to transfer the balance of the relevant Issuer Accounts to another bank having at least the Requisite Credit Rating, (b) to obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank or, (c) to find another solution so that the then current ratings of the Class A Notes are not adversely affected as a result thereof.

#### *Interest Rate*

The Issuer Account Bank will pay interest equal to EONIA minus 5 basis points on the balance standing from time to time to the credit of the Issuer Accounts. If at any time, such interest rate would result in a negative interest rate, the Issuer Account Bank has the right to charge such negative interest, provided that it has sent a written notice to the Issuer ten (10) business days in advance.



## 5.7 ADMINISTRATION AGREEMENT

In the Administration Agreement, the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, (a) the application of amounts received by the Issuer to the Issuer Accounts and the production of quarterly reports in relation thereto, (b) procuring that all payments to be made by the Issuer under any of the Transaction Documents are made, (c) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (d) the maintaining of all required ledgers in connection with the above, (e) all administrative actions in relation thereto, (f) procuring that all calculations to be made pursuant to the Conditions are made and (g) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

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

In the Back-up Administration Agreement the Security Trustee and the Issuer has appointed Intertrust Administrative Services B.V. to act as its Back-up Administrator. The Back-up Administrator agrees to provide the administration, calculation and cash management services to the Issuer substantially on the terms of the Administration Agreement in case the Administration Agreement is terminated or the appointment of the Issuer Administrator is terminated for whatever reason.

### **Market Abuse Directive**

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

The Issuer Administrator has accepted the tasks of maintaining the list of insiders and to organise the assessment and disclosure of inside information, if any, on behalf of the Issuer. The Issuer Administrator shall have the right to consult with the 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.

## 6. PORTFOLIO INFORMATION

### 6.1 STRATIFICATION TABLES

#### Essence V B.V.

##### 1. Key Characteristics

|  | As per Reporting Date | As per Closing |
|--|-----------------------|----------------|
| Principal amount   | 732,776,960.94        |                |
| Value of savings deposits                                    | 13,876,960.94         |                |
| Net principal balance  | 718,900,000.00        |                |
| Construction Deposits  | 1,550,348.68          |                |
| Net principal balance excl. Construction and Saving Deposits | 717,349,651.32        |                |
| Number of loans  | 4,561.00              |                |
| Number of loanparts  | 8,174.00              |                |
| Average principal balance (borrower)                         | 160,661.47            |                |
| Weighted average current interest rate                       | 0.04                  |                |
| Weighted average maturity (in years)                         | 21.78                 |                |
| Weighted average remaining time to interest reset (in years) | 7.57                  |                |
| Weighted average seasoning (in years)                        | 6.18                  |                |
| Weighted average CLTOM V                                     | 0.87                  |                |
| Weighted average CLTIM V                                     | 0.91                  |                |
| Weighted average CLTOFV                                      | 0.99                  |                |
| Weighted average CLTIFV                                      | 1.04                  |                |

##### 2. Redemption Type

|                | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|----------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Annuity        | 190,418,577.76                  | 26.487%        | 1,433              | 17.531%        | 3.98%                         | 28.60                                     | 96.278%                       |  |
| Interest Only  | 300,993,436.41                  | 41.869%        | 4,147              | 50.734%        | 4.629%                        | 20.37                                     | 77.999%                       |  |
| Investments    | 11,111,634.51                   | 1.546%         | 116                | 1.419%         | 4.65%                         | 19.55                                     | 90.08%                        |  |
| Life Insurance | 126,296,311.29                  | 17.568%        | 1,407              | 17.213%        | 4.687%                        | 17.23                                     | 92.132%                       |  |
| Linear         | 1,400,234.10                    | 0.195%         | 23                 | 0.281%         | 4.30%                         | 22.62                                     | 86.295%                       |  |
| Savings        | 41,159,534.62                   | 5.725%         | 505                | 6.178%         | 4.84%                         | 19.09                                     | 87.854%                       |  |
| Hybrid         | 47,520,271.31                   | 6.61%          | 543                | 6.643%         | 4.756%                        | 18.25                                     | 93.088%                       |  |
| <b>Total</b>   | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

### 3. Outstanding Loan Amount

|                     | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.<br>Amount at<br>Closing<br>Date |
|---------------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| <= 25,000           | 675,873.26                      | 0.094%         | 44             | 0.965%         | 5.107%                        | 15.81                                     | 13.606%                       |  |
| 25,000 - 50,000     | 7,248,597.94                    | 1.008%         | 179            | 3.925%         | 5.073%                        | 15.47                                     | 34.60%                        |  |
| 50,000 - 75,000     | 18,986,905.67                   | 2.641%         | 294            | 6.446%         | 4.921%                        | 17.26                                     | 49.654%                       |  |
| 75,000 - 100,000    | 42,003,259.51                   | 5.843%         | 473            | 10.371%        | 4.704%                        | 18.98                                     | 65.378%                       |  |
| 100,000 - 150,000   | 165,116,824.20                  | 22.968%        | 1,297          | 28.437%        | 4.506%                        | 21.48                                     | 82.646%                       |  |
| 150,000 - 200,000   | 215,731,803.89                  | 30.009%        | 1,244          | 27.275%        | 4.425%                        | 22.06                                     | 91.213%                       |  |
| 200,000 - 250,000   | 139,622,634.00                  | 19.422%        | 627            | 13.747%        | 4.417%                        | 22.66                                     | 96.516%                       |  |
| 250,000 - 300,000   | 60,771,988.44                   | 8.453%         | 223            | 4.889%         | 4.426%                        | 22.57                                     | 90.74%                        |  |
| 300,000 - 350,000   | 29,356,861.33                   | 4.084%         | 91             | 1.995%         | 4.433%                        | 22.37                                     | 90.389%                       |  |
| 350,000 - 400,000   | 15,708,426.43                   | 2.185%         | 42             | 0.921%         | 4.581%                        | 22.79                                     | 94.231%                       |  |
| 400,000 - 450,000   | 11,013,147.27                   | 1.532%         | 26             | 0.57%          | 4.633%                        | 22.77                                     | 95.374%                       |  |
| 450,000 - 500,000   | 3,371,600.48                    | 0.469%         | 7              | 0.153%         | 4.727%                        | 26.01                                     | 89.742%                       |  |
| 500,000 - 550,000   | 528,000.00                      | 0.073%         | 1              | 0.022%         | 5.30%                         | 22.83                                     | 112.34%                       |  |
| 550,000 - 600,000   | 2,234,082.08                    | 0.311%         | 4              | 0.088%         | 4.06%                         | 19.07                                     | 82.788%                       |  |
| 600,000 - 650,000   | 1,223,529.97                    | 0.17%          | 2              | 0.044%         | 3.837%                        | 29.58                                     | 98.323%                       |  |
| 650,000 - 700,000   | 1,360,500.50                    | 0.189%         | 2              | 0.044%         | 4.961%                        | 26.15                                     | 105.942%                      |  |
| 700,000 - 750,000   | 2,185,965.03                    | 0.304%         | 3              | 0.066%         | 4.951%                        | 23.65                                     | 98.103%                       |  |
| 750,000 - 800,000   |                                 |                |                |                |                               |   |                               |  |
| 800,000 - 850,000   |                                 |                |                |                |                               |   |                               |  |
| 850,000 - 900,000   | 1,760,000.00                    | 0.245%         | 2              | 0.044%         | 4.129%                        | 20.64                                     | 76.792%                       |  |
| 900,000 - 950,000   |                                 |                |                |                |                               |   |                               |  |
| 950,000 - 1,000,000 |                                 |                |                |                |                               |   |                               |  |
| 1,000,000 >         |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>        | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|         |         |
|---------|---------|
| Minimum | 83      |
| Maximum | 900,000 |

### 4. Origination Year

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amou<br>nt at<br>Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| < 1995       | 674,748.58                      | 0.094%         | 17                 | 0.208%         | 5.092%                        | 9.80                                      | 47.927%                       |  |
| 1995 - 1996  | 1,177,447.82                    | 0.164%         | 29                 | 0.355%         | 5.638%                        | 10.59                                     | 45.40%                        |  |
| 1996 - 1997  | 1,834,809.13                    | 0.255%         | 33                 | 0.404%         | 5.21%                         | 12.37                                     | 69.749%                       |  |
| 1997 - 1998  | 3,471,771.40                    | 0.483%         | 52                 | 0.636%         | 5.631%                        | 12.24                                     | 74.191%                       |  |
| 1998 - 1999  | 5,779,013.53                    | 0.804%         | 103                | 1.26%          | 5.78%                         | 11.75                                     | 69.504%                       |  |
| 1999 - 2000  | 15,868,455.33                   | 2.207%         | 238                | 2.912%         | 5.423%                        | 13.28                                     | 73.171%                       |  |
| 2000 - 2001  | 8,046,777.03                    | 1.119%         | 122                | 1.493%         | 5.58%                         | 14.88                                     | 76.038%                       |  |
| 2001 - 2002  | 9,946,370.88                    | 1.384%         | 143                | 1.749%         | 5.64%                         | 15.81                                     | 75.126%                       |  |
| 2002 - 2003  | 18,378,171.21                   | 2.556%         | 249                | 3.046%         | 5.01%                         | 16.94                                     | 88.693%                       |  |
| 2003 - 2004  | 33,806,389.81                   | 4.703%         | 417                | 5.102%         | 4.933%                        | 17.93                                     | 75.031%                       |  |
| 2004 - 2005  | 63,760,268.56                   | 8.869%         | 809                | 9.897%         | 4.405%                        | 18.83                                     | 91.108%                       |  |
| 2005 - 2006  | 63,634,493.56                   | 8.852%         | 805                | 9.848%         | 4.42%                         | 19.55                                     | 84.823%                       |  |
| 2006 - 2007  | 85,497,156.83                   | 11.893%        | 1,007              | 12.32%         | 4.443%                        | 20.20                                     | 84.372%                       |  |
| 2007 - 2008  | 64,023,478.70                   | 8.906%         | 797                | 9.75%          | 4.875%                        | 21.42                                     | 84.644%                       |  |
| 2008 - 2009  | 60,116,056.78                   | 8.362%         | 745                | 9.114%         | 5.163%                        | 21.93                                     | 84.968%                       |  |
| 2009 - 2010  | 8,191,608.51                    | 1.139%         | 121                | 1.48%          | 4.294%                        | 20.41                                     | 75.735%                       |  |
| 2010 - 2011  | 7,900,458.77                    | 1.099%         | 114                | 1.395%         | 4.267%                        | 19.73                                     | 82.114%                       |  |
| 2011 - 2012  | 16,380,426.27                   | 2.279%         | 251                | 3.071%         | 4.35%                         | 19.68                                     | 83.329%                       |  |
| 2012 - 2013  | 21,910,693.05                   | 3.048%         | 275                | 3.364%         | 4.343%                        | 19.36                                     | 88.424%                       |  |
| 2013 >=      | 228,501,404.25                  | 31.785%        | 1,847              | 22.596%        | 3.973%                        | 26.99                                     | 94.219%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 2008 |
| Minimum          | 1993 |
| Maximum          | 2014 |

## 5. Seasoning

| From (>=) - Until (<) | Aggregate<br>Outstanding Amount | % of Total | Nr of<br>Loanparts | % of Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amou<br>nt at<br>Closing<br>Date |
|-----------------------|---------------------------------|------------|--------------------|------------|-------------------------------|---|-------------------------------|--|
| < 1 year              | 204,911,576.28                  | 28.503%    | 1,562              | 19.109%    | 3.946%                        | 27.80                                     | 95.253%                       |  |
| 1 year - 2 years      | 27,114,229.52                   | 3.772%     | 327                | 4.00%      | 4.228%                        | 19.87                                     | 86.118%                       |  |
| 2 years - 3 years     | 19,839,932.66                   | 2.76%      | 255                | 3.12%      | 4.367%                        | 19.41                                     | 86.664%                       |  |
| 3 years - 4 years     | 15,273,683.86                   | 2.125%     | 233                | 2.851%     | 4.338%                        | 19.67                                     | 84.508%                       |  |
| 4 years - 5 years     | 9,457,703.14                    | 1.316%     | 126                | 1.541%     | 4.191%                        | 19.94                                     | 81.708%                       |  |
| 5 years - 6 years     | 9,739,173.96                    | 1.355%     | 157                | 1.921%     | 4.701%                        | 21.04                                     | 76.444%                       |  |
| 6 years - 7 years     | 66,729,832.74                   | 9.282%     | 827                | 10.117%    | 5.138%                        | 21.96                                     | 86.248%                       |  |
| 7 years - 8 years     | 56,424,832.48                   | 7.849%     | 699                | 8.552%     | 4.834%                        | 21.26                                     | 83.003%                       |  |
| 8 years - 9 years     | 98,797,005.73                   | 13.743%    | 1,166              | 14.265%    | 4.377%                        | 20.12                                     | 83.849%                       |  |
| 9 years - 10 years    | 61,754,006.83                   | 8.59%      | 771                | 9.432%     | 4.536%                        | 19.45                                     | 87.288%                       |  |
| 10 years - 11 years   | 51,039,853.75                   | 7.10%      | 665                | 8.136%     | 4.38%                         | 18.64                                     | 91.223%                       |  |
| 11 years - 12 years   | 35,187,693.63                   | 4.895%     | 436                | 5.334%     | 4.967%                        | 17.89                                     | 75.573%                       |  |
| 12 years - 13 years   | 17,741,199.51                   | 2.468%     | 239                | 2.924%     | 4.998%                        | 16.84                                     | 87.892%                       |  |
| 13 years - 14 years   | 9,836,897.45                    | 1.368%     | 149                | 1.823%     | 5.656%                        | 15.56                                     | 72.843%                       |  |
| 14 years - 15 years   | 7,370,347.43                    | 1.025%     | 106                | 1.297%     | 5.611%                        | 15.13                                     | 76.324%                       |  |
| 15 years - 16 years   | 15,697,860.91                   | 2.184%     | 236                | 2.887%     | 5.433%                        | 12.95                                     | 72.785%                       |  |
| 16 years - 17 years   | 5,326,859.19                    | 0.741%     | 97                 | 1.187%     | 5.708%                        | 11.71                                     | 71.909%                       |  |
| 17 years - 18 years   | 3,215,057.29                    | 0.447%     | 47                 | 0.575%     | 5.739%                        | 12.19                                     | 75.136%                       |  |
| 18 years - 19 years   | 1,722,304.27                    | 0.24%      | 34                 | 0.416%     | 5.164%                        | 12.32                                     | 65.999%                       |  |
| 19 years - 20 years   | 1,151,887.02                    | 0.16%      | 28                 | 0.343%     | 5.58%                         | 10.48                                     | 44.141%                       |  |
| 20 years - 21 years   | 568,062.35                      | 0.079%     | 14                 | 0.171%     | 5.142%                        | 9.74                                      | 50.061%                       |  |
| 21 years - 22 years   |                                 |            |                    |            |                               |   |                               |  |
| 22 years - 23 years   |                                 |            |                    |            |                               |   |                               |  |
| 23 years - 24 years   |                                 |            |                    |            |                               |   |                               |  |
| 24 years - 25 years   |                                 |            |                    |            |                               |   |                               |  |
| 25 years - 26 years   |                                 |            |                    |            |                               |   |                               |  |
| 26 years - 27 years   |                                 |            |                    |            |                               |   |                               |  |
| 27 years - 28 years   |                                 |            |                    |            |                               |   |                               |  |
| 28 years - 29 years   |                                 |            |                    |            |                               |   |                               |  |
| 29 years - 30 years   |                                 |            |                    |            |                               |   |                               |  |
| 30 years >            |                                 |            |                    |            |                               |   |                               |  |
| <b>Total</b>          | 718,900,000.00                  | 100.00%    | 8,174              | 100.00%    | 4.487%                        | 21.78                                     | 87.088%                       |  |

|                  |       |
|------------------|-------|
| Weighted Average | 21.78 |
| Minimum          | 9.74  |
| Maximum          | 27.80 |

## 6. Legal Maturity

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| < 2015       |                                 |                |                    |                |                               |   |                               |  |
| 2015 - 2020  | 5,342,040.37                    | 0.743%         | 102                | 1.248%         | 5.253%                        | 4.20                                      | 63.566%                       |  |
| 2020 - 2025  | 15,027,397.92                   | 2.09%          | 250                | 3.058%         | 4.841%                        | 8.34                                      | 67.256%                       |  |
| 2025 - 2030  | 51,039,614.60                   | 7.10%          | 790                | 9.665%         | 4.991%                        | 13.29                                     | 72.586%                       |  |
| 2030 - 2035  | 202,396,909.39                  | 28.154%        | 2,534              | 31.001%        | 4.611%                        | 18.35                                     | 85.561%                       |  |
| 2035 - 2040  | 261,571,948.06                  | 36.385%        | 3,171              | 38.794%        | 4.618%                        | 21.90                                     | 86.382%                       |  |
| 2040 - 2045  | 182,845,663.69                  | 25.434%        | 1,314              | 16.075%        | 3.967%                        | 29.32                                     | 96.236%                       |  |
| 2045 >=      | 676,425.97                      | 0.094%         | 13                 | 0.159%         | 5.707%                        | 37.05                                     | 65.251%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 2036 |
| Minimum          | 2015 |
| Maximum          | 2060 |

## 7. Remaining Tenor

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| < 1 year     | 4,566.50                        | 0.001%         | 1                  | 0.012%         | 4.40%                         | 0.75                                      | 7.19%                         | 0.001%   |
| 1 - 2        | 130,677.27                      | 0.018%         | 6                  | 0.073%         | 4.388%                        | 1.70                                      | 52.034%                       | 0.018%   |
| 2 - 3        | 301,027.97                      | 0.042%         | 8                  | 0.098%         | 5.349%                        | 2.61                                      | 81.018%                       | 0.042%   |
| 3 - 4        | 1,307,794.39                    | 0.182%         | 28                 | 0.343%         | 5.368%                        | 3.59                                      | 60.66%                        | 0.182%   |
| 4 - 5        | 3,376,288.07                    | 0.47%          | 55                 | 0.673%         | 5.24%                         | 4.62                                      | 63.634%                       | 0.47%  |
| 5 - 6        | 1,718,636.02                    | 0.239%         | 36                 | 0.44%          | 5.561%                        | 5.53                                      | 62.847%                       | 0.239%   |
| 6 - 7        | 1,431,197.01                    | 0.199%         | 27                 | 0.33%          | 5.175%                        | 6.43                                      | 68.051%                       | 0.199%   |
| 7 - 8        | 2,143,190.25                    | 0.298%         | 35                 | 0.428%         | 4.72%                         | 7.61                                      | 77.792%                       | 0.298%   |
| 8 - 9        | 3,683,817.55                    | 0.512%         | 54                 | 0.661%         | 4.756%                        | 8.48                                      | 69.919%                       | 0.512%   |
| 9 - 10       | 5,675,611.49                    | 0.789%         | 91                 | 1.113%         | 4.592%                        | 9.55                                      | 63.875%                       | 0.789%   |
| 10 - 11      | 5,017,059.16                    | 0.698%         | 83                 | 1.015%         | 4.968%                        | 10.48                                     | 60.499%                       | 0.698%   |
| 11 - 12      | 6,151,301.75                    | 0.856%         | 99                 | 1.211%         | 4.823%                        | 11.47                                     | 67.081%                       | 0.856%   |
| 12 - 13      | 7,609,911.40                    | 1.059%         | 108                | 1.321%         | 5.252%                        | 12.59                                     | 73.633%                       | 1.059%   |
| 13 - 14      | 11,999,527.91                   | 1.669%         | 200                | 2.447%         | 4.934%                        | 13.47                                     | 75.461%                       | 1.669%   |
| 14 - 15      | 18,490,336.91                   | 2.572%         | 279                | 3.413%         | 5.016%                        | 14.49                                     | 75.383%                       | 2.572%   |
| 15 - 16      | 15,145,648.69                   | 2.107%         | 202                | 2.471%         | 4.879%                        | 15.47                                     | 78.306%                       | 2.107%   |
| 16 - 17      | 25,119,180.02                   | 3.494%         | 320                | 3.915%         | 4.907%                        | 16.45                                     | 78.00%                        | 3.494%   |
| 17 - 18      | 28,836,887.10                   | 4.011%         | 362                | 4.429%         | 4.716%                        | 17.49                                     | 87.663%                       | 4.011%   |
| 18 - 19      | 56,440,851.70                   | 7.851%         | 665                | 8.136%         | 4.731%                        | 18.46                                     | 80.304%                       | 7.851%   |
| 19 - 20      | 63,971,884.20                   | 8.899%         | 833                | 10.191%        | 4.319%                        | 19.56                                     | 91.796%                       | 8.899%   |
| 20 - 21      | 76,891,916.11                   | 10.696%        | 957                | 11.708%        | 4.457%                        | 20.40                                     | 88.208%                       | 10.696%  |
| 21 - 22      | 88,327,423.12                   | 12.286%        | 1,046              | 12.797%        | 4.306%                        | 21.42                                     | 85.201%                       | 12.286%  |
| 22 - 23      | 44,742,512.30                   | 6.224%         | 535                | 6.545%         | 4.748%                        | 22.53                                     | 84.514%                       | 6.224%   |
| 23 - 24      | 60,363,228.36                   | 8.397%         | 706                | 8.637%         | 5.104%                        | 23.31                                     | 89.151%                       | 8.397%   |
| 24 - 25      | 6,044,300.30                    | 0.841%         | 102                | 1.248%         | 5.015%                        | 24.30                                     | 81.332%                       | 0.841%   |
| 25 - 26      | 2,631,392.63                    | 0.366%         | 55                 | 0.673%         | 4.788%                        | 25.35                                     | 88.573%                       | 0.366%   |
| 26 - 27      | 2,400,357.99                    | 0.334%         | 46                 | 0.563%         | 4.629%                        | 26.44                                     | 72.773%                       | 0.334%   |
| 27 - 28      | 2,282,881.24                    | 0.318%         | 38                 | 0.465%         | 4.554%                        | 27.42                                     | 75.948%                       | 0.318%   |
| 28 - 29      | 3,873,986.14                    | 0.539%         | 44                 | 0.538%         | 4.148%                        | 28.77                                     | 93.687%                       | 0.539%   |
| 29 - 30      | 172,110,180.48                  | 23.941%        | 1,140              | 13.947%        | 3.936%                        | 29.45                                     | 96.948%                       | 23.941%  |
| > 30 years   | 676,425.97                      | 0.094%         | 13                 | 0.159%         | 5.707%                        | 37.05                                     | 65.251%                       | 0.094%   |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                | <b>100.00%</b>                                 |

|                  |    |
|------------------|----|
| Weighted Average | 22 |
| Minimum          | 1  |
| Maximum          | 45 |

**8a. Original Loan to Original Foreclosure Value (Non NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| <= 10 %       | 31,641.00                       | 0.004%         | 1              | 0.022%         | 5.10%                         | 21.25                                     | 7.55%                         |  |
| 10 % - 20 %   | 619,098.75                      | 0.086%         | 12             | 0.263%         | 4.389%                        | 19.81                                     | 13.773%                       |  |
| 20 % - 30 %   | 1,386,531.17                    | 0.193%         | 27             | 0.592%         | 5.113%                        | 18.64                                     | 21.318%                       |  |
| 30 % - 40 %   | 5,618,705.04                    | 0.782%         | 76             | 1.666%         | 4.692%                        | 18.53                                     | 28.768%                       |  |
| 40 % - 50 %   | 10,285,060.35                   | 1.431%         | 123            | 2.697%         | 4.835%                        | 18.16                                     | 37.419%                       |  |
| 50 % - 60 %   | 19,660,375.39                   | 2.735%         | 177            | 3.881%         | 4.701%                        | 18.44                                     | 46.254%                       |  |
| 60 % - 70 %   | 22,513,573.90                   | 3.132%         | 174            | 3.815%         | 4.839%                        | 18.18                                     | 55.039%                       |  |
| 70 % - 80 %   | 32,719,692.31                   | 4.551%         | 213            | 4.67%          | 4.727%                        | 17.87                                     | 62.972%                       |  |
| 80 % - 90 %   | 43,889,690.78                   | 6.105%         | 251            | 5.503%         | 4.694%                        | 18.67                                     | 73.578%                       |  |
| 90 % - 100 %  | 29,078,593.58                   | 4.045%         | 140            | 3.07%          | 4.73%                         | 19.83                                     | 81.495%                       |  |
| 100 % - 110 % | 22,065,634.68                   | 3.069%         | 94             | 2.061%         | 4.542%                        | 21.11                                     | 90.997%                       |  |
| 110 % - 120 % | 31,421,769.88                   | 4.371%         | 133            | 2.916%         | 4.569%                        | 23.09                                     | 99.594%                       |  |
| 120 % - 130 % | 73,233,076.38                   | 10.187%        | 320            | 7.016%         | 4.74%                         | 21.54                                     | 107.415%                      |  |
| 130 % - 140 % | 202,118.86                      | 0.028%         | 1              | 0.022%         | 5.50%                         | 23.00                                     | 106.38%                       |  |
| 140 % - 150 % | 160,436.04                      | 0.022%         | 2              | 0.044%         | 3.285%                        | 16.63                                     | 62.463%                       |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 103 % |
| Minimum          | 9 %   |
| Maximum          | 160 % |

**8b. Original Loan to Original Foreclosure Value (NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Non NHG Loans | 292,885,998.11                  | 40.741%        | 1,744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <= 10 %       |                                 |                |                |                |                               |   |                               |  |
| 10 % - 20 %   | 384,190.32                      | 0.053%         | 8              | 0.175%         | 4.296%                        | 19.37                                     | 13.365%                       |  |
| 20 % - 30 %   | 1,124,738.04                    | 0.156%         | 16             | 0.351%         | 4.661%                        | 20.51                                     | 22.258%                       |  |
| 30 % - 40 %   | 4,234,674.19                    | 0.589%         | 48             | 1.052%         | 4.458%                        | 19.84                                     | 29.853%                       |  |
| 40 % - 50 %   | 6,435,732.67                    | 0.895%         | 70             | 1.535%         | 4.60%                         | 19.27                                     | 36.177%                       |  |
| 50 % - 60 %   | 11,181,276.84                   | 1.555%         | 107            | 2.346%         | 4.56%                         | 19.31                                     | 45.525%                       |  |
| 60 % - 70 %   | 10,986,296.81                   | 1.528%         | 91             | 1.995%         | 4.374%                        | 19.50                                     | 54.667%                       |  |
| 70 % - 80 %   | 15,739,056.35                   | 2.189%         | 118            | 2.587%         | 4.322%                        | 20.40                                     | 63.252%                       |  |
| 80 % - 90 %   | 20,013,669.30                   | 2.784%         | 137            | 3.004%         | 4.341%                        | 20.88                                     | 72.224%                       |  |
| 90 % - 100 %  | 31,566,782.69                   | 4.391%         | 224            | 4.911%         | 4.286%                        | 23.16                                     | 80.969%                       |  |
| 100 % - 110 % | 36,185,338.84                   | 5.033%         | 229            | 5.021%         | 4.414%                        | 22.27                                     | 89.23%                        |  |
| 110 % - 120 % | 77,656,799.89                   | 10.802%        | 484            | 10.612%        | 4.283%                        | 23.36                                     | 98.11%                        |  |
| 120 % - 130 % | 204,678,812.77                  | 28.471%        | 1,241          | 27.209%        | 4.321%                        | 24.04                                     | 103.748%                      |  |
| 130 % - 140 % | 5,180,965.42                    | 0.721%         | 40             | 0.877%         | 4.522%                        | 20.44                                     | 103.144%                      |  |
| 140 % - 150 % | 468,405.26                      | 0.065%         | 3              | 0.066%         | 4.58%                         | 18.82                                     | 106.238%                      |  |
| 150 % >       | 177,262.50                      | 0.025%         | 1              | 0.022%         | 4.962%                        | 21.21                                     | 95.82%                        |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 103 % |
| Minimum          | 9 %   |
| Maximum          | 160 % |

**9a. Current Loan to Original Foreclosure Value (Non NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| <= 10 %       | 179,855.93                      | 0.025%         | 16             | 0.351%         | 5.387%                        | 16.27                                     | 6.658%                        |  |
| 10 % - 20 %   | 1,799,444.96                    | 0.25%          | 47             | 1.03%          | 4.789%                        | 18.18                                     | 14.727%                       |  |
| 20 % - 30 %   | 3,578,211.33                    | 0.498%         | 57             | 1.25%          | 4.808%                        | 18.08                                     | 23.292%                       |  |
| 30 % - 40 %   | 7,087,017.47                    | 0.986%         | 88             | 1.929%         | 4.844%                        | 17.37                                     | 30.783%                       |  |
| 40 % - 50 %   | 13,685,885.94                   | 1.904%         | 137            | 3.004%         | 4.857%                        | 18.00                                     | 39.754%                       |  |
| 50 % - 60 %   | 21,594,659.28                   | 3.004%         | 173            | 3.793%         | 4.647%                        | 18.59                                     | 49.176%                       |  |
| 60 % - 70 %   | 24,674,382.79                   | 3.432%         | 176            | 3.859%         | 4.843%                        | 18.25                                     | 57.613%                       |  |
| 70 % - 80 %   | 31,227,736.25                   | 4.344%         | 192            | 4.21%          | 4.702%                        | 18.02                                     | 66.514%                       |  |
| 80 % - 90 %   | 42,445,907.60                   | 5.904%         | 225            | 4.933%         | 4.64%                         | 18.73                                     | 76.485%                       |  |
| 90 % - 100 %  | 27,167,880.68                   | 3.779%         | 123            | 2.697%         | 4.732%                        | 20.48                                     | 84.609%                       |  |
| 100 % - 110 % | 23,543,031.09                   | 3.275%         | 100            | 2.193%         | 4.617%                        | 21.02                                     | 95.078%                       |  |
| 110 % - 120 % | 35,441,471.52                   | 4.93%          | 150            | 3.289%         | 4.589%                        | 22.98                                     | 101.588%                      |  |
| 120 % - 130 % | 60,460,513.27                   | 8.41%          | 260            | 5.701%         | 4.748%                        | 21.72                                     | 109.329%                      |  |
| 130 % - 140 % |                                 |                |                |                |                               |   |                               |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 99 % |
| Minimum          | 0 %  |
| Maximum          | 30 % |

**9b. Current Loan to Original Foreclosure Value (NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Non NHG Loans | 292,885,998.11                  | 40.741%        | 1,744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <= 10 %       | 51,949.72                       | 0.007%         | 5              | 0.11%          | 4.423%                        | 18.85                                     | 6.858%                        |  |
| 10 % - 20 %   | 759,590.70                      | 0.106%         | 17             | 0.373%         | 4.219%                        | 19.31                                     | 14.374%                       |  |
| 20 % - 30 %   | 2,662,104.12                    | 0.37%          | 46             | 1.009%         | 4.763%                        | 18.13                                     | 23.054%                       |  |
| 30 % - 40 %   | 6,133,330.97                    | 0.853%         | 71             | 1.557%         | 4.603%                        | 18.96                                     | 31.394%                       |  |
| 40 % - 50 %   | 6,894,002.07                    | 0.959%         | 75             | 1.644%         | 4.672%                        | 18.42                                     | 39.785%                       |  |
| 50 % - 60 %   | 12,810,616.24                   | 1.782%         | 120            | 2.631%         | 4.565%                        | 19.24                                     | 49.042%                       |  |
| 60 % - 70 %   | 13,268,895.08                   | 1.846%         | 118            | 2.587%         | 4.367%                        | 18.93                                     | 57.539%                       |  |
| 70 % - 80 %   | 18,986,007.62                   | 2.641%         | 140            | 3.07%          | 4.468%                        | 20.64                                     | 66.493%                       |  |
| 80 % - 90 %   | 23,487,809.09                   | 3.267%         | 156            | 3.42%          | 4.403%                        | 21.04                                     | 75.275%                       |  |
| 90 % - 100 %  | 38,437,068.97                   | 5.347%         | 271            | 5.942%         | 4.338%                        | 22.44                                     | 83.809%                       |  |
| 100 % - 110 % | 53,867,933.35                   | 7.493%         | 332            | 7.279%         | 4.504%                        | 21.65                                     | 92.944%                       |  |
| 110 % - 120 % | 99,941,891.61                   | 13.902%        | 594            | 13.023%        | 4.258%                        | 23.91                                     | 101.371%                      |  |
| 120 % - 130 % | 148,712,802.35                  | 20.686%        | 872            | 19.119%        | 4.248%                        | 24.80                                     | 106.641%                      |  |
| 130 % - 140 % |                                 |                |                |                |                               |   |                               |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 99 % |
| Minimum          | 0 %  |
| Maximum          | 30 % |

**10a. Current Loan to Indexed Foreclosure Value (Non NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not. Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|---|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |   |
| <= 10 %       | 268,183.88                      | 0.037%         | 21             | 0.46%          | 5.139%                        | 15.58                                     | 8.79%                         |   |
| 10 % - 20 %   | 2,610,349.30                    | 0.363%         | 61             | 1.337%         | 5.006%                        | 16.20                                     | 20.814%                       |   |
| 20 % - 30 %   | 5,800,842.37                    | 0.807%         | 87             | 1.907%         | 4.922%                        | 16.62                                     | 30.421%                       |   |
| 30 % - 40 %   | 10,602,243.48                   | 1.475%         | 126            | 2.763%         | 4.927%                        | 15.21                                     | 41.849%                       |   |
| 40 % - 50 %   | 13,996,987.82                   | 1.947%         | 139            | 3.048%         | 5.159%                        | 15.98                                     | 49.274%                       |   |
| 50 % - 60 %   | 17,764,063.44                   | 2.471%         | 140            | 3.07%          | 4.869%                        | 17.22                                     | 53.425%                       |   |
| 60 % - 70 %   | 21,740,369.52                   | 3.024%         | 158            | 3.464%         | 4.756%                        | 18.15                                     | 58.436%                       |   |
| 70 % - 80 %   | 24,548,895.13                   | 3.415%         | 145            | 3.179%         | 4.727%                        | 18.60                                     | 63.919%                       |   |
| 80 % - 90 %   | 22,878,025.05                   | 3.182%         | 119            | 2.609%         | 4.458%                        | 19.02                                     | 71.722%                       |   |
| 90 % - 100 %  | 26,795,881.94                   | 3.727%         | 124            | 2.719%         | 4.489%                        | 20.24                                     | 77.785%                       |   |
| 100 % - 110 % | 30,338,042.94                   | 4.22%          | 138            | 3.026%         | 4.477%                        | 21.24                                     | 86.085%                       |   |
| 110 % - 120 % | 39,910,600.66                   | 5.552%         | 150            | 3.289%         | 4.65%                         | 23.82                                     | 97.413%                       |   |
| 120 % - 130 % | 23,064,323.26                   | 3.208%         | 101            | 2.214%         | 4.658%                        | 20.79                                     | 101.996%                      |   |
| 130 % - 140 % | 23,716,010.14                   | 3.299%         | 109            | 2.39%          | 4.725%                        | 20.91                                     | 106.561%                      |   |
| 140 % - 150 % | 23,857,383.76                   | 3.319%         | 104            | 2.28%          | 4.875%                        | 21.52                                     | 109.608%                      |   |
| 150 % >       | 4,993,795.42                    | 0.695%         | 22             | 0.482%         | 5.072%                        | 22.42                                     | 110.837%                      |   |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |   |

|                  |       |
|------------------|-------|
| Weighted Average | 104 % |
| Minimum          | 0 %   |
| Maximum          | 162 % |

**10b. Current Loan to Indexed Foreclosure Value (NHG)**

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not. Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|---|
| Non NHG Loans | 292,885,998.11                  | 40.741%        | 1,744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |   |
| <= 10 %       | 51,949.72                       | 0.007%         | 5              | 0.11%          | 4.423%                        | 18.85                                     | 6.858%                        |   |
| 10 % - 20 %   | 1,032,450.54                    | 0.144%         | 27             | 0.592%         | 4.832%                        | 15.87                                     | 21.264%                       |   |
| 20 % - 30 %   | 2,720,041.16                    | 0.378%         | 54             | 1.184%         | 4.889%                        | 15.15                                     | 31.419%                       |   |
| 30 % - 40 %   | 4,819,312.16                    | 0.67%          | 69             | 1.513%         | 4.885%                        | 16.91                                     | 35.259%                       |   |
| 40 % - 50 %   | 8,682,021.44                    | 1.208%         | 90             | 1.973%         | 4.667%                        | 18.03                                     | 41.622%                       |   |
| 50 % - 60 %   | 8,996,255.28                    | 1.251%         | 88             | 1.929%         | 4.645%                        | 18.15                                     | 55.067%                       |   |
| 60 % - 70 %   | 13,554,133.02                   | 1.885%         | 115            | 2.521%         | 4.547%                        | 19.08                                     | 59.115%                       |   |
| 70 % - 80 %   | 17,771,784.36                   | 2.472%         | 139            | 3.048%         | 4.424%                        | 20.13                                     | 66.629%                       |   |
| 80 % - 90 %   | 23,627,928.86                   | 3.287%         | 171            | 3.749%         | 4.417%                        | 21.15                                     | 74.723%                       |   |
| 90 % - 100 %  | 29,779,619.25                   | 4.142%         | 210            | 4.604%         | 4.27%                         | 23.60                                     | 81.395%                       |   |
| 100 % - 110 % | 44,314,975.04                   | 6.164%         | 291            | 6.38%          | 4.387%                        | 21.95                                     | 90.507%                       |   |
| 110 % - 120 % | 129,694,279.38                  | 18.041%        | 767            | 16.816%        | 4.085%                        | 26.09                                     | 100.444%                      |   |
| 120 % - 130 % | 71,095,968.46                   | 9.89%          | 417            | 9.143%         | 4.286%                        | 23.61                                     | 103.078%                      |   |
| 130 % - 140 % | 40,761,836.99                   | 5.67%          | 224            | 4.911%         | 4.544%                        | 20.70                                     | 106.418%                      |   |
| 140 % - 150 % | 23,302,543.60                   | 3.241%         | 119            | 2.609%         | 4.64%                         | 21.80                                     | 108.153%                      |   |
| 150 % >       | 5,808,902.63                    | 0.808%         | 31             | 0.68%          | 5.051%                        | 22.73                                     | 111.265%                      |   |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |   |

|                  |       |
|------------------|-------|
| Weighted Average | 104 % |
| Minimum          | 0 %   |
| Maximum          | 162 % |



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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| <= 10 %       | 89,318.59                       | 0.012%         | 3              | 0.066%         | 5.016%                        | 18.99                                     | 8.456%                        |  |
| 10 % - 20 %   | 812,101.97                      | 0.113%         | 14             | 0.307%         | 4.513%                        | 19.14                                     | 14.958%                       |  |
| 20 % - 30 %   | 3,169,392.61                    | 0.441%         | 54             | 1.184%         | 4.717%                        | 19.19                                     | 24.352%                       |  |
| 30 % - 40 %   | 9,755,851.77                    | 1.357%         | 121            | 2.653%         | 4.865%                        | 17.90                                     | 33.544%                       |  |
| 40 % - 50 %   | 16,809,435.29                   | 2.338%         | 174            | 3.815%         | 4.787%                        | 18.39                                     | 43.056%                       |  |
| 50 % - 60 %   | 24,326,589.05                   | 3.384%         | 193            | 4.232%         | 4.748%                        | 18.28                                     | 52.321%                       |  |
| 60 % - 70 %   | 35,355,455.20                   | 4.918%         | 237            | 5.196%         | 4.762%                        | 18.12                                     | 61.463%                       |  |
| 70 % - 80 %   | 42,002,568.20                   | 5.843%         | 234            | 5.13%          | 4.727%                        | 18.68                                     | 72.908%                       |  |
| 80 % - 90 %   | 35,233,563.62                   | 4.901%         | 171            | 3.749%         | 4.661%                        | 19.68                                     | 81.741%                       |  |
| 90 % - 100 %  | 28,375,557.71                   | 3.947%         | 117            | 2.565%         | 4.522%                        | 22.50                                     | 93.027%                       |  |
| 100 % - 110 % | 57,942,768.02                   | 8.06%          | 243            | 5.328%         | 4.628%                        | 22.41                                     | 103.094%                      |  |
| 110 % - 120 % | 38,742,814.89                   | 5.389%         | 181            | 3.968%         | 4.828%                        | 20.40                                     | 109.899%                      |  |
| 120 % - 130 % | 270,581.19                      | 0.038%         | 2              | 0.044%         | 3.793%                        | 20.16                                     | 101.96%                       |  |
| 130 % - 140 % |                                 |                |                |                |                               |   |                               |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 90 %  |
| Minimum          | 8 %   |
| Maximum          | 139 % |

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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Non NHG Loans | 292,885,998.11                  | 40.741%        | 1,744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <= 10 %       |                                 |                |                |                |                               |   |                               |  |
| 10 % - 20 %   | 471,652.32                      | 0.066%         | 9              | 0.197%         | 4.417%                        | 20.08                                     | 14.23%                        |  |
| 20 % - 30 %   | 2,403,996.27                    | 0.334%         | 31             | 0.68%          | 4.50%                         | 20.37                                     | 25.096%                       |  |
| 30 % - 40 %   | 6,195,531.75                    | 0.862%         | 64             | 1.403%         | 4.454%                        | 20.20                                     | 32.758%                       |  |
| 40 % - 50 %   | 10,886,212.14                   | 1.514%         | 113            | 2.478%         | 4.597%                        | 19.00                                     | 42.564%                       |  |
| 50 % - 60 %   | 12,293,041.15                   | 1.71%          | 106            | 2.324%         | 4.424%                        | 19.79                                     | 52.493%                       |  |
| 60 % - 70 %   | 17,588,935.76                   | 2.447%         | 133            | 2.916%         | 4.332%                        | 20.67                                     | 62.453%                       |  |
| 70 % - 80 %   | 25,430,943.16                   | 3.537%         | 182            | 3.99%          | 4.274%                        | 22.20                                     | 73.138%                       |  |
| 80 % - 90 %   | 35,306,314.20                   | 4.911%         | 240            | 5.262%         | 4.322%                        | 22.94                                     | 82.706%                       |  |
| 90 % - 100 %  | 53,817,049.17                   | 7.486%         | 339            | 7.433%         | 4.294%                        | 23.25                                     | 92.804%                       |  |
| 100 % - 110 % | 192,395,493.29                  | 26.762%        | 1,157          | 25.367%        | 4.236%                        | 24.91                                     | 101.761%                      |  |
| 110 % - 120 % | 67,817,089.86                   | 9.433%         | 433            | 9.494%         | 4.608%                        | 19.99                                     | 106.166%                      |  |
| 120 % - 130 % | 1,094,300.88                    | 0.152%         | 8              | 0.175%         | 4.747%                        | 19.36                                     | 105.094%                      |  |
| 130 % - 140 % | 313,441.94                      | 0.044%         | 2              | 0.044%         | 5.217%                        | 17.17                                     | 112.138%                      |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 90 %  |
| Minimum          | 8 %   |
| Maximum          | 139 % |

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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| <= 10 %       | 277,059.06                      | 0.039%         | 20             | 0.439%         | 5.059%                        | 16.64                                     | 7.669%                        |  |
| 10 % - 20 %   | 2,173,034.75                    | 0.302%         | 52             | 1.14%          | 4.714%                        | 18.03                                     | 15.293%                       |  |
| 20 % - 30 %   | 5,551,128.10                    | 0.772%         | 83             | 1.82%          | 4.817%                        | 17.74                                     | 25.426%                       |  |
| 30 % - 40 %   | 12,457,143.52                   | 1.733%         | 136            | 2.982%         | 4.883%                        | 17.89                                     | 35.675%                       |  |
| 40 % - 50 %   | 19,265,215.27                   | 2.68%          | 173            | 3.793%         | 4.75%                         | 18.40                                     | 45.479%                       |  |
| 50 % - 60 %   | 27,783,500.03                   | 3.865%         | 200            | 4.385%         | 4.734%                        | 18.37                                     | 55.182%                       |  |
| 60 % - 70 %   | 34,389,516.95                   | 4.784%         | 214            | 4.692%         | 4.71%                         | 18.19                                     | 65.123%                       |  |
| 70 % - 80 %   | 40,698,727.66                   | 5.661%         | 212            | 4.648%         | 4.723%                        | 18.87                                     | 75.844%                       |  |
| 80 % - 90 %   | 32,311,770.29                   | 4.495%         | 150            | 3.289%         | 4.672%                        | 20.00                                     | 85.088%                       |  |
| 90 % - 100 %  | 30,601,351.49                   | 4.257%         | 127            | 2.784%         | 4.56%                         | 22.25                                     | 95.394%                       |  |
| 100 % - 110 % | 56,847,743.21                   | 7.908%         | 235            | 5.152%         | 4.641%                        | 22.59                                     | 105.151%                      |  |
| 110 % - 120 % | 30,529,807.78                   | 4.247%         | 142            | 3.113%         | 4.828%                        | 20.41                                     | 112.196%                      |  |
| 120 % - 130 % |                                 |                |                |                |                               |   |                               |  |
| 130 % - 140 % |                                 |                |                |                |                               |   |                               |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Non NHG Loans | 292.885.998.11                  | 40.741%        | 1.744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <= 10 %       | 67.641.73                       | 0.009%         | 6              | 0.132%         | 4.545%                        | 16.39                                     | 7.29%                         |  |
| 10 % - 20 %   | 1.046.628.60                    | 0.146%         | 22             | 0.482%         | 4.278%                        | 19.57                                     | 15.677%                       |  |
| 20 % - 30 %   | 4.535.395.82                    | 0.631%         | 68             | 1.491%         | 4.755%                        | 18.52                                     | 25.992%                       |  |
| 30 % - 40 %   | 7.319.813.88                    | 1.018%         | 78             | 1.71%          | 4.539%                        | 19.37                                     | 34.891%                       |  |
| 40 % - 50 %   | 12.219.770.47                   | 1.70%          | 123            | 2.697%         | 4.629%                        | 18.48                                     | 45.877%                       |  |
| 50 % - 60 %   | 14.518.230.57                   | 2.02%          | 131            | 2.872%         | 4.416%                        | 19.33                                     | 55.238%                       |  |
| 60 % - 70 %   | 20.464.481.91                   | 2.847%         | 157            | 3.442%         | 4.478%                        | 20.71                                     | 65.387%                       |  |
| 70 % - 80 %   | 29.747.840.03                   | 4.138%         | 201            | 4.407%         | 4.316%                        | 22.03                                     | 75.556%                       |  |
| 80 % - 90 %   | 43.940.667.12                   | 6.112%         | 299            | 6.556%         | 4.359%                        | 22.39                                     | 85.33%                        |  |
| 90 % - 100 %  | 76.295.350.33                   | 10.613%        | 471            | 10.327%        | 4.372%                        | 22.90                                     | 95.799%                       |  |
| 100 % - 110 % | 177.288.795.08                  | 24.661%        | 1.025          | 22.473%        | 4.202%                        | 25.21                                     | 104.11%                       |  |
| 110 % - 120 % | 38.433.206.91                   | 5.346%         | 235            | 5.152%         | 4.599%                        | 19.85                                     | 112.075%                      |  |
| 120 % - 130 % |                                 |                |                |                |                               |   |                               |  |
| 130 % - 140 % | 136.179.44                      | 0.019%         | 1              | 0.022%         | 5.55%                         | 11.92                                     | 133.38%                       |  |
| 140 % - 150 % |                                 |                |                |                |                               |   |                               |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718.900.000.00</b>           | <b>100.00%</b> | <b>4.561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 87 %  |
| Minimum          | 0 %   |
| Maximum          | 133 % |

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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG Loans     | 426,014,001.89                  | 59.259%        | 2,817          | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| <= 10 %       | 291,634.24                      | 0.041%         | 22             | 0.482%         | 5.104%                        | 15.40                                     | 9.222%                        |  |
| 10 % - 20 %   | 4,053,738.89                    | 0.564%         | 86             | 1.886%         | 4.968%                        | 16.35                                     | 22.446%                       |  |
| 20 % - 30 %   | 8,620,850.21                    | 1.199%         | 112            | 2.456%         | 4.905%                        | 15.57                                     | 34.703%                       |  |
| 30 % - 40 %   | 14,168,682.61                   | 1.971%         | 158            | 3.464%         | 5.017%                        | 16.01                                     | 45.512%                       |  |
| 40 % - 50 %   | 17,984,850.65                   | 2.502%         | 154            | 3.376%         | 4.942%                        | 16.84                                     | 51.10%                        |  |
| 50 % - 60 %   | 23,471,902.42                   | 3.265%         | 175            | 3.837%         | 4.811%                        | 17.89                                     | 57.517%                       |  |
| 60 % - 70 %   | 25,275,068.49                   | 3.516%         | 150            | 3.289%         | 4.781%                        | 18.20                                     | 63.841%                       |  |
| 70 % - 80 %   | 27,457,034.01                   | 3.819%         | 143            | 3.135%         | 4.467%                        | 19.66                                     | 70.111%                       |  |
| 80 % - 90 %   | 31,175,505.62                   | 4.337%         | 145            | 3.179%         | 4.483%                        | 20.43                                     | 79.932%                       |  |
| 90 % - 100 %  | 37,498,523.49                   | 5.216%         | 155            | 3.398%         | 4.527%                        | 22.84                                     | 89.483%                       |  |
| 100 % - 110 % | 36,744,337.77                   | 5.111%         | 147            | 3.223%         | 4.657%                        | 22.11                                     | 98.665%                       |  |
| 110 % - 120 % | 20,145,967.49                   | 2.802%         | 96             | 2.105%         | 4.768%                        | 20.64                                     | 104.117%                      |  |
| 120 % - 130 % | 32,517,557.53                   | 4.523%         | 141            | 3.091%         | 4.755%                        | 21.00                                     | 108.015%                      |  |
| 130 % - 140 % | 12,762,134.69                   | 1.775%         | 56             | 1.228%         | 4.935%                        | 22.19                                     | 111.08%                       |  |
| 140 % - 150 % | 718,210.00                      | 0.10%          | 4              | 0.088%         | 5.035%                        | 22.46                                     | 114.515%                      |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 91%  |
| Minimum          | 5%   |
| Maximum          | 145% |

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

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Non NHG Loans | 292,885,998.11                  | 40.741%        | 1,744          | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <= 10 %       | 51,949.72                       | 0.007%         | 5              | 0.11%          | 4.423%                        | 18.85                                     | 6.858%                        |  |
| 10 % - 20 %   | 1,433,653.45                    | 0.199%         | 37             | 0.811%         | 4.951%                        | 14.45                                     | 25.622%                       |  |
| 20 % - 30 %   | 4,317,883.02                    | 0.601%         | 79             | 1.732%         | 4.896%                        | 15.83                                     | 32.166%                       |  |
| 30 % - 40 %   | 7,955,683.32                    | 1.107%         | 87             | 1.907%         | 4.758%                        | 18.44                                     | 37.772%                       |  |
| 40 % - 50 %   | 9,600,513.13                    | 1.335%         | 97             | 2.127%         | 4.637%                        | 17.94                                     | 49.842%                       |  |
| 50 % - 60 %   | 13,259,504.31                   | 1.844%         | 116            | 2.543%         | 4.529%                        | 19.12                                     | 59.422%                       |  |
| 60 % - 70 %   | 20,734,893.56                   | 2.884%         | 166            | 3.64%          | 4.443%                        | 20.25                                     | 65.336%                       |  |
| 70 % - 80 %   | 28,538,957.32                   | 3.97%          | 205            | 4.495%         | 4.336%                        | 22.41                                     | 75.449%                       |  |
| 80 % - 90 %   | 34,690,762.11                   | 4.826%         | 234            | 5.13%          | 4.304%                        | 23.12                                     | 83.467%                       |  |
| 90 % - 100 %  | 82,782,334.35                   | 11.515%        | 520            | 11.401%        | 4.156%                        | 24.80                                     | 95.704%                       |  |
| 100 % - 110 % | 125,129,857.03                  | 17.406%        | 736            | 16.137%        | 4.159%                        | 25.44                                     | 101.841%                      |  |
| 110 % - 120 % | 47,286,951.07                   | 6.578%         | 271            | 5.942%         | 4.525%                        | 20.22                                     | 104.514%                      |  |
| 120 % - 130 % | 37,889,182.42                   | 5.27%          | 202            | 4.429%         | 4.585%                        | 21.23                                     | 107.18%                       |  |
| 130 % - 140 % | 12,114,877.08                   | 1.685%         | 61             | 1.337%         | 4.827%                        | 22.39                                     | 110.471%                      |  |
| 140 % - 150 % | 227,000.00                      | 0.032%         | 1              | 0.022%         | 5.15%                         | 23.25                                     | 114.94%                       |  |
| 150 % >       |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 4.91% |
| Minimum          | 4.0%  |
| Maximum          | 5.45% |

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

|                 | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|-----------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| <= 0.50 %       |                                 |                |                    |                |                               |   |                               |  |
| 0.50 % - 1.00 % |                                 |                |                    |                |                               |   |                               |  |
| 1.00 % - 1.50 % |                                 |                |                    |                |                               |   |                               |  |
| 1.50 % - 2.00 % |                                 |                |                    |                |                               |   |                               |  |
| 2.00 % - 2.50 % |                                 |                |                    |                |                               |   |                               |  |
| 2.50 % - 3.00 % | 10,580,073.61                   | 1.472%         | 123                | 1.505%         | 2.904%                        | 24.79                                     | 91.437%                       |  |
| 3.00 % - 3.50 % | 50,738,826.51                   | 7.058%         | 578                | 7.071%         | 3.35%                         | 20.69                                     | 83.523%                       |  |
| 3.50 % - 4.00 % | 162,032,756.56                  | 22.539%        | 1,514              | 18.522%        | 3.776%                        | 25.26                                     | 92.181%                       |  |
| 4.00 % - 4.50 % | 174,846,679.93                  | 24.321%        | 1,798              | 21.997%        | 4.265%                        | 22.73                                     | 88.00%                        |  |
| 4.50 % - 5.00 % | 137,760,260.06                  | 19.163%        | 1,637              | 20.027%        | 4.804%                        | 20.38                                     | 84.245%                       |  |
| 5.00 % - 5.50 % | 115,925,336.18                  | 16.125%        | 1,516              | 18.547%        | 5.239%                        | 19.78                                     | 86.578%                       |  |
| 5.50 % - 6.00 % | 43,779,133.28                   | 6.09%          | 628                | 7.683%         | 5.738%                        | 18.61                                     | 85.038%                       |  |
| 6.00 % - 6.50 % | 19,263,163.98                   | 2.68%          | 320                | 3.915%         | 6.259%                        | 15.80                                     | 74.108%                       |  |
| 6.50 % - 7.00 % | 3,859,688.22                    | 0.537%         | 57                 | 0.697%         | 6.709%                        | 14.62                                     | 73.102%                       |  |
| 7.00 % >        | 114,081.67                      | 0.016%         | 3                  | 0.037%         | 7.337%                        | 10.09                                     | 44.448%                       |  |
| <b>Total</b>    | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |       |
|------------------|-------|
| Weighted Average | 4.49% |
| Minimum          | 2.60% |
| Maximum          | 7.70% |

## 15. Remaining Interest Rate Fixed Period

|           | Aggregate<br>Outstanding Amount | % of Total | Nr of<br>Loanparts | % of Total | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|-----------|---------------------------------|------------|--------------------|------------|-------------------------------|---|-------------------------------|--|
| < 12      | 78,392,276.11                   | 10.904%    | 1,013              | 12.393%    | 3.943%                        | 19.09                                     | 82.989%                       |  |
| 12 - 24   | 55,140,668.21                   | 7.67%      | 711                | 8.698%     | 4.335%                        | 19.46                                     | 85.005%                       |  |
| 24 - 36   | 78,068,764.11                   | 10.859%    | 946                | 11.573%    | 4.93%                         | 19.74                                     | 90.924%                       |  |
| 36 - 48   | 68,012,946.13                   | 9.461%     | 853                | 10.436%    | 4.863%                        | 19.67                                     | 87.436%                       |  |
| 48 - 60   | 68,339,081.44                   | 9.506%     | 875                | 10.705%    | 4.33%                         | 19.70                                     | 86.467%                       |  |
| 60 - 72   | 11,126,859.42                   | 1.548%     | 187                | 2.288%     | 5.043%                        | 17.48                                     | 74.948%                       |  |
| 72 - 84   | 15,592,359.37                   | 2.169%     | 221                | 2.704%     | 4.937%                        | 17.84                                     | 74.908%                       |  |
| 84 - 96   | 15,965,263.73                   | 2.221%     | 225                | 2.753%     | 5.327%                        | 18.60                                     | 80.659%                       |  |
| 96 - 108  | 27,946,517.75                   | 3.887%     | 337                | 4.123%     | 4.982%                        | 19.81                                     | 78.471%                       |  |
| 108 - 120 | 122,325,446.86                  | 17.016%    | 994                | 12.161%    | 3.896%                        | 27.40                                     | 95.466%                       |  |
| 120 - 132 | 16,723,747.69                   | 2.326%     | 211                | 2.581%     | 4.48%                         | 19.01                                     | 77.704%                       |  |
| 132 - 144 | 27,362,558.74                   | 3.806%     | 342                | 4.184%     | 4.411%                        | 19.54                                     | 76.849%                       |  |
| 144 - 156 | 16,454,620.14                   | 2.289%     | 199                | 2.435%     | 5.002%                        | 21.02                                     | 77.197%                       |  |
| 156 - 168 | 11,357,132.60                   | 1.58%      | 147                | 1.798%     | 5.362%                        | 19.72                                     | 79.82%                        |  |
| 168 - 180 | 15,917,923.76                   | 2.214%     | 131                | 1.603%     | 4.422%                        | 26.64                                     | 89.771%                       |  |
| 180 - 192 | 266,909.80                      | 0.037%     | 5                  | 0.061%     | 6.429%                        | 21.32                                     | 56.229%                       |  |
| 192 - 204 | 758,429.43                      | 0.105%     | 7                  | 0.086%     | 5.401%                        | 18.75                                     | 78.004%                       |  |
| 204 - 216 | 5,231,221.41                    | 0.728%     | 65                 | 0.795%     | 4.969%                        | 20.52                                     | 83.819%                       |  |
| 216 - 228 | 1,733,700.92                    | 0.241%     | 24                 | 0.294%     | 5.312%                        | 19.07                                     | 80.713%                       |  |
| 228 - 240 | 51,060,890.09                   | 7.103%     | 315                | 3.854%     | 4.37%                         | 28.74                                     | 96.196%                       |  |
| 240 - 252 | 656,733.00                      | 0.091%     | 6                  | 0.073%     | 4.328%                        | 20.75                                     | 99.559%                       |  |
| 252 - 264 | 2,110,775.32                    | 0.294%     | 30                 | 0.367%     | 4.728%                        | 21.74                                     | 82.083%                       |  |
| 264 - 276 | 13,149,396.26                   | 1.829%     | 157                | 1.921%     | 5.03%                         | 22.88                                     | 90.813%                       |  |
| 276 - 288 | 14,132,611.39                   | 1.966%     | 159                | 1.945%     | 5.206%                        | 23.00                                     | 84.951%                       |  |
| 288 - 300 | 321,203.40                      | 0.045%     | 5                  | 0.061%     | 6.059%                        | 24.27                                     | 69.003%                       |  |
| 300 - 312 | 440,444.00                      | 0.061%     | 6                  | 0.073%     | 5.929%                        | 23.01                                     | 107.945%                      |  |
| 312 - 324 | 219,200.00                      | 0.03%      | 2                  | 0.024%     | 5.868%                        | 25.19                                     | 68.904%                       |  |
| 324 - 336 |                                 |            |                    |            |                               |   |                               |  |
| 336 - 348 | 92,318.92                       | 0.013%     | 1                  | 0.012%     | 5.60%                         | 28.75                                     | 102.67%                       |  |
| 348 - 360 |                                 |            |                    |            |                               |   |                               |  |
| 360 >=    |                                 |            |                    |            |                               |   |                               |  |
| Total     | 718,900,000.00                  | 100.00%    | 8,174              | 100.00%    | 4.487%                        | 21.78                                     | 87.088%                       |  |

|                  |     |
|------------------|-----|
| Weighted Average | 90  |
| Minimum          | 0   |
| Maximum          | 344 |

## 16. Interest Payment Type

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Fixed        | 682,159,670.86                  | 94.889%        | 7,711              | 94.336%        | 4.548%                        | 21.92                                     | 87.492%                       |  |
| Floating     | 36,740,329.14                   | 5.111%         | 463                | 5.664%         | 3.361%                        | 19.22                                     | 79.588%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 17. Property Description

|                         | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|-------------------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| House                   | 595,925,640.44                  | 82.894%        | 3,645          | 79.917%        | 4.516%                        | 21.52                                     | 85.537%                       |  |
| Appartment              | 121,941,586.22                  | 16.962%        | 909            | 19.93%         | 4.345%                        | 23.07                                     | 94.829%                       |  |
| House / Business (<50%) | 1,032,773.34                    | 0.144%         | 7              | 0.153%         | 4.825%                        | 19.91                                     | 68.349%                       |  |
| <b>Total</b>            | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 18. Geographical Distribution (by Province)

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Drenthe       | 22,543,681.24                   | 3.136%         | 152            | 3.333%         | 4.516%                        | 20.77                                     | 89.10%                        |  |
| Flevoland     | 22,190,849.88                   | 3.087%         | 137            | 3.004%         | 4.469%                        | 21.30                                     | 91.744%                       |  |
| Friesland     | 26,004,637.77                   | 3.617%         | 182            | 3.99%          | 4.383%                        | 22.79                                     | 90.298%                       |  |
| Gelderland    | 75,651,623.06                   | 10.523%        | 459            | 10.064%        | 4.422%                        | 21.87                                     | 84.602%                       |  |
| Groningen     | 24,105,940.60                   | 3.353%         | 177            | 3.881%         | 4.626%                        | 20.97                                     | 91.047%                       |  |
| Limburg       | 39,962,293.97                   | 5.559%         | 277            | 6.073%         | 4.583%                        | 20.40                                     | 84.594%                       |  |
| Noord-Brabant | 87,095,359.63                   | 12.115%        | 543            | 11.905%        | 4.52%                         | 21.24                                     | 80.37%                        |  |
| Noord-Holland | 128,198,008.00                  | 17.833%        | 784            | 17.189%        | 4.435%                        | 22.04                                     | 86.308%                       |  |
| Overijssel    | 48,524,845.36                   | 6.75%          | 305            | 6.687%         | 4.481%                        | 21.96                                     | 87.361%                       |  |
| Utrecht       | 52,648,187.57                   | 7.323%         | 290            | 6.358%         | 4.442%                        | 21.89                                     | 84.656%                       |  |
| Zeeland       | 12,605,358.36                   | 1.753%         | 95             | 2.083%         | 4.623%                        | 21.42                                     | 87.755%                       |  |
| Zuid-Holland  | 179,369,214.56                  | 24.951%        | 1,160          | 25.433%        | 4.516%                        | 22.21                                     | 91.28%                        |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 19. Geographical Distribution (by economic region)

|                                    | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|------------------------------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| NL111 - Oost-Groningen             | 4,875,471.35                    | 0.678%         | 35             | 0.767%         | 4.883%                        | 20.80                                     | 85.369%                       |  |
| NL112 - Delfzijl en omgeving       | 1,985,376.66                    | 0.276%         | 18             | 0.395%         | 4.983%                        | 18.58                                     | 93.05%                        |  |
| NL113 - Overig Groningen           | 17,245,092.59                   | 2.399%         | 124            | 2.719%         | 4.512%                        | 21.30                                     | 92.421%                       |  |
| NL121 - Noord-Friesland            | 13,791,572.55                   | 1.918%         | 98             | 2.149%         | 4.411%                        | 21.79                                     | 91.232%                       |  |
| NL122 - Zuidwest-Friesland         | 3,889,628.56                    | 0.541%         | 26             | 0.57%          | 4.378%                        | 22.41                                     | 85.585%                       |  |
| NL123 - Zuidoost-Friesland         | 8,323,436.66                    | 1.158%         | 58             | 1.272%         | 4.338%                        | 24.63                                     | 90.952%                       |  |
| NL131 - Noord-Drenthe              | 8,102,475.75                    | 1.127%         | 50             | 1.096%         | 4.42%                         | 20.71                                     | 88.913%                       |  |
| NL132 - Zuidoost-Drenthe           | 8,906,063.39                    | 1.239%         | 62             | 1.359%         | 4.668%                        | 20.29                                     | 90.545%                       |  |
| NL133 - Zuidwest-Drenthe           | 5,227,142.10                    | 0.727%         | 38             | 0.833%         | 4.385%                        | 21.77                                     | 85.671%                       |  |
| NL211 - Noord-Overijssel           | 16,644,214.11                   | 2.315%         | 102            | 2.236%         | 4.372%                        | 21.69                                     | 84.656%                       |  |
| NL212 - Zuidwest-Overijssel        | 5,700,413.14                    | 0.793%         | 37             | 0.811%         | 4.518%                        | 23.02                                     | 85.707%                       |  |
| NL213 - Twente                     | 26,180,218.11                   | 3.642%         | 166            | 3.64%          | 4.542%                        | 21.91                                     | 89.441%                       |  |
| NL221 - Veluwe                     | 27,629,947.19                   | 3.843%         | 161            | 3.53%          | 4.377%                        | 21.39                                     | 82.108%                       |  |
| NL224 - Zuidwest-Gelderland        | 7,707,620.38                    | 1.072%         | 54             | 1.184%         | 4.405%                        | 22.02                                     | 81.429%                       |  |
| NL225 - Achterhoek                 | 12,351,001.21                   | 1.718%         | 75             | 1.644%         | 4.455%                        | 21.93                                     | 87.195%                       |  |
| NL226 - Arnhem/Nijmegen            | 28,271,551.01                   | 3.933%         | 171            | 3.749%         | 4.461%                        | 22.31                                     | 86.793%                       |  |
| NL230 - Flevoland                  | 22,190,849.88                   | 3.087%         | 137            | 3.004%         | 4.469%                        | 21.30                                     | 91.744%                       |  |
| NL310 - Utrecht                    | 52,639,679.49                   | 7.322%         | 290            | 6.358%         | 4.443%                        | 21.89                                     | 84.748%                       |  |
| NL321 - Kop van Noord-Holland      | 28,228,265.92                   | 3.927%         | 193            | 4.232%         | 4.495%                        | 21.17                                     | 83.967%                       |  |
| NL322 - Alkmaar en omgeving        | 17,499,172.44                   | 2.434%         | 106            | 2.324%         | 4.493%                        | 21.65                                     | 82.053%                       |  |
| NL323 - IJmond                     | 10,478,046.84                   | 1.458%         | 71             | 1.557%         | 4.472%                        | 22.65                                     | 84.959%                       |  |
| NL324 - Agglomeratie Haarlem       | 6,684,842.18                    | 0.93%          | 43             | 0.943%         | 4.348%                        | 22.57                                     | 84.939%                       |  |
| NL325 - Zaanstreek                 | 7,057,229.14                    | 0.982%         | 43             | 0.943%         | 4.659%                        | 20.83                                     | 91.349%                       |  |
| NL326 - Groot-Amsterdam            | 48,593,194.99                   | 6.759%         | 279            | 6.117%         | 4.348%                        | 22.77                                     | 88.311%                       |  |
| NL327 - Het Gooi en Vechtstreek    | 9,809,017.96                    | 1.364%         | 50             | 1.096%         | 4.444%                        | 21.71                                     | 88.786%                       |  |
| NL331 - Agglomeratie Leiden en     | 14,457,421.56                   | 2.011%         | 90             | 1.973%         | 4.536%                        | 22.23                                     | 84.386%                       |  |
| NL332 - Agglomeratie 's-Gravenhage | 45,142,164.79                   | 6.279%         | 283            | 6.205%         | 4.44%                         | 22.73                                     | 93.009%                       |  |
| NL333 - Delft en Westland          | 9,403,675.68                    | 1.308%         | 60             | 1.316%         | 4.328%                        | 22.93                                     | 86.591%                       |  |
| NL334 - Oost-Zuid-Holland          | 16,536,502.67                   | 2.30%          | 101            | 2.214%         | 4.537%                        | 22.62                                     | 88.583%                       |  |
| NL335 - Groot-Rijmond              | 73,066,531.04                   | 10.164%        | 486            | 10.656%        | 4.529%                        | 21.91                                     | 93.208%                       |  |
| NL336 - Zuidoost-Zuid-Holland      | 20,108,574.05                   | 2.797%         | 136            | 2.982%         | 4.696%                        | 21.34                                     | 89.972%                       |  |
| NL341 - Zeeuwsch-Vlaanderen        | 2,322,960.95                    | 0.323%         | 21             | 0.46%          | 4.785%                        | 20.25                                     | 84.605%                       |  |
| NL342 - Overig Zeeland             | 10,282,397.41                   | 1.43%          | 74             | 1.622%         | 4.586%                        | 21.69                                     | 88.467%                       |  |
| NL411 - West-Noord-Brabant         | 26,313,967.29                   | 3.66%          | 166            | 3.64%          | 4.506%                        | 21.15                                     | 84.725%                       |  |
| NL412 - Midden-Noord-Brabant       | 15,488,301.06                   | 2.154%         | 101            | 2.214%         | 4.511%                        | 21.90                                     | 76.894%                       |  |
| NL413 - Noordoost-Noord-Brabant    | 22,340,246.43                   | 3.108%         | 137            | 3.004%         | 4.475%                        | 21.56                                     | 76.691%                       |  |
| NL414 - Zuidoost-Noord-Brabant     | 22,952,844.85                   | 3.193%         | 139            | 3.048%         | 4.586%                        | 20.57                                     | 81.302%                       |  |
| NL421 - Noord-Limburg              | 15,141,486.87                   | 2.106%         | 101            | 2.214%         | 4.468%                        | 21.09                                     | 84.182%                       |  |
| NL422 - Midden-Limburg             | 6,328,131.97                    | 0.88%          | 46             | 1.009%         | 4.695%                        | 20.11                                     | 75.792%                       |  |
| NL423 - Zuid-Limburg               | 18,492,675.13                   | 2.572%         | 130            | 2.85%          | 4.638%                        | 19.93                                     | 87.944%                       |  |
| NLZZZ - Extra-Regio                | 510,594.65                      | 0.071%         | 3              | 0.066%         | 4.619%                        | 19.03                                     | 102.104%                      |  |
| <b>Total</b>                       | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 20. Construction Deposits (as % of prin. bal.)

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| 0%           | 678,513,482.79                  | 94.382%        | 4,323          | 94.782%        | 4.517%                        | 21.34                                     | 86.427%                       |  |
| 0 % - 10 %   | 6,226,326.45                    | 0.866%         | 39             | 0.855%         | 3.951%                        | 28.78                                     | 97.482%                       |  |
| 10 % - 20 %  | 1,487,626.07                    | 0.207%         | 10             | 0.219%         | 3.979%                        | 29.37                                     | 93.906%                       |  |
| 20 % - 30 %  | 2,267,632.55                    | 0.315%         | 13             | 0.285%         | 4.079%                        | 27.48                                     | 92.119%                       |  |
| 30 % - 40 %  | 778,771.14                      | 0.108%         | 6              | 0.132%         | 3.755%                        | 28.79                                     | 96.599%                       |  |
| 40 % - 50 %  | 640,564.90                      | 0.089%         | 4              | 0.088%         | 3.938%                        | 29.50                                     | 99.497%                       |  |
| 50 % - 60 %  | 1,255,795.69                    | 0.175%         | 6              | 0.132%         | 3.799%                        | 29.34                                     | 102.931%                      |  |
| 60 % - 70 %  | 2,221,928.44                    | 0.309%         | 13             | 0.285%         | 3.859%                        | 29.17                                     | 95.807%                       |  |
| 70 % - 80 %  | 1,730,412.46                    | 0.241%         | 10             | 0.219%         | 3.856%                        | 29.41                                     | 101.974%                      |  |
| 80 % - 90 %  | 594,984.16                      | 0.083%         | 4              | 0.088%         | 4.108%                        | 29.47                                     | 99.691%                       |  |
| 90 % >       | 23,182,475.35                   | 3.225%         | 133            | 2.916%         | 4.04%                         | 29.22                                     | 98.94%                        |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |         |
|------------------|---------|
| Weighted Average | 22 %    |
| Minimum          | 0 %     |
| Maximum          | 6,040 % |

## 21. Occupancy

|                | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|----------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Owner Occupied | 718,900,000.00                  | 100.00%        | 8,174              | 100.00%        | 4.487%                        | 21.78                                     | 87.088%                       |  |
| <b>Total</b>   | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 22. Employment Status Borrower

|               | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|---------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| Employed      | 665,357,994.30                  | 92.552%        | 4,186          | 91.778%        | 4.477%                        | 21.91                                     | 88.427%                       |  |
| Self Employed | 25,272,807.94                   | 3.515%         | 121            | 2.653%         | 4.677%                        | 19.64                                     | 79.518%                       |  |
| Other         | 27,991,966.87                   | 3.894%         | 250            | 5.481%         | 4.558%                        | 20.55                                     | 62.469%                       |  |
| Unknown       | 277,230.89                      | 0.039%         | 4              | 0.088%         | 4.033%                        | 15.00                                     | 51.338%                       |  |
| <b>Total</b>  | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |



### 23. Loan to Income

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| <= 0.5       | 540,177.88                      | 0.075%         | 26             | 0.57%          | 4.758%                        | 15.78                                     | 45.184%                       |  |
| 0.5 - 1.0    | 2,464,494.25                    | 0.343%         | 57             | 1.25%          | 4.684%                        | 16.73                                     | 29.976%                       |  |
| 1.0 - 1.5    | 8,618,857.59                    | 1.199%         | 141            | 3.091%         | 4.836%                        | 16.82                                     | 39.579%                       |  |
| 1.5 - 2.0    | 18,905,983.58                   | 2.63%          | 234            | 5.13%          | 4.823%                        | 18.01                                     | 50.433%                       |  |
| 2.0 - 2.5    | 34,039,588.61                   | 4.735%         | 313            | 6.863%         | 4.673%                        | 19.19                                     | 61.589%                       |  |
| 2.5 - 3.0    | 61,942,552.75                   | 8.616%         | 453            | 9.932%         | 4.605%                        | 20.52                                     | 74.911%                       |  |
| 3.0 - 3.5    | 95,959,896.51                   | 13.348%        | 625            | 13.703%        | 4.507%                        | 21.31                                     | 84.378%                       |  |
| 3.5 - 4.0    | 125,999,118.88                  | 17.527%        | 747            | 16.378%        | 4.433%                        | 22.41                                     | 91.33%                        |  |
| 4.0 - 4.5    | 143,204,878.58                  | 19.92%         | 806            | 17.672%        | 4.421%                        | 23.15                                     | 93.505%                       |  |
| 4.5 - 5.0    | 124,775,677.17                  | 17.356%        | 679            | 14.887%        | 4.376%                        | 23.37                                     | 94.969%                       |  |
| 5.0 - 5.5    | 64,748,333.03                   | 9.007%         | 313            | 6.863%         | 4.553%                        | 20.64                                     | 95.758%                       |  |
| 5.5 - 6.0    | 24,412,811.82                   | 3.396%         | 114            | 2.499%         | 4.594%                        | 20.46                                     | 92.62%                        |  |
| 6.0 - 6.5    | 7,849,560.21                    | 1.092%         | 31             | 0.68%          | 4.548%                        | 20.78                                     | 93.046%                       |  |
| 6.5 - 7.0    | 1,576,417.77                    | 0.219%         | 7              | 0.153%         | 4.569%                        | 18.45                                     | 91.43%                        |  |
| 7.0 >        | 3,861,651.37                    | 0.537%         | 15             | 0.329%         | 3.778%                        | 17.69                                     | 77.181%                       |  |
| Unknown      |                                 |                |                |                |                               |   |                               |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 4.0  |
| Minimum          | 0.0  |
| Maximum          | 10.4 |

### 24. Debt Service to Income

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loans | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|----------------|----------------|-------------------------------|---|-------------------------------|--|
| <= 5 %       | 3,321,298.95                    | 0.462%         | 82             | 1.798%         | 4.131%                        | 18.43                                     | 34.253%                       |  |
| 5 % - 10 %   | 30,368,100.16                   | 4.224%         | 353            | 7.74%          | 4.331%                        | 18.18                                     | 51.142%                       |  |
| 10 % - 15 %  | 109,213,899.54                  | 15.192%        | 837            | 18.351%        | 4.323%                        | 19.11                                     | 72.216%                       |  |
| 15 % - 20 %  | 203,206,718.72                  | 28.266%        | 1,239          | 27.165%        | 4.398%                        | 21.00                                     | 87.949%                       |  |
| 20 % - 25 %  | 221,394,128.48                  | 30.796%        | 1,250          | 27.406%        | 4.553%                        | 22.87                                     | 93.839%                       |  |
| 25 % - 30 %  | 130,906,427.25                  | 18.209%        | 699            | 15.326%        | 4.585%                        | 24.43                                     | 96.035%                       |  |
| 30 % - 35 %  | 15,663,944.18                   | 2.179%         | 75             | 1.644%         | 5.253%                        | 21.11                                     | 90.168%                       |  |
| 35 % - 40 %  | 2,857,380.58                    | 0.397%         | 12             | 0.263%         | 5.238%                        | 21.37                                     | 88.756%                       |  |
| 40 % - 45 %  | 645,846.22                      | 0.09%          | 5              | 0.11%          | 5.18%                         | 18.89                                     | 80.975%                       |  |
| 45 % - 50 %  | 638,702.37                      | 0.089%         | 4              | 0.088%         | 5.162%                        | 18.79                                     | 89.32%                        |  |
| 50 % - 55 %  |                                 |                |                |                |                               |   |                               |  |
| 55 % - 60 %  | 113,433.47                      | 0.016%         | 1              | 0.022%         | 4.55%                         | 20.42                                     | 62.50%                        |  |
| 60 % - 65 %  |                                 |                |                |                |                               |   |                               |  |
| 65 % - 70 %  |                                 |                |                |                |                               |   |                               |  |
| 70 % >       |                                 |                |                |                |                               |   |                               |  |
| Unknown      | 570,120.08                      | 0.079%         | 4              | 0.088%         | 3.987%                        | 18.69                                     | 92.451%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b>   | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

|                  |      |
|------------------|------|
| Weighted Average | 20 % |
| Minimum          | 0 %  |
| Maximum          | 58 % |

## 25. Loanpart Payment Frequency

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Monthly      | 718,900,000.00                  | 100.00%        | 8,174              | 100.00%        | 4.487%                        | 21.78                                     | 87.088%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 26. Guarantee Type

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of Loans  | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------|----------------|-------------------------------|---|-------------------------------|--|
| NHG          | 426,014,001.89                  | 59.259%        | 2,817        | 61.763%        | 4.337%                        | 23.00                                     | 91.969%                       |  |
| Non-NHG      | 292,885,998.11                  | 40.741%        | 1,744        | 38.237%        | 4.706%                        | 20.00                                     | 79.99%                        |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>4,561</b> | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 27. Originator

|                                   | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|-----------------------------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Amstelstaete Hypotheken B.V.      | 93,139,658.50                   | 12.956%        | 1,344              | 16.442%        | 4.793%                        | 17.36                                     | 76.628%                       |  |
| ATRIOS Hypotheken B.V.            | 3,996,229.12                    | 0.556%         | 42                 | 0.514%         | 4.38%                         | 20.96                                     | 81.538%                       |  |
| Capitulum Hypotheken B.V.         | 19,687,447.95                   | 2.739%         | 189                | 2.312%         | 4.566%                        | 21.45                                     | 83.804%                       |  |
| Estate Hypotheken B.V.            | 5,393,125.83                    | 0.75%          | 65                 | 0.795%         | 4.504%                        | 21.72                                     | 75.258%                       |  |
| Huizen Hypotheken B.V.            | 7,234,129.45                    | 1.006%         | 84                 | 1.028%         | 4.805%                        | 22.54                                     | 90.479%                       |  |
| Hypinvest B.V.                    | 186,127,692.63                  | 25.891%        | 2,330              | 28.505%        | 4.606%                        | 19.81                                     | 83.495%                       |  |
| IKS Hypotheken B.V.               | 24,427,755.53                   | 3.398%         | 278                | 3.401%         | 4.414%                        | 19.61                                     | 95.155%                       |  |
| Muzen Hypotheken B.V.             | 1,544,311.33                    | 0.215%         | 14                 | 0.171%         | 4.531%                        | 17.94                                     | 89.345%                       |  |
| Nationale Hypotheken Maatschappij | 3,619,260.51                    | 0.503%         | 41                 | 0.502%         | 4.464%                        | 20.98                                     | 96.408%                       |  |
| Nieuwegein Hypotheken B.V.        | 1,314,603.37                    | 0.183%         | 32                 | 0.391%         | 4.771%                        | 14.42                                     | 67.788%                       |  |
| NIBC Direct Hypotheken B.V.       | 163,961,923.15                  | 22.807%        | 1,061              | 12.98%         | 3.938%                        | 29.28                                     | 97.078%                       |  |
| NIBC Direct Hypotheek B.V.        | 12,880,629.94                   | 1.792%         | 82                 | 1.003%         | 3.828%                        | 29.34                                     | 96.074%                       |  |
| QUION 14 B.V.                     | 72,151.06                       | 0.01%          | 2                  | 0.024%         | 5.933%                        | 16.75                                     | 49.69%                        |  |
| QUION19 B.V.                      | 28,730,563.34                   | 3.996%         | 320                | 3.915%         | 4.544%                        | 19.88                                     | 87.046%                       |  |
| QUION 30 B.V.                     | 86,116,120.84                   | 11.979%        | 1,160              | 14.191%        | 4.714%                        | 19.64                                     | 86.706%                       |  |
| QUION III B.V.                    | 1,057,348.75                    | 0.147%         | 17                 | 0.208%         | 5.257%                        | 16.68                                     | 78.154%                       |  |
| QUION I B.V.                      | 18,286,462.19                   | 2.544%         | 333                | 4.074%         | 5.063%                        | 15.67                                     | 85.773%                       |  |
| Royal Residentie Hypotheken B.V.  | 6,946,125.66                    | 0.966%         | 86                 | 1.052%         | 4.812%                        | 14.75                                     | 79.581%                       |  |
| Seyst Hypotheken B.V.             | 40,963,484.86                   | 5.698%         | 562                | 6.875%         | 4.499%                        | 19.78                                     | 84.617%                       |  |
| 1895 Hypotheken B.V.              | 13,400,975.99                   | 1.864%         | 132                | 1.615%         | 5.284%                        | 22.71                                     | 89.363%                       |  |
| <b>Total</b>                      | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 28. Servicer

|              | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|--------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| Slater       | 543,709,707.84                  | 75.631%        | 5,941              | 72.682%        | 4.447%                        | 22.36                                     | 86.581%                       |  |
| Quion        | 175,190,292.16                  | 24.369%        | 2,233              | 27.318%        | 4.614%                        | 19.98                                     | 88.665%                       |  |
| <b>Total</b> | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 29. Capital Insurance Policy Provider

|                                    | Aggregate<br>Outstanding Amount | % of Total     | Nr of<br>Loanparts | % of Total     | Weighted<br>Average<br>Coupon | Weighted<br>Average<br>Maturity<br>(year) | Weighted<br>Average<br>CLTOMV | % of Total<br>Not.Amount<br>at Closing<br>Date |
|------------------------------------|---------------------------------|----------------|--------------------|----------------|-------------------------------|---|-------------------------------|--|
| No policy attached                 | 508,581,271.14                  | 70.744%        | 5,772              | 70.614%        | 4.385%                        | 23.44                                     | 85.355%                       |  |
| a.s.r.                             | 23,623,071.82                   | 3.286%         | 267                | 3.266%         | 4.756%                        | 18.20                                     | 96.33%                        |  |
| ABN AMRO                           | 89,825.37                       | 0.012%         | 1                  | 0.012%         | 4.70%                         | 11.83                                     | 74.72%                        |  |
| Achmea Holding N.V.                | 15,265,798.38                   | 2.123%         | 183                | 2.239%         | 4.57%                         | 18.29                                     | 94.243%                       |  |
| AEGON                              | 3,919,271.40                    | 0.545%         | 45                 | 0.551%         | 4.666%                        | 17.80                                     | 92.487%                       |  |
| Allianz Nederland Groep N.V.       | 12,356,621.32                   | 1.719%         | 121                | 1.48%          | 4.767%                        | 16.59                                     | 92.491%                       |  |
| BNP Paribas                        | 566,090.78                      | 0.079%         | 6                  | 0.073%         | 5.136%                        | 15.52                                     | 94.826%                       |  |
| Conservatrix N.V.                  | 2,914,227.62                    | 0.405%         | 29                 | 0.355%         | 4.577%                        | 20.24                                     | 98.11%                        |  |
| De Goudse verzekeringen            | 10,102,843.78                   | 1.405%         | 103                | 1.26%          | 4.573%                        | 19.43                                     | 94.309%                       |  |
| DELA Verzekeringen N.V.            | 101,240.00                      | 0.014%         | 1                  | 0.012%         | 4.15%                         | 16.67                                     | 95.78%                        |  |
| Delta Lloyd Groep                  | 5,941,352.41                    | 0.826%         | 66                 | 0.807%         | 4.587%                        | 17.43                                     | 94.047%                       |  |
| ERGO                               | 96,500.00                       | 0.013%         | 1                  | 0.012%         | 5.45%                         | 20.50                                     | 108.24%                       |  |
| Internationale Generali Group      | 13,515,470.86                   | 1.88%          | 187                | 2.288%         | 4.994%                        | 17.65                                     | 86.26%                        |  |
| Klaverblad Verzekeringen           | 40,000.00                       | 0.006%         | 1                  | 0.012%         | 6.30%                         | 16.25                                     | 72.77%                        |  |
| Legal & General Nederland          | 579,423.08                      | 0.081%         | 7                  | 0.086%         | 4.379%                        | 15.75                                     | 87.642%                       |  |
| Leidsche Verzekerings Maatschappij | 423,500.00                      | 0.059%         | 4                  | 0.049%         | 4.623%                        | 17.77                                     | 105.538%                      |  |
| Loyalis N.V.                       | 102,635.64                      | 0.014%         | 2                  | 0.024%         | 3.96%                         | 16.58                                     | 99.881%                       |  |
| Monuta Holding N.V.                | 141,289.92                      | 0.02%          | 2                  | 0.024%         | 5.242%                        | 13.42                                     | 52.824%                       |  |
| NNEK                               | 399,125.00                      | 0.056%         | 3                  | 0.037%         | 5.789%                        | 23.11                                     | 86.992%                       |  |
| NN Group N.V.                      | 3,401,835.00                    | 0.473%         | 35                 | 0.428%         | 4.652%                        | 16.15                                     | 93.545%                       |  |
| N.V. Univ é Schade                 | 24,504.00                       | 0.003%         | 1                  | 0.012%         | 4.25%                         | 11.58                                     | 74.27%                        |  |
| Onderlinge 's Gravenhage           | 5,782,207.84                    | 0.804%         | 65                 | 0.795%         | 4.701%                        | 19.80                                     | 97.024%                       |  |
| SNS REAAL                          | 110,931,894.64                  | 15.431%        | 1,272              | 15.562%        | 4.748%                        | 17.51                                     | 89.267%                       |  |
| <b>Total</b>                       | <b>718,900,000.00</b>           | <b>100.00%</b> | <b>8,174</b>       | <b>100.00%</b> | <b>4.487%</b>                 | <b>21.78</b>                              | <b>87.088%</b>                |  |

## 6.2 DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date include any and all rights (whether actual or contingent) of the Sellers against any Borrower under or in connection with any Mortgage Loans selected by agreement between the Sellers and the Issuer. Payment for such sale shall occur on the Closing Date.

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) and are in force and effect between the Sellers and the relevant Borrowers.

The Mortgage Loans in the mortgage loan portfolio have been selected according to the criteria set forth in the Mortgage Receivables Purchase Agreement on or before the Closing Date. All of the loans forming part of the mortgage loan portfolio were originated by the Originators from 1 January 1992 up to and including 1 August 2014.

For a description of the representations and warranties given by the Sellers reference is made to *Representations and Warranties* in *Portfolio Documentation* below.

Based on the numerical information set out above, but subject to what is set out in *Risk Factors* above, the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

The numerical information set out above relates to the mortgage loan portfolio on the Cut-Off Date. In each table the weighted average coupon ("**WAC**") and the weighted average remaining fixed rate term in years ("**WAM**") are specified. All amounts are in euro.

After the Cut-Off Date the portfolio will change from time to time as a result of repayment, prepayment, substitution, amendment and repurchase of Mortgage Receivables.

### 6.3 ORIGINATION AND SERVICING

#### Origination

The Mortgage Loans involved are originated by (i) the Sellers (all 100 per cent. subsidiaries of NIBC), (ii) in the case of Mortgage Loans sold by Amstelstaete and which were originated prior to 16 December 2004, by SRLEV, (iii) in the case of Mortgage Loans sold by Zwaluw and which were originated before July 2003, by ING Verzekeringen N.V. and Goudse Levensverzekeringen N.V. and (iv) in the case of Mortgage Loans sold by Hypinvest, partly by CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.) and partly by SRLEV; (the Sellers, SRLEV, ING Verzekeringen N.V., Goudse Levensverzekeringen N.V. and CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.) collectively referred to as (the '**Originators**'). To the extent a Relevant Mortgage Loan was not originated by the relevant Seller, such Relevant Mortgage Loan was either (i) transferred to the relevant Seller by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation or (ii) assigned to Amstelstaete, as the case may be, which assignment was notified to the Borrowers.

The only business activity of the Sellers is originating mortgage loans. The registered address of the Sellers (other than Quion III, Quion 14, Quion 19 and Quion 30) is Carnegieplein 4, 2517 KJ The Hague. The registered address of Quion III, Quion 14, Quion 19 and Quion 30 is Fascinatio Boulevard 1302, 2909 VA, Capelle aan den IJssel.

All Mortgage Loans are administered and serviced by NIBC in its capacity as Servicer. The Servicer will provide mortgage payment transactions and other services to and on behalf of the Issuer on a day-to-day basis in relation to the Mortgage Loans. The duties of the Servicer include the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans. In accordance with the Servicing Agreement, the Servicer will initially appoint (a) Stater Nederland B.V. as its sub-agent to carry out (part of) the activities described above for all Mortgage Loans originated by Hypinvest, Seyst, Nieuwegein, Estate, ATRIOS, Capitalum, Royal Residentie, Muzen, NIBC Direct Hypotheken, Zwaluw and Amstelstaete (together the "**Sellers A**"), and (b) Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. (each a 100 per cent. subsidiary of Quion Groep B.V.) as its sub-agents to carry out (part of) the activities described below for all Mortgage Loans originated by Quion I, Quion III, Quion 14, Quion 19, Quion 30, NHM, NIBC Direct Hypotheek and IKS (together the "**Sellers B**").

#### Mortgage Loans originated by Sellers A

##### *Underwriting rules*

The underwriting rules for mortgage loans are set by the Sellers and typically include the following:

- (i) credit bureau information;
- (ii) amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- (iii) length of time that the borrower has been in his/her current job;
- (iv) loan-to-value limitations;
- (v) loan purpose, property type;
- (vi) foreclosure and market valuations;
- (vii) occupation details (i.e. owner-occupied, rental); and
- (viii) age of borrower and marital status of borrower.

With regards to mortgage loans with an NHG Guarantee, the underwriting rules comply with all requirements set down by Stichting WEW (for more information see section 6.5 (*NHG Guarantee Programme*)).

In partnership with HNC software Inc., Stater Nederland B.V. has introduced an automated lending decision management system ("**Capstone**"), which system is used by the Sellers in the origination of the mortgage loans. Capstone provides rule bases and risk models to regulate the underwriting process. In addition, it acts to accelerate the processing time of decisions on a loan application. It includes the ability to tailor rules to the

lender's risk and reward expectations and business policies, by means of a proprietary credit scoring model. Capstone is also used to incorporate underwriting criteria set by Stichting WEW.

#### *Origination process*

The NIBC subsidiaries indicated as Sellers A originate and distribute Mortgage Loans via partnerships. The origination process is outsourced to business partners that operate within a mandate given by NIBC. They use loan application forms that are submitted to an intermediary, such as a mortgage adviser or insurance agent. The information on the loan application is entered into the international Stater Mortgage System ("**iSHS**"). iSHS automatically collects credit information about the applicant from BKR and *Stichting Fraudebestrijding Hypotheken* ("**SFH**"). BKR provides positive and negative credit information on all borrowers with credit histories at financial institutions in the Netherlands. Stater Nederland B.V., or the respective business partner, reviews loan applications which have been submitted by the intermediary. The actual loan acceptance and the final check of the loan files take place at Stater Nederland B.V., or are made by the business partner, depending on the mandate.

After the application data have been entered into iSHS, the application is evaluated by Capstone, the automated underwriting system that is part of iSHS. This system also contains a fraud detection system, which checks the information received from SFH. Each application is automatically evaluated on the basis of the underwriting criteria set by the Sellers, with respect to the NHG Mortgage Loans including those set in accordance with the terms and conditions of Stichting WEW. In the event of the underwriting criteria not being met Capstone generates a STOP-rule. In those cases a loan proposal cannot be sent to the client. In the general origination procedures the underwriter will contact NIBC, who will decide whether or not the STOP-rule may be overruled and will inform the business partner in writing. For mortgages to be eligible for an NHG Guarantee however, a STOP-rule cannot be overruled. In the event that the application is rejected, the applicant is informed in writing through the intermediary.

If the loan is in compliance with the underwriting criteria, Stater Nederland B.V. or the business partner can offer the applicant a loan proposal. The proposal is sent out through the intermediary. Once the proposal is accepted by the applicant, the underwriter collects the signed proposal, together with all other required loan documents, which will be reviewed (evidence of income, the sales contract, appraisal report, insurance application if applicable, etc.). Once the file is completed and approved, final acceptance is approved by a second underwriter. In respect of an NHG Mortgage Loan, after completing the loan file and final acceptance thereof, the loan is reported to Stichting WEW in order to be registered for an NHG Guarantee. Subsequently, the loan file is sent to Stater Nederland B.V. and scanned onto Hyarchis (document archive system), which is connected to iSHS. The loan file is then available online to NIBC. Stater Nederland B.V. stores the original paper file at a separate storage facility. In addition, after the final acceptance of the loan, information for the notary is automatically generated and sent out to the notary. On the basis of this information the notary can create the mortgage deed. Each mortgage loan is secured by a first ranking mortgage right or first and sequentially lower ranking mortgage right. The borrower is required to take out 'bricks and mortar' insurance in respect of the mortgaged property for the full restitution value thereof. The notary formally checks this requirement on origination. All the original deeds are stored by the notary and are registered with the land register (the "**Kadaster**").

#### *Processing activities*

The processing activities at Stater Nederland B.V. are separated into three (3) key activities, carried out by the following departments:

Payments & Assets: this department is responsible for all procedures involved in passing the notary deeds, the management of outgoing and incoming payments, the deduction of payments from Construction Deposits.

Managing & Redeeming: this department deals with modifications on loans and policies, and handles the settlement of redemptions

Contact Center & Document Management: this department provides information to customers on their loans and handles the scanning and registering of all incoming correspondence linked to the loans.

The high degree of system automation allows each employee to process and service multiple accounts. All documents are scanned and made accessible through workflow management.

### *Collections*

All monthly payments of principal and interest on the Mortgage Loans are collected from borrowers by direct debit. The sub-agent is mandated by each lender to draw the payments from the borrower's bank account directly into NIBC's collection foundation accounts. The payments are automatically collected on the day before the last Business Day of each month. Payment information is monitored daily.

In respect of arrears management see *Arrears management in respect of all Mortgage Loans* below.

### **Mortgage Loans originated by Sellers B**

#### *Underwriting rules*

Quion Groep B.V. (hereafter referred to as Quion Groep) has two different operating models: the Generic Funding Model and specific funding models. In the Generic Funding Model, the underwriting criteria are set by Quion Groep in consultation with the Sellers. In specific funding models, the underwriting rules for mortgage loans are set by the Sellers. Overall, the underwriting rules typically include the following:

- (i) credit bureau information;
- (ii) amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- (iii) length of time that the borrower has been in his/her current job;
- (iv) loan-to-value limitations;
- (v) loan purpose, property type;
- (vi) foreclosure and market valuations; and
- (vii) age of borrower and status of borrower.

Mortgage Loans originated by Quion I, Quion III, Quion 14, Quion 19 and Quion 30 are originated under the Generic Funding Model. Mortgage Loans originated by IKS, NIBC Direct and NHM are originated under specific funding model. For all NHG Mortgage Loans originated by Sellers B that will be sold and assigned to the Issuer, however, the underwriting rules comply with all requirements set down by WEW in order to qualify for an NHG Guarantee (for more information see section 6.5 (*NHG Guarantee Programme*)).

#### *Origination process*

The origination process is started when a borrower opts for one of the Quion Groep mortgage products advised by an intermediary. The intermediary has all borrower brochures available, as well as an extensive manual outlining the mortgage lending criteria and conditions and application forms. Quion Groep provides the intermediaries with an IT application enabling the intermediary to make all necessary calculations, check the mortgage loan criteria and send the application electronically to Quion Groep.

As soon as Quion Groep receives the application, the origination department enters the loan specifics in the mortgage origination system **QSP** (Quion Service Platform). QSP automatically rechecks the underwriting criteria from BKR. Quion Groep does a fraud check based on a score of fraud indicators and also checks the SFH system. If QSP gives a 'stop' advice (i.e. if at least one of the criteria mentioned is not satisfied) the application will be declined unless individual assessment by a staff member of the origination team results in a request to the lender to accept the application. In the event that the assessor concludes that the criteria are not met, the application will be rejected.

When all documents have been received and finally approved by the origination department, the mortgage processing department will file all relevant documents with the administration. At the same time notification is sent to the intermediary, who then informs the borrower. As soon as this has been done, everything is recorded in the administration system QSP, after which Quion Groep will inform the civil law notary. Subsequently the civil law notary will fax the date of foreclosure to Quion Groep. Quion Groep then transfers the money from the account of the lender to the civil law notary who temporarily places the money in a separate account. The civil law notary is responsible for the execution of the mortgage deed, after which all relevant documents are sent to Quion Groep.

### *Collections*

Quion Groep is authorised by each lender, who has been authorised by the borrower, to draw the monthly payments from the borrower's bank account through direct debit directly into NIBC's collection foundation accounts. The computer system of Quion Groep automatically collects the payments on the day before the last business day of each month. Payments information is monitored daily by the mortgage servicing department of Quion Groep.

### *IT*

The central backup system generates a daily automatic back up of QSP and the central file servers. In the afternoon a backup is made of all the changes until 17.00 Central European Time, while at night a complete backup is generated. The backup tapes are circulated to different internal and external secure locations. Furthermore, weekly, monthly and annual backup tapes are also stored with Escrow Europe. An emergency plan is in place that enables all the applications to run at a location in Utrecht in the Getronics Business Continuity Centre ("**GBC**"). In case of a calamity event, Quion Groep will relocate approximately 10 key staff members to the GBC. In this way all servicing and administration activities can be fully operational at the GBC within four (4) business days. This procedure is tested annually. Quion Groep has established a software depot foundation ('*stichting*') to guarantee service continuity. In case Quion Groep ceases to exist the lenders have the right to continue to use the IT systems and data files. Also the right to access the software source code is granted to the lenders in case of a discontinuation of Quion Groep. All mortgage loan information is stored and operated using QSP.

## **Special Servicing Mortgages**

### *Introduction*

NIBC has outsourced the primary servicing of mortgage loans to Stater Nederland B.V. and Quion Groep B.V. whereas the special servicing is managed by NIBC itself (since April 2006 for Stater Nederland B.V. serviced loans - Sellers A and since February 2009 for Quion Groep B.V. serviced loans - Sellers B). For this purpose, NIBC has established a separate business unit of B.V. NIBC Mortgage Backed Assets trading under the name of "Wooncollect", with a team of specialised credit managers. The main goal is to enhance efficiency and create one standardised process for arrears and foreclosures. Wooncollect uses its experience in arrears and foreclosure management to enhance the origination process and the underwriting criteria in order to prevent arrears and losses. Wooncollect distinguishes three phases in special servicing.

### *Phase 1: Arrears Management*

Wooncollect uses the OnGuard software to manage the arrears management process. This system interfaces on a daily basis with both the Quion Groep B.V. and Stater Nederland B.V. software so that Wooncollect has all relevant and up-to-date loan information to be able to effectively manage arrears. On the first business day after a missed payment, a reminder letter is sent out to the borrower. If the borrower does not pay or respond within the time set out in the reminder letter, a first phone call is made five (5) business days after the first reminder letter. A second reminder letter, of which the tone is more severe, is sent out in the second week of arrears. Every borrower, as long as the missed payment has not been paid, receives four reminder letters and four phone calls within the first month after the missed payment. Reminder letters are automatically generated by OnGuard and sent out to borrowers by Wooncollect. Wooncollect collects detailed information regarding the borrower's current job status, current income, property and monthly expenditure in order to be able to attach earnings, to distress properties, or to make a payment arrangement.

If the arrears situation continues into the second month after the missed payment, Wooncollect can take several actions depending on the severity of the situation. A borrower's earnings and/or possessions can be attached with the help of a bailiff. Unannounced borrower house visits are made and an extensive recovery information report can be drawn up by a specialised third party.

Borrowers can be advanced to the Client Retention Team or Foreclosure Management Team before the end of the second month in certain special circumstances (for instance in case of unemployment, inability to work, divorce and/or decease, double housing expenses, fraud cases).



### *Phase 2: Client Retention*

The Client Retention Team focuses on clients with structural financial difficulties. The team will assess, in consultation with the client, the possibilities to continue the loan by settling a custom payment arrangement or modification of the loan conditions. For example, by lowering interest rates, cancellation of (a part of) the arrears, or by restructuring of the loan.

### *Phase 3: Foreclosures*

The Foreclosure Management Team manages all loans of clients of which their property has to be sold, and that will result in a loss in the near future.

NIBC shall, on behalf of the Issuer, sell the mortgaged property via private sale or an auction if the borrower fails to fulfil its obligations. The Issuer has, as a first ranking mortgagee, an 'executorial title', which means that it does not have to obtain permission from court prior to foreclosure on the mortgaged property. If the proceeds from the sale (auction) of the mortgaged property do not fully cover the Issuer's claims, NIBC, on behalf of the Issuer, may sell any pledged associated life insurance or investment deposit. However, Dutch law requires that, before a lender may foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and it must also be given reasonable time to comply with the lender's claims.

If it is not possible to levy an attachment on the borrower's salary due to insufficient actual income, Wooncollect sends the borrower a power of attorney. A signed power of attorney allows NIBC to start a private sale on behalf of the borrower. Ultimately, Wooncollect will call the loan and organise a public auction to recover the outstanding debt and arrears amount.

Wooncollect works in accordance with the Code of Conduct of Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) with regard to a solution to a delinquent borrower's payment problems can be reached. The borrower can present a proposal to Wooncollect at any point for repaying the arrears balance. Wooncollect will then assess the borrower's proposal and a counter-proposal can be made. The borrower can also propose to sell the property at any stage through a private sale. Wooncollect may accept this if (a) revenues from the private sale are expected to cover the outstanding debt in full, or (b) it is estimated that the costs of the foreclosure process will result in a lower recovery value than a private sale of the property by the borrower.

In respect of NHG Mortgage Loan Receivables, if NIBC, on behalf of the Issuer, wants to sell the mortgaged property it is required to ask permission from Stichting WEW in accordance with the terms and conditions of the NHG Guarantee Programme and to notify the parties directly involved, including the borrower as well as the person owning the asset (in the event that these are not the same party). The notification should include the amount outstanding and the expenses incurred to date, as well as the name of the civil law notary responsible for the foreclosure sale.

In the case of a borrower's bankruptcy, the borrower's mortgaged property may be foreclosed upon regardless of the bankruptcy. Nevertheless, the execution must take place within a reasonable time; otherwise the bankruptcy trustee may take over the execution measures. If this occurs, the lender will be obliged to contribute to the bankruptcy costs.

Wooncollect will calculate the best method of maximising the sale value of the mortgaged property. Based on the outcome of this calculation, it decides either to sell the property in a private sale or by public auction. When the notification of foreclosure is made, Wooncollect gives formal instructions to the civil notary about the location of the property. The date of the sale will be selected by the civil law notary within, in principle, three weeks of this instruction and the sale will take place about six weeks after the decision to foreclose.

In respect of NHG Mortgage Loan Receivables, in the event that the proceeds from the sale are insufficient to cover the mortgage loan, the foreclosure costs and the interest on arrears of the remaining amount can be claimed at Stichting WEW in accordance with the terms and conditions of the NHG Guarantee programme.

In general, it takes Wooncollect approximately two months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, Wooncollect works in accordance with the terms and conditions of the NHG Guarantee Programme, the instructions of NIBC, guidelines set down by Dutch law, the Code of Conduct of Mortgage Loans and the BKR.

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a range of relatively complex mortgage loan products<sup>1</sup>. Generous tax incentives have resulted in various loan structures. Most of these structures share the common characteristic of bullet repayment of principal at maturity. Historic practices and culture have also shaped the Dutch residential mortgage market in quite a unique way<sup>2</sup>.

Most mortgage loan products reflect the tax deductibility of mortgage loan interest and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high LTV values and the extensive use of interest-only mortgage loans (which only need to be redeemed at maturity)<sup>3</sup>. For borrowers who want to redeem their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers. More focus on transparency and financial predictability have resulted in simpler mortgage loan products in recent years.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a term between 5 and 15 years. Rate term fixings differ by vintage however. Historically low mortgage interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate (up to as much as 30 years). More recently, a steep mortgage interest rate curve has shifted borrower's preferences to a shorter rate term fixing<sup>4</sup>. Compared to countries where floating mortgage rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations<sup>5</sup>.

Even though Dutch house prices have declined since 2008, the principal amount outstanding of Dutch mortgage loans has continued to increase until the second quarter of 2011. Since then the aggregate outstanding mortgage debt of Dutch households is stabilising. The Dutch mortgage market is still supported by a gradual increase in the levels of owner-occupation and an environment of low mortgage loan interest rates.

### Tax deductibility and regulation

Prior to 2001, all interest payments on mortgage loans were deductible in full from taxable income. As from January 2001, tax deductibility was made conditional in three ways. Firstly, deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes). Secondly, deductibility is only allowed for a period of up to 30 years. Lastly, the highest marginal tax rate was reduced from 60 per cent. to 52 per cent. in 2001. However, these tax changes did not have a significant impact on the rate of mortgage loan origination, mainly because of the ongoing decrease of mortgage interest rates at that time.

On top of these limitations that came into force in 2001, tax deductibility of mortgage loan interest payments has been further restricted for borrowers that relocate to a new house and refinance their mortgage loan as from 1 January 2004. Under this new tax regulation (*Bijleenregeling*), tax deductibility in respect of interest on the mortgage loan pertaining to the new house is available only for that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house. Other housing related taxes partially unwind the benefits, but even despite restrictions implied in the past, tax relief on mortgage loans is still substantial. More meaningful restrictions to tax deductibility have been imposed per 1 January 2013 (see recent regulatory changes).

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<sup>1</sup> Due to new regulation, borrowers have been restricted to annuity or linear mortgage loans since January 2013 if they want to make use of tax deductibility. See paragraph "Recent regulatory changes" below

<sup>2</sup> Rabo Credit Research, Dutch RMBS: a Primer (2013)

<sup>3</sup> Dutch Association of Insurers, Dutch Insurance Industry in Figures (2012)

<sup>4</sup> Dutch Central Bank, statistics, interest rates, table T1.2.

<sup>5</sup> Maarten van der Molen en Hans Stegeman, "De ongekende stabiliteit van de Nederlandse woningmarkt" (2011)

Underwriting standards follow from the Code of Conduct for Mortgage Lending, which is the industry standard. Since 1 August 2011, the requirements for mortgage lending have been tightened by the AFM. This has resulted in a revised Code of Conduct for Mortgage Lending (*Gedragscode Hypothecaire Financieringen*). It limits the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 104 per cent. of the market value of the mortgaged property plus transfer tax (2 per cent.). In addition, only a maximum of 50 per cent. of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.<sup>6</sup> Consequence is that banks are less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause. In practice, expected income rises of first-time buyers were frequently included, which led to additional borrowing capacity<sup>7</sup>.

### **Recent regulatory changes**

Mortgage loans taken out for houses purchased after 1 January 2013 have to be repaid in full in 30 years and at least on an annuity basis in order to be eligible for tax relief (the linear option is also possible). Tax benefits for mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged. Grandfathering of these tax benefits is possible in case of refinancing and/or relocation. However, any such mortgage loans will again be tested against the Code of Conduct for Mortgage Lending, with the most important condition being that no more than 50 per cent. of the mortgage loan may be repaid on an interest-only basis.

As from 2014, the maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5 percent-point from the main income tax rate of 52 per cent. down to 38 per cent. in 2042.

In addition, the maximum LTV will be gradually lowered to 100 per cent. in 2018, by 1 per cent. per annum (2014: max LTV: 104 per cent. including transfer tax). This guideline has been inserted in special underwriting legislation, which has become effective per 1 January 2013. This new legislation overrules the Code of Conduct for Mortgage Lending currently.

The transfer tax (stamp duty) was temporarily lowered from 6 per cent. to 2 per cent. on 1 July 2011. With effect from 15 June 2012, it will remain permanently at 2 per cent.

Finally, interest paid on any outstanding debt from a mortgage loan remaining after the sale of a home (negative equity financing) can be deducted for tax purposes for a period of up to 15 years. This measure will be in place for negative equity financings entered into before 2018.

### **Recent developments in the housing market<sup>8</sup>**

The Dutch housing market has shown clear signs of recovery since the second half of 2013. Existing house prices (PBK-index) continued to increase in the second quarter of 2014, by 0.6 per cent. This is in line with the rise in sales numbers. Compared to a year ago, prices also rose (1.5 per cent.). Nonetheless, by comparison with the peak in 2008, the price drop amounts to 20 per cent.

In the second quarter of 2014, considerably more houses changed hands than in previous quarters. The Land Registry registered a total of 34,074 transactions, which was the highest number since 2008. Forward looking indicators, such as the sales figures by the Dutch association of real estate agents (NVM), suggest that the more positive sales momentum will prevail in the third quarter of 2014.

### **Forced sales**

The number of arrears and involuntary sales of residential property by public auction ("forced sale") in the Netherlands is traditionally very low compared to international standards<sup>9</sup>. Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very

<sup>6</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

<sup>7</sup> M.T. van der Molen, "Aanschaffen woning is makkelijker" (2012)

<sup>8</sup> Rabobank Economic Research Department, Dutch Housing Market Quarterly, August 2014

<sup>9</sup> Comparison of S&P 90+ day delinquency data

good employment conditions and a continuing reduction of mortgage interest rates. In the years before 2001, the total number of forced sales was therefore limited compared to the number of owner-occupied houses.

The relatively prolonged economic downturn from 2001 to 2005 led to a significant rise in the amount of mortgage loan payment arrears and correspondingly forced house sales. The number of forced sales in the Netherlands reported by the Land Registry (*Kadaster*) rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry recorded 2,488 forced sales in 2012. In 2013 the number of forced sales amounted to 1,863. Recent numbers on forced sales could be distorted by the fact that originators increasingly attempt to circumvent such sales, for example by selling the property in the normal market using an estate agent. Recent research confirms that the number of households in payment difficulties in the Netherlands is low from an international perspective and that problems mainly have 'external' causes such as divorce or unemployment as opposed to excessively high mortgage debt<sup>10</sup>.

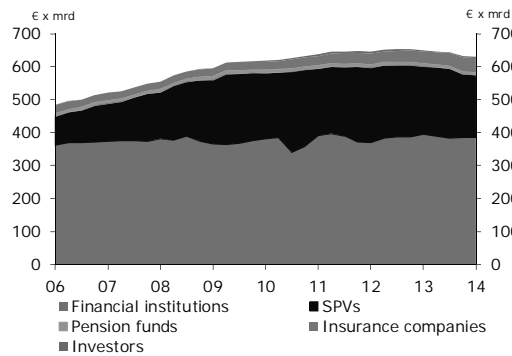
The proportion of forced sales is of such size that it is unlikely to have a significant impact on house prices. The Dutch housing market is characterised by a large discrepancy between demand and supply, which mitigates the negative effect of the economic recession on house prices. In the unforeseen case that the number of forced sales were to increase significantly, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on his mortgage loan payment obligations.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is still small compared to the total number of residential mortgage loans outstanding. There is no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding<sup>11</sup> and the current average mortgage loan principal amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands exceeds 3 million. A total of approximately 2,500 forced sales per year since 2005 therefore corresponds to approximately 0.1 per cent. of the total number of residential mortgage loans outstanding.

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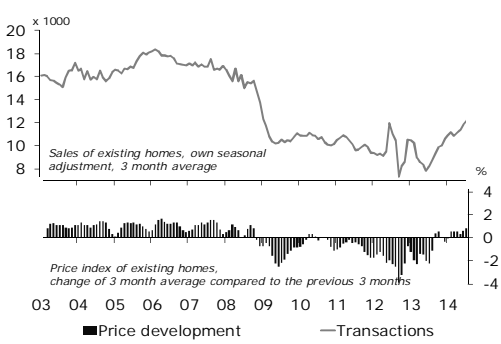
<sup>10</sup> Standard & Poor's, Mortgage lending business supports some European banking systems (2010)  
<sup>11</sup> Dutch Central Bank, statistics, households, table T11.1

Chart 1: Total mortgage debt



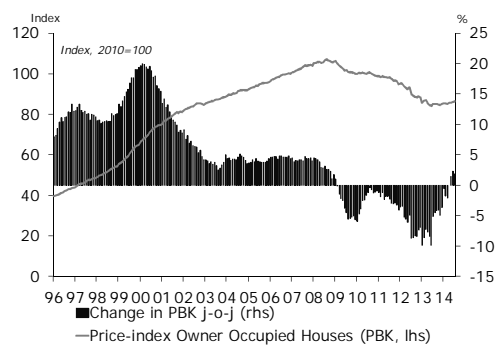
Source: Dutch Central Bank

Chart 2: Transactions and prices



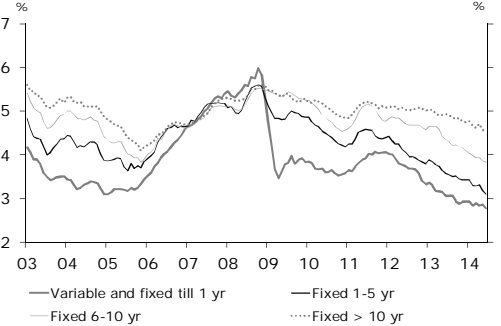
Source: Statistics Netherlands

Chart 3: Price index development



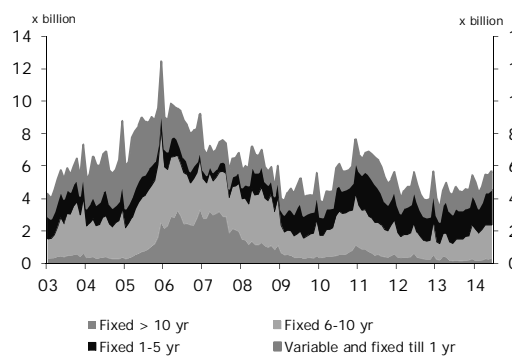
Source: Statistics Netherlands

Chart 4: Interest rate on new mortgages



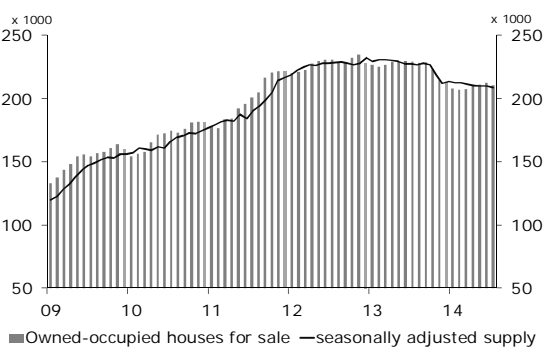
Source: Dutch Central Bank

Chart 5: Volume of new mortgages by term



Source: Dutch Central Bank

Chart 6: Development existing homes supply



Source: Huizenzoeker.nl

## 6.5 NHG GUARANTEE PROGRAMME

### NHG Guarantee

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

Since 1 January 1995 'Stichting Waarborgfonds Eigen Woningen' (the "**Stichting WEW**") (a central privatised entity) is responsible for the administration and granting of the NHG Guarantee under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee decreases on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan was being 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*)).

### 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 meets the NHG terms and 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 terms and conditions of the NHG Guarantee, 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 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 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 sequential 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 a mortgage loan for a period of two (2) months, a lender informs Stichting WEW in writing within 30 days of the outstanding payments, including the guarantee number, the borrower's name and address, information about the underlying security, the date of the start of late payments and the total of outstanding payments. 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. Permission of Stichting WEW is required in case of a private sale unless the property is sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within one month after receipt of the proceeds of the private or forced sale of the property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, 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, the lender must act vis-à-vis the borrower as if Stichting WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

#### **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 monies 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.

#### **Main NHG Underwriting Criteria ("Normen") per July 2014**

With respect to a borrower, the underwriting criteria include but are not limited to:

- The lender has to perform the BKR check. "A", "A1" or "2" registrations are allowed in certain circumstances.

- As a valid source of income, *inter alia*, the following applies: indefinite contract of employment, temporary contract of employment unless the employer has indicated that the employee will not be provided an indefinite contract of employment or that the temporary contract of employment will not be extended, for flexworkers or during a probational period (*proeftijd*), three year history of income statements or, if less than three year history of income statements are available, the available income statements and for self-employed, three year annual statements or, if less than three year annual statements are available, an income forecast prepared by an auditor.
- The maximum loan based on the income will be based on the "woonquote" 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 10 years on the basis of a percentage determined by the Dutch Association of Mortgage Lenders (*Contactorgaan Hypothecair Financiers*), which is in turn based on the market interest on loans to the Dutch State with a remaining life of 10 years, plus such margin as may be determined by the AFM. This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

As of 1 July 2014, the maximum amount of the mortgage loan is € 265,000. This amount will be reduced to € 245,000 as of 1 July 2015 and to € 225,000 as of 1 July 2016. As of 2017, the maximum amount of the mortgage loan will be linked to the average property value. When relating to the improvement of an existing property the maximum loan amount is also €265,000.

- The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter, as of 1 July 2014:
  - 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, (iii) 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 a property to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 6 per cent. of the amount under (i).
- In 2014, the maximum amount of the mortgage loan compared to the market value of the property (the Loan-to-Value-ratio, "LTV-ratio") is 104 per cent. As of January 2015 the LTV-ratio will be 103 per cent. The LTV-ratio will be 100 per cent. as of 2018.
- 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 30 years.

A risk insurance policy should cover at least the amount by which the mortgage loan exceeds 80% of the market value of the mortgaged asset.

In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been adopted for the mortgage providers. On any loss claim of a mortgage provider vis-à-vis Stichting WEW, a deduction of 10% will be applied to such loss claim, which will be for the account of such mortgage provider.



## **7. PORTFOLIO DOCUMENTATION**

### **7.1 PURCHASE, REPURCHASE AND SALE**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Relevant Mortgage Receivables and will accept the assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller by means of a registered Deed of Assignment and Pledge as a result of which legal title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The Sellers have undertaken that each Deed of Assignment of Pledge will be offered for registration by or on behalf of the Sellers within two business days following the Signing Date of each Deed of Assignment and Pledge. The assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the relevant Seller. The Issuer will be entitled to all principal proceeds in respect of the Mortgage Receivables and to all interest (including Prepayment Penalties and penalty interest) in respect of the Mortgage Receivables as of the Cut-Off Date. Each Seller will pay or procure that the Collection Foundation will pay to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Relevant Mortgage Receivables.

#### **Purchase price**

The purchase price for the Mortgage Receivables shall consist of the Initial Purchase Price which shall be payable on the Closing Date or, in case of Substitute Mortgage Receivables and New Mortgage Receivables on the last day of the immediately preceding Mortgage Calculation Period and the Deferred Purchase Price. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 732,776,960.94 which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-Off Date. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

A part of the Initial Purchase Price which is equal to the aggregate Construction Deposits will be withheld by the Issuer and will be deposited in the Construction Deposit Account.

#### **Mandatory Repurchase**

In the Mortgage Receivables Purchase Agreement, each of the Sellers has undertaken to repurchase and accept reassignment of a Relevant Mortgage Receivable on the Mortgage Collection Payment Date immediately following:

- (i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including the representation and warranty that the Relevant Mortgage Loans or, as the case may be, the Relevant Mortgage Receivables meet certain mortgage loan criteria, are untrue or incorrect in any material respect; or
- (ii) the date on which the relevant Seller agrees with a Borrower to grant a Further Advance; or
- (iii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Relevant Mortgage Receivable vis-à-vis the relevant Borrower; or
- (iv) the date on which the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Relevant Mortgage Loan such Seller shall not repurchase such Relevant Mortgage Receivable; or
- (v) the date on which the relevant Insurance Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to a Savings Switch; or
- (vi) the date on which the relevant Insurance Savings Participant complies with a request from the Borrower

under the terms of a Switch Mortgage Loan with an Investment Alternative to switch whole or part of the premia accumulated Investment Alternative into the Savings Alternative and the relevant Insurance Savings Participant has not entered into an Insurance Savings Participation Agreement with the Issuer in respect of such Switch Mortgage Receivable; or

- (vii) in respect of Quion I, Quion III, Quion 14, Quion 19 B.V. and Quion 30 only, the date on which (i) the interest on the Relevant Mortgage Receivable will be reset, if the interest rate in respect of such Relevant Mortgage Receivable is reset and the Relevant Mortgage Loan shall according to the relevant Mortgage Conditions used in Quion I, Quion III, Quion 14, Quion 19 B.V. or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller) or (ii) an amendment of the terms of the Relevant Mortgage Loan upon the request of a Borrower is refused by any of Quion I, Quion III, Quion 14, Quion 19 B.V. and Quion 30 and the Relevant Mortgage Loan shall, according to the relevant Mortgage Conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller).; or
- (viii) the date on which relevant Seller agrees with the relevant Borrower to set the interest rate with respect to the Relevant Mortgage Loan (or relevant loan part thereof) for the next succeeding fixed interest rate period (*rentevastperiode*) at a fixed interest rate lower than 2.25 per cent. per annum; or
- (ix) in respect of the Relevant Mortgage Loan (or relevant loan part thereof) which is linked to a floating interest rate index, the date on which the relevant Seller agrees with the relevant Borrower to set the margin over the relevant floating interest rate index at a value lower than 2.25 per cent. per annum.

The purchase price for the Relevant Mortgage Receivable in such event will be equal to the Sale Price.

#### **Optional Repurchase**

In the Mortgage Receivables Purchase Agreement, each of the Sellers has the option, but not the obligation, to repurchase and accept reassignment of a Relevant Mortgage Receivable on a Mortgage Collection Payment Date for the Sale Price and the Issuer shall accept such repurchase and shall reassign such Relevant Mortgage Receivable to the relevant Seller, provided that relevant Seller has notified the Issuer thereof five (5) business days in advance and provided that the Sellers jointly may under this option not repurchase more than five (5) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables per calendar year (as calculated on the first day of such calendar year).

#### **Sellers Clean-Up Call Option**

On each Notes Payment Date the Sellers, acting jointly, have the right to exercise the Sellers Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables for the Sale Price to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option.

#### **Regulatory Call Option**

On each Notes Payment Date the Issuer has the option to exercise, upon the direction of NIBC, the Regulatory Call Option upon the occurrence of a Regulatory Change in which case the Sellers have an obligation to repurchase the Relevant Mortgage Receivables

The Sellers have undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Relevant Mortgage Receivables, if the Issuer upon the direction of NIBC exercises the Regulatory Call Option, or alternatively the Sellers may appoint a third party at their discretion and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party.

#### **Sale of Mortgage Receivables**

Under the terms of the Trust Deed, on each Optional Redemption Date, the Issuer may and on the First Optional Redemption Date has undertaken to use its best efforts to sell and assign all, but not some, of the Mortgage Receivables to a third party, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Class C Notes, in full, subject to, in respect of the Class B Notes, Condition 9(b). If, on the First Optional Redemption Date, the Issuer has not sold and assigned the Mortgage Receivables, it shall on each 6th Note Payment Date thereafter use its best efforts to sell and assign the Mortgage Receivables, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Class C Notes, in full, subject to, in respect of the Class B Notes,

Condition 9(b). (see Condition 6(e)).

For the avoidance of doubt, balances standing on the Reserve Account can be used to redeem the Notes as well, provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable priority of payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

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 decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or for tax reasons or for regulatory reasons as described above, the Issuer will first offer such Mortgage Receivables to the relevant Sellers. Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, (i) the Issuer shall be obliged to sell and assign the Mortgage Receivables to the relevant Seller, or any third party appointed by the relevant Seller at its sole discretion, if the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option or the Sellers exercise their optional repurchase right, and (ii) the Sellers shall be obliged to repurchase and accept reassignment of the Mortgage Receivables, or alternatively the Sellers may appoint any third party jointly at their discretion, following which the Issuer shall be obliged to sell and assign the Mortgage Receivables to such third party if the Issuer, at the direction of NIBC, exercises the Regulatory Call Option.

**"Sale Price"** means:

- (a) The sale price for each Mortgage Receivable in the event of each Sellers Clean-Up Call Option, Clean-Up Call Option, the Regulatory Call Option, the Tax Call Option or the optional redemption of the Notes on the First Optional Redemption Date, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are 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, the sale price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) 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.
- (b) The sale price for each Mortgage Receivable in the event of an optional redemption of the Notes after the First Optional Redemption Date (pursuant to Condition 6(e)), shall be at least equal to the relevant Principal Amount Outstanding at such time of the Class A Notes, increased with interest due but not paid, and the amount required to meet any payment of the Issuer ranking above the payment of principal and interest on the Class A Notes (taking into account the funds available on Liquidity Reserve Account and the Reserve Account).
- (c) In the events set forth under the paragraph Mandatory Repurchase in section 7.1 (*Purchase, Repurchase and Sale*) the sale price for each Mortgage Receivable will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Mortgage Receivable.

#### **Assignment Notification Events**

if – *inter alia* –:

- (a) a default is made by any of the Sellers in the payment on the due date of any amount due and payable by the relevant Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (b) any of the Sellers fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the Transaction Documents (as defined in Condition 3) to which it is a party and such failure, if capable of being remedied, is not remedied within 20 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (c) any representation, warranty or statement made or deemed to be made by any of the Sellers in the Mortgage Receivables Purchase Agreement, other than those relating to the Relevant Mortgage Loans and the Relevant Mortgage Receivables, or under any of the Transaction Documents to which the

relevant Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or

- (d) any Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of Wft as amended from time to time, or (preliminary) suspension of payments (*(voorlopige) surseance van betaling*), 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
- (e) any of the Sellers has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or legal demerger (*juridische splitsing*) or its assets are placed under administration (*onder bewind gesteld*); or
- (f) any of the Sellers 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
- (g) the indirect shareholding interest of NIBC in any of the Sellers falls at any time below 51 per cent., unless the Security Trustee has received Credit Rating Agency Confirmation; or
- (h) the relevant Collection Foundation holding the bank account into which payments under the Mortgage Receivables are made has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it; or
- (i) a Pledge Notification Event has occurred,

(any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) one of these events, an "**Assignment Notification Event**") then the Sellers to which the Assignment Notification Event relates shall, unless the Security Trustee delivers an Assignment Notification Stop Instruction:

- (i) notify the Borrowers of the Relevant Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Relevant Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself;
- (ii) notify the relevant Insurance Company of the assignment of the Beneficiary Rights relating to the Relevant Mortgage Receivables and use its best efforts to obtain the co-operation from the relevant Insurance Companies and all other parties (a) (i) to waive its rights as first beneficiary under the relevant Insurance Policies (to the extent such rights have not been waived), (ii) to appoint as first beneficiary under the relevant Insurance Policies (to the extent such appointment is not already effective) (x) the Issuer subject to 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 whereby the initial appointment of the first beneficiary has remained in force as a result of the instructions of such beneficiary to the relevant Insurance Company to make any payments under the relevant Insurance Policy to the relevant Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Insurance Policy in favour of the relevant Seller towards repayment of the Relevant Mortgage Receivables into 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, the Security Trustee; and
- (iii) if so requested by the Security Trustee and/or the Issuer, make the appropriate entries in the relevant public registers (*Dienst van het Kadaster en de Openbare Registers*) relating to the assignment of the Relevant Mortgage Receivables, also on behalf of the Relevant 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 each of the Sellers herewith grant an irrevocable power of attorney to the Issuer and the Security Trustee.

(such actions together the "**Assignment Actions**")

**"Assignment Notification Stop Instruction"** means that upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver a written notice to the relevant Seller (copied to the Issuer) instructing the relevant Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions.

**Set-off by Borrowers**

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

## 7.2 REPRESENTATIONS AND WARRANTIES

Each of the Sellers will represent and warrant on the Closing Date with respect to the Relevant Mortgage Receivables, the Relevant Mortgage Loans and the Beneficiary Rights relating thereto, *inter alia*:

- (a) the Relevant Mortgage Receivable and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of Substitute Mortgage Receivables and New Mortgage Receivables, the relevant Notes Payment Date;
- (b) the relevant Seller has full right and title (*titel*) to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto and it has power (*is beschikkingsbevoegd*) to sell and assign the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and transfer of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Relevant Mortgage Receivables are capable of being transferred or pledged;
- (c) the Relevant Seller has not been notified and is not aware of anything affecting its title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) each Relevant Mortgage Receivable is secured by a first ranking or first and sequential lower ranking mortgage right (*hypotheekrecht*) on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands and governed by Dutch law;
- (f) each Mortgage Loan is denominated in euro;
- (g) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (h) each mortgage deed used by any of the Originators in respect of a Relevant Mortgage Loan originated after 1 January 1999 (except for any Relevant Mortgage Receivables originated by Quion I, Quion III, Quion 14, Quion 19, and Quion 30 prior to 2002) contains provisions that in case of assignment of a Relevant Mortgage Receivable to a third party, the Mortgage or right of pledge will partially follow, pro rata, the Mortgage Receivable if it is assigned to a third party and (ii) Quion I, Quion III, Quion 14, Quion 19 and Quion 30 does not contain any specific wording to the extent that the mortgage right or right of pledge will or will not follow the receivable if it is assigned to a third party;
- (i) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer, or (ii) in the case the valuation of the Relevant Mortgage Loans was based on an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property (*Wet Waardering Onroerende Zaken*) the Original Foreclosure Value did not exceed 90% of such valuation by the Netherlands tax authorities. Valuations by an independent qualified valuer are not older than twelve months prior to the date of the mortgage application by the Borrower. In certain cases, newly built Mortgaged Assets are exempted from valuation requirements. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction described in this Prospectus;
- (j) each Relevant Mortgage Receivable and each mortgage right and right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the relevant Seller;
- (k) all mortgage rights and rights of pledge granted to secure the Relevant Mortgage Receivables (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (ii) have first priority or first and sequentially lower ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Relevant Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Originator on behalf of the Borrower, up to an amount equal to at least 30

per cent. of such Outstanding Principal Amount since 2002, therefore in total up to a maximum amount equal to 130 per cent. of the Outstanding Principal Amount of the Relevant Mortgage Receivable;

- (l) the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, originated from 1 August 2011 did not at origination exceed 104 per cent. (or such lower percentage as required by law or regulation) of the Original Market Value of the relevant Mortgaged Assets, which Outstanding Principal Amount may, where applicable, be supplemented by the stamp duty payable under the Dutch Legal Transactions (Taxation) Act upon its creation;
- (m) each of the Relevant Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and in the forms of mortgage deeds attached to the Mortgage Receivables Purchase Agreement;
- (n) each of the Relevant Mortgage Loans and each of the Insurance Policies offered by it has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, including applicable consumer protection legislation to the extent that failure to comply would have a material adverse effect on the enforceability or collectability of such Relevant Mortgage Loan, and with the Code of Conduct on Mortgage Loans (*Gedragcode Hypothecaire Financieringen*) and the relevant Originators 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 Dutch residential mortgages;
- (o) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Seller and the securities are purchased on behalf 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 through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); or
  - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depository vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
- (p) with respect to Savings Mortgage Loans, the relevant Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant 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 such Savings Mortgage Loan;
- (q) each of the Life Mortgage Loans or Switch Mortgage Loans has the benefit of a valid right of pledge on the rights under a Life Insurance Policy and either (i) the relevant Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policies upon the terms of such Life Mortgage Loans and Switch Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Life Mortgage Receivable or Switch Mortgage Receivable;
- (r) each receivable under a mortgage loan (*hypothecaire lening*) which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (s) each Relevant Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts (*leningdelen*);
- (t) to the best knowledge of the relevant Seller, other than with respect to monthly payments, no Borrower is in material breach of any obligation owed in respect of such Relevant Mortgage Loan, Mortgage and Borrower Pledge, if applicable;
- (u) with respect to the Relevant Mortgage Receivables secured by a mortgage right on a long lease (*erfpacht*), the Relevant 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 Relevant Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Seller provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (v) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the

Relevant Mortgage Loan was advanced, the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);

- (w) the Mortgage Conditions applicable to the Relevant Mortgage Loans provide that all payments by the Borrowers should be made without any set-off;
- (x) each Relevant Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (y) under each of the Relevant Mortgage Receivables interest and, if applicable, principal due in respect of at least one month has been paid by the relevant Borrower;
- (z) in respect of each relevant Life Mortgage Loan to which a Life Insurance Policy is connected other than with (i)(a) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Delta Lloyd Levensverzekering N.V.), (b) SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Reaal Levensverzekering N.V., Zurich Lebensversicherungs-Gesellschaft or DBV Levensverzekeringmaatschappij N.V., or (c) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), (d) APL, to the extent originated by Hypinvest, or (e) Allianz, to the extent originated by Estate or Royal, or (f) Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V., to the extent originated by NHM or (ii) if the Relevant Life Mortgage Receivable is sold by Amstelstaete and Zwaluw, to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete or Zwaluw, respectively, (I) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (II) the Borrowers are free to choose the relevant Life Insurance Company and (III) to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the Insurance Set-off Risk;
- (aa) other than in respect of Life Mortgage Receivables which are sold by Amstelstaete and Zwaluw, to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete or Zwaluw, respectively, the Insurance Company is not a group company of the relevant Originator;
- (bb) each Relevant Mortgage Loan was originated by any of the Originators and, to the extent it was not originated by the relevant Seller, (i) subsequently transferred by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) no longer secures any other claims of the relevant Originator after such contract transfer;
- (cc) on the Cut-Off Date, or in case of Substitute Mortgage Receivables and/or New Mortgage Receivables the relevant Notes Payment Date, no amounts due under any of the Relevant Mortgage Receivables were unpaid for a period longer than thirty (30) days;
- (dd) with respect to each Relevant Mortgage Loan or relevant loan part which has the benefit of an NHG Guarantee, (i) the NHG Guarantee is granted for the full amount of the Relevant Mortgage Loan or relevant loan part excluding, in general, a Further Advance, (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 Mortgage Loans or relevant loan part and (iii) the Seller has not done anything or omitted to do anything which could compromise the enforceability of its claim nor is the Seller aware of any reason why any claim under any NHG Guarantee granted by Stichting WEW in respect of the Relevant Mortgage Loan or relevant loan part should not be met in full and in a timely manner;
- (ee) other than the Mortgage Loans granted by NIBC Direct Hypotheek or NIBC Direct Hypotheken, (A) any savings account of the Borrower held with NIBC and the Relevant Mortgage Loan are offered in such manner that it should be clear to the Borrower that (i) such savings account is held with NIBC, (ii) the Relevant Mortgage Loan is granted by the relevant Originator and (iii) NIBC and the relevant Originator are different legal entities and (B)(i) neither NIBC nor any intermediary offer any savings accounts or the term deposits as products which are in any way connected with the Relevant Mortgage Loans, (ii) the Relevant Mortgage Loan is not connected to any savings account or any term deposit with NIBC, for example by means of set-off provisions, (iii) the Relevant Mortgage Loan are not offered at the same time with a savings account or the term deposit with NIBC, and (iv) no rights under a savings account or term deposit with NIBC will be pledged to the Seller as security for the Relevant Mortgage Loan;



- (ff) it has no Other Claim vis-à-vis any Borrower;
- (gg) other than any Construction Deposits, the principal sum was in case of each of the Relevant Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments (*rente en premiedepots*);
- (hh) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date is equal to the Initial Purchase Price;
- (ii) interest payments in respect of the Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
- (jj) 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 on behalf of it by the Servicer;
- (kk) none of the Borrowers had a negative BKR registration (*BKR coding*) upon origination;
- (ll) none of the Borrowers holds a savings account, current account or term deposit with the Sellers or its subsidiaries;
- (mm) payments in respect of the Relevant Mortgage Receivables by the Borrowers are made directly into the relevant Collection Foundation Account;
- (nn) it can be determined in its administration which Beneficiary Rights relate to which Relevant Mortgage Receivables;
- (oo) payments made under the Mortgage Receivables are not subject to withholding tax;
- (pp) to the best of the relevant Seller's knowledge, the relevant Mortgage Loans has not been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its enforceability or collectability;
- (qq) no relevant Mortgage Loan has been entered into as a consequence of any conduct constituting fraud of the relevant Seller and, to the best of the relevant Seller's knowledge, no relevant Mortgage Loan has been entered into fraudulently by the relevant Borrower;
- (rr) the relevant Mortgage Loan does not include untrue information;
- (ss) the Mortgage Conditions do not contain confidentiality provisions which restrict the relevant Seller in exercising its rights under the relevant Mortgage Loan;
- (tt) on the Cut-Off Date, or in case of Substitute Mortgage Receivables and/or New Mortgage Receivables the relevant Notes Payment Date, the weighted average original LTV (loan-to-value) of all Mortgaged Assets is not greater than 110 per cent.; and
- (uu) each Relevant Mortgage Receivable will be transferred by the relevant Seller to the Issuer (upon offer for registration of the Deed of Assignment and Pledge in accordance with article 3:94 Netherlands Civil Code), which transfer is enforceable against creditors of the relevant Seller in the Netherlands and is neither prohibited nor invalid, save for applicable laws affecting the rights of creditors generally.

### 7.3 ELIGIBILITY CRITERIA

Each of the Mortgage Loans will meet the following criteria (the "Mortgage Loan Criteria") on the Cut-Off Date:

- (i) the Mortgage Loans are either:
  - a. Interest-only Mortgage Loans (*aflossingsvrije hypotheeken*);
  - b. Savings Mortgage Loans (*spaarhypotheeken*);
  - c. Investment Mortgage Loans (*beleggingshypotheeken*);
  - d. Life Mortgage Loans (*levenhypotheeken*);
  - e. Linear Mortgage Loans (*lineaire hypotheeken*);
  - f. Switch Mortgage Loans (*switch hypotheeken*);
  - g. Annuity Mortgage Loans (*annuïteitenhypotheeken*);
  - h. Mortgage Loans which combine any of the above mentioned types of mortgage loans;
- (ii) the Borrower is a private individual, a resident of the Netherlands and not an employee of any of the Sellers;
- (iii) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking mortgage rights and (if applicable) a right of pledge;
- (iv) each Mortgage Loan (or relevant loan part thereof) is subject to either a fixed rate whereby the interest rates can be set for specific period or is subject to a floating rate of interest, whereby, if the interest rate is determined as the sum of a floating interest rate and a margin, the margin over such floating interest rate index should be at least 2.25 per cent;
- (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) interest payments are scheduled to be made monthly or quarterly;
- (vii) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*);
- (viii) each Mortgaged Asset is located in the Netherlands;
- (ix) on the Cut-Off Date or, in the case of Substitute Mortgage Receivables and New Mortgage Loans, the first day of the month immediately preceding the month wherein the Issuer purchased such Substitute Mortgage Receivables and New Mortgage Loans, no amounts due under any of the Mortgage Loans acquired on such date were overdue and unpaid by more than 30 days;
- (x) none of the Mortgage Loans has a maturity date beyond 1 December 2061;
- (xi) all Mortgaged Assets are single family houses (with or without garage), farm houses (*woonboerderijen*), apartment rights (*appartementsrechten*) are subject to semi-commercial use (*woon- of winkelpanden*) or recreational houses (*vakantiehuisen*);
- (xii) the Outstanding Principal Amount of each Mortgage Loan or the aggregate Outstanding Principal Amount of all Mortgage Loans secured on the same property does not exceed EUR 1.000.000;
- (xiii) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
- (xiv) the Mortgage Receivable has not been based on a self-certified income statement or advisor-verified income statement of the Borrower and does not result from an equity release mortgage loan where the Borrower has monetised its property for either a lump sum of cash or regular periodic income;

- (xv) for each Mortgage Loan, the cumulative principal amount of the loan (parts) that qualifies as an Interest-only Mortgage Loan did not exceed 100 per cent. of the Original Foreclosure Value;
- (xvi) each Mortgage Loan carries an interest rate of at least 2.25 per cent;
- (xvii) none of the Borrowers has a negative BKR registration (BKR codering) upon origination; and
- (xviii) all Mortgage Loans have been executed on or after 1 January 1992 or have had an interest reset date after 1 January 1992.

**Mortgage Loan Interest Rates**

On the Cut-Off Date, the amount of Mortgage Loans of which the first interest reset date falls before the First Optional Redemption Date is 48.34 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables. An interest rate reset will not in itself result in a mandatory repurchase of the Mortgage Receivable, unless the new interest rate is below 2.25 per cent.

## 7.4 PORTFOLIO CONDITIONS

### Substitution and Replenishment

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment Date up to (but excluding) the Final Maturity Date use the Substitution Available Amount and the Replenishment Available Amount, respectively, subject to the satisfaction of the Substitution and Replenishment Conditions, to purchase and accept the assignment of the Substitute Mortgage Receivables and New Mortgage Receivables, respectively, from any of the Sellers, if and to the extent offered by any of the Sellers. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables and New Mortgage Receivables shall be equal to the Initial Purchase Price in respect thereof and the relevant part of the Deferred Purchase Price at the date of completion of the sale and purchase thereof.

### *Substitution and Replenishment Conditions*

The purchase by the Issuer of Substitute Mortgage Receivables and New Mortgage Receivables will be subject to a number of conditions (the "**Substitution and Replenishment Conditions**") which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the New Mortgage Receivables (where applicable after completion of the sale and purchase on such date):

- (a) the relevant Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Relevant Mortgage Loans, the Relevant Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables or New Mortgage Receivables sold and relating to the relevant Seller (with certain exceptions to reflect that the Substitute Mortgage Receivables or New Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the aggregate Outstanding Principal Amount of the Substitute Mortgage Receivables purchased by the Issuer in the twelve months period preceding the purchase date shall not exceed 5 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date, provided that the Issuer and NIBC on behalf of the relevant Seller may agree to a higher percentage, subject to the rating agency notification and confirmation by the Security Trustee;
- (d) the aggregate Outstanding Principal Amount of the New Mortgage Receivables purchased by the Issuer per annum shall not exceed 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date, whereby 'per annum' means the twelve months period preceding the Notes Payment Date on which the purchase of the New Mortgage Receivables is to take place and provided that the Issuer and NIBC on behalf of the relevant Seller may agree to a higher percentage, subject to the rating agency notification and confirmation by the Security Trustee;
- (e) on the last day of the Mortgage Calculation Period immediately preceding the purchase date, the aggregate Outstanding Principal Amount of the Mortgage Loans which are in arrears for a period exceeding 30 days shall not exceed 6.00 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans and the aggregate Outstanding Principal Amount of the Mortgage Loans which are in arrears for a period exceeding 90 days shall not exceed 3.00 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans and the aggregate Outstanding Principal Amount of the Mortgage Loans which are in arrears for a period exceeding 180 days shall not exceed 1.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (f) the aggregate Outstanding Principal Amount of all Mortgage Loans having interest payments which are scheduled to be made quarterly shall not exceed 0.70 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (g) the weighted average interest rate of all Mortgage Loans shall not fall below 3.00 per cent.;
- (h) the aggregate Outstanding Principal Amount of all Mortgage Loans with each an Outstanding Principal Amount lower than EUR 400,000 shall not fall below 85 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (i) the aggregate Outstanding Principal Amount of all Mortgage Loans secured by a Mortgaged Asset in

Drenthe, Friesland, Groningen, Zeeland and Overijssel may not exceed 20 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;

- (j) the aggregate Outstanding Principal Amount of all Mortgage Loans granted to Borrowers to purchase properties that are not single family houses or apartment rights used shall not exceed 3.00 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (k) the aggregate Outstanding Principal Amount of all Mortgage Loans with a Construction Deposit shall not exceed 2.00 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (l) the weighted average number of months elapsed since origination of all Mortgage Loans shall not fall below 60 months;
- (m) the Substitution Available Amount is sufficient to pay the purchase price for the Relevant Substitute Mortgage Receivables, if any;
- (n) the Replenishment Available Amount is sufficient to pay the purchase price for the Relevant New Mortgage Receivables, if any;
- (o) the aggregate Outstanding Principal Amount of all Mortgage Loans with an LTMV-ratio lower than or equal to 64 per cent. shall not fall below 25 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans. For the purpose of determining the LTMV-ratio, the Outstanding Principal Amount of the Mortgage Loan will be reduced with the Insurance Savings Participation in such Mortgage Loan;
- (p) the aggregate Outstanding Principal Amount of all Mortgage Loans with an LTMV-ratio lower than or equal to 85 per cent. shall not fall below 45 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans. For the purpose of determining the LTMV-ratio, the Outstanding Principal Amount of the Mortgage Loan will be reduced with the Insurance Savings Participation in such Mortgage Loan;
- (q) the aggregate Outstanding Principal Amount of all Mortgage Loans with an LTMV-ratio lower than or equal to 102 per cent. shall not fall below 70 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans. For the purpose of determining the LTMV-ratio, the Outstanding Principal Amount of the Mortgage Loan will be reduced with the Insurance Savings Participation in such Mortgage Loan;
- (r) the aggregate Outstanding Principal Amount of all Mortgage Loans with an LTMV-ratio lower than or equal to 106 per cent. shall not fall below 95 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans. For the purpose of determining the LTMV-ratio, the Outstanding Principal Amount of the Mortgage Loan will be reduced with the Insurance Savings Participation in such Mortgage Loan;
- (s) the aggregate Outstanding Principal Amount of all Mortgage Loans with a loan-to-income ratio at origination of the most recent loan part lower than or equal to 4 shall not fall below 15 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (t) the aggregate Outstanding Principal Amount of all Mortgage Loans with a loan-to-income ratio at origination of the most recent loan part of the Mortgage Loan lower than or equal to 5 shall not fall below 35 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (u) the aggregate Outstanding Principal Amount of all Mortgage Loans with a loan-to-income ratio at origination of the most recent loan part of the Mortgage Loan lower than or equal to 6 shall not fall below 45 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (v) the aggregate Outstanding Principal Amount of all Mortgage Loans that have been originated by CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.) shall not exceed 25 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (w) the aggregate Outstanding Principal Amount of all Interest Only Mortgage Loans shall not exceed 50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (x) the aggregate Outstanding Principal Amount of all Interest Only Mortgage Loans in respect of which the principal amount exceeded 100 per cent. of the Foreclosure Value at origination shall not exceed 10 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (y) the aggregate Outstanding Principal Amount of all NHG Mortgage Loans shall not fall below 50 per cent. of the aggregate Outstanding Amount of all Mortgage Loans;
- (z) the aggregate Realised Losses do not exceed 2.00 per cent. of the aggregate Outstanding Principal

Amount of the Mortgage Receivables at the Closing Date;

- (aa) there has been no failure by any of the Sellers to repurchase any Relevant Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement; and
- (bb) there is no debit balance on the Class B Principal Deficiency Ledger.

except that Substitution and Replenishment Condition (e), (o), (p), (q), (r) and (w) will not apply if, as a consequence of the purchase of Substitute Mortgage Receivables and/or New Mortgage Receivables, (i) in respect of item (e), the percentage of Mortgage Loans in arrears for a period exceeding 30 and/or 90 and/or 180 days is maintained or lowered, (ii) in respect of items (o), (p), (q) and (r), the percentages in respect of the LTMV-ratios will be maintained or decrease and (iii) in respect of item (w), the percentage of Interest-only Mortgage Loans will be maintained or decrease.

## 7.5 SERVICING AGREEMENT

### Servicing Agreement

In the Servicing Agreement the Servicer will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral (see further *Origination and Servicing* above) and (ii) 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 manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicer will, in accordance with the terms of the Servicing Agreement, initially appoint (a) Quion Hypotheekbemiddeling B.V. (in relation to Quion I, Quion III, Quion 14, Quion 19 and Quion 30) and (b) Stater Nederland B.V. (in relation to Amstelstaete, ATRIOS, Capitalum, Estate, Huizen, Hypinvest, Muzen, NIBC Direct Hypotheken, Nieuwegein, Royal, Seyst, Zwaluw and 1895 Hypotheken) and (c) Quion Hypotheekbegeleiding B.V. and Quion Services B.V. (in relation to IKS, NIBC Direct Hypotheek and NHM) as its sub-agent to carry out (part of) the activities described above.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or (only in respect of the Servicer) the Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder*) under the Wft. In addition the Servicing Agreement may be terminated by the Servicer upon the expiry of not less than six months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and subject to Credit Rating Agency Confirmation. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

### Stater

Stater Nederland B.V. ("**Stater**") is a leading service provider for the Dutch mortgage market. In fulfilling this role, Stater focuses on support for mortgage funders in the sale, handling and financing of mortgage portfolios.

After starting life as part of BouwfondsHypotheek, Stater started its activities in January 1997 as an independent service provider in the mortgage market. Stater has since grown to become an international force in the market with circa 800 employees.

Stater Nederland B.V. is a 100 per cent. subsidiary of Stater N.V., of which the shares are held for 100 per cent. by ABN AMRO Bank N.V.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of more than EUR 170 billion and approximately 970,000 mortgage loans. In the Netherlands, Stater has a market share of about 30 per cent.

The activities are provided in a completely automated and paperless electronic format. Stater has pioneered the use of technology through its e-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions.

Stater provides an origination system that includes automated underwriting, allowing loan funders to specify underwriting criteria for each loan pool. A credit-scoring model and a fraud detection system form part of automated underwriting.

In July 2010, Credit Rating Agency Fitch Ratings upgraded Stater residential "primary servicer" rating to 'RPS1-NL' and has affirmed the residential "special servicer" rating at 'RSS2-NL'. In November 2011 Stater was again

awarded with a 'RPS1-NL' rating for "primary servicer". Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking. The rating Stater received for its role as "primary servicer" made Stater the top scoring service provider in Europe.

Ernst & Young, the company's external auditors, completed a SAS 70 audit on Stater NL in 2008. SAS70 is a report for the certification of the internal control processes of service organisations. Stater received SAS70 Type II certification in December 2009, which was reviewed for the reporting period 1 January until 31 October 2009. The certification is renewed annually. The SAS 70 certification is substituted by ISAE 3402 certification, which has been received in January 2012.

The head office is located at Podium 1, 3826 PA, Amersfoort, the Netherlands.

The information under this heading has been provided for by Stater.

#### **Quion Groep B.V.**

Quion Groep B.V. ("**Quion Groep**"), whose registered office is in Rotterdam, is an independent mortgage servicer, focused on the total coordination of mortgages for third parties. Quion Groep offers a full range of mortgage servicing activities to financial institutions, from origination and monthly collections, to arrears and foreclosure management of the mortgage loan portfolios. Quion Groep has ratings from Fitch Ratings Limited for both its primary and special services. The head office is located at Fascinatio Boulevard 1302, 2909 VA, Capelle aan den IJssel, the Netherlands.

In 1993, Quion Groep (then named Hypotrust B.V.) was founded to meet the demand by financial institutions for an efficient way to invest directly in the Dutch mortgage market. In Quion Groep's generic funding model a group of different mortgage lenders offers identical mortgage products under standardised conditions. The mortgage lenders compete with each other on the interest rate offered to the borrower. Quion Groep matches the borrower with the mortgage lender offering the lowest interest rate, acting as a mediator. The mortgage loans are distributed through a network of 1,750 independent intermediaries and insurance companies.

The IT systems of Quion Groep and software are developed externally and are easily adapted to new products and clients' wishes. Quion Groep identifies specific mortgage pools based on underwriting criteria and provides detailed portfolio data for investor reporting in securitisation transactions. To ensure services continuity, Quion Groep has set up a mechanism to safeguard its software, giving the mortgage lenders the ability to obtain software licenses with respect to software systems owned and designed by Quion Groep, including data in the event that Quion Groep discontinues its operations. Quion Groep employs special fraud officers and has developed a fraud policy based on its extensive experience in the mortgage industry. Quion Groep's pro-active approach to delinquencies minimises losses caused by delinquencies and fraud.

Quion Groep presently services over 147,000 mortgages, a portfolio of about EUR 25 billion.

Quion Hypotheekbegeleiding B.V., Quion Hypotheekbemiddeling B.V. and Quion Services B.V. are wholly-owned subsidiaries of Quion Groep. By means of her subsidiaries Quion Groep is an independent mortgage servicer that offers a full range of mortgage servicing activities to financial institutions. Its activities range from origination and monthly collections to arrears and foreclosure management of mortgage loan portfolios.

The information under this heading has been provided by Quion Groep.



## 7.6 SUB-PARTICIPATION

Under the Insurance Savings Participation Agreements the Issuer will grant to the Insurance Savings Participants a sub-participation in the Savings Mortgage Receivables and Switch Mortgage Receivables, provided that this will only apply to a Switch Mortgage Receivables to which a Savings Alternative is connected.

### Insurance Savings Participation

In each of the Insurance Savings Participation Agreements, the relevant Insurance Savings Participant will undertake to pay to the Issuer:

- (i) the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative at (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, the Closing Date or (b) thereafter in each case of the purchase and assignment of New Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative by the Issuer at the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative, the immediately succeeding Mortgage Collection Payment Date;
- (ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the relevant Insurance Savings Participant as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies or Savings Investment Insurance Policies provided that in respect of each relevant Savings Mortgage Receivable or Switch Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in such relevant Mortgage Receivable would exceed the Outstanding Principal Amount of such relevant Mortgage Receivable which is subject to an Insurance Savings Participation.

As a consequence of such payments the relevant Insurance Savings Participant will acquire the Insurance Savings Participation in each of the relevant Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, which is equal to the Initial Insurance Savings Participation in respect of the relevant Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertakings of the Insurance Savings Participants described above, the Issuer will undertake to pay to such Insurance Savings Participant on each Mortgage Collection Payment Date an amount equal to the Insurance Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative which are subject to an Insurance Savings Participation in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in case of the first Mortgage Collection Payment Date, during the period which commences on the Cut-Off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Collection Payment Date (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable or Switch Mortgage Receivable, (ii) in connection with a repurchase of Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale pursuant to the Trust Deed of Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation to the extent such amounts relate to principal (the "**Insurance Savings Participation Redemption Available Amount**").

### Reduction of Insurance Savings Participation

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or Switch Mortgage Receivable, based upon a default in the performance, whether in whole or in part, by the relevant Insurance Savings Participant or, for whatever reason, an 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 or Switch Mortgage Receivable with the Savings Alternative, the Insurance Savings Participation of such Insurance Savings Participant in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Insurance Savings Participation Redemption Available Amount shall be adjusted accordingly.

#### **Enforcement Notice**

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

- (i) declare that the obligations of the Insurance Savings Participants under the relevant Insurance Savings Participation Agreement are terminated;
- (ii) declare the Insurance Savings Participations to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation.

#### **Termination**

If one or more of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation are (i) repurchased by the relevant Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer, and the Issuer has sufficient funds available to repay the Insurance Savings Participation, to a third party pursuant to the Trust Deed or (iii) in respect of Switch Mortgage Loans, in case of a Savings Switch, the Insurance Savings Participation in such Savings Mortgage Receivables and Switch Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables will be paid by the Issuer to the Insurance Savings Participants. If so requested by the relevant Insurance Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative will enter into an Insurance Savings Participation Agreement with the relevant 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 the close of business of any Mortgage Collection Payment Date the Insurance Savings Participant has received the Insurance Savings Participation in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the issuer passed on or about 24 November 2014.
2. Application has been made to list the Class A Notes on the Euronext Amsterdam. The estimated expenses relating to the admission to trading of the class a notes on the regulated market of Euronext Amsterdam are approximately EUR 5,750.
3. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 114029718 and ISIN XS1140297182.
4. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 114029777 and ISIN XS1140297778.
5. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 114029815 and ISIN XS1140298156.
6. There has been no material adverse change in the financial position or prospects of the issuer since its incorporation on 4 November 2014.
7. There are no legal, arbitration or governmental proceedings and neither is 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.
8. As long as any of the Notes are outstanding, 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 will be available either in physical or in electronic form, as the case may be:
  - (i) the Deed of Incorporation of the Issuer, including its Articles of Association;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Deed of Assignment and Pledge;
  - (iv) the Notes Purchase Agreements;
  - (v) the Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Issuer Rights Pledge Agreement;
  - (viii) the Issuer Mortgage Receivables Pledge Agreement;
  - (ix) the Servicing Agreement;
  - (x) the Administration Agreement;
  - (xi) the Back-up Administration Agreement;
  - (xii) the Issuer Account Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Insurance Savings Participation Agreements;
  - (xv) the Collection Foundation Agreements.
9. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent and in electronic form on [www.assetbacked.nl](http://www.assetbacked.nl).

10. The issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Notes are listed on Euronext Amsterdam the most recent audited annual financial statements of the Issuer will be made available, free of charge from the specified office of the Security Trustee.

11. U.S. tax legend:

The Notes will bear a legend to the following effect: 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code'.

12. The Issuer confirms that it will undertake that:

(A) it will disclose in the first Notes and Cash Report the amount of the Notes:

- (i) privately-placed with investors which are not in the NIBC Group;
- (ii) retained by a member of the NIBC Group; and
- (iii) publicly-placed with investors which are not in the NIBC Group;

(B) in relation to any amount initially retained by a member of the NIBC Group, but subsequently placed with investors which are not in the NIBC Group, it will (to the extent permissible) disclose such placement in the next Notes and Cash Report.

13. The Issuer will provide the following post-issuance transaction information on the transaction

- (i) 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;
- (ii) on ultimately the 3rd Business Day prior to each Notes Payment Date, a Notes Report; and
- (iii) on each Notes Payment Date, a Notes and Cash Report,

in case of (i) and (iii) to be obtained at [www.assetbacked.nl](http://www.assetbacked.nl) and in case of (ii) the Issuer will send the Notes Report to the Common Service Provider, the Paying Agent and the Back-up Administrator, and the Issuer confirms that the transaction information under item (i) and (iii) will remain available until redemption in full of the Notes. The Investor Reports will contain a glossary of the defined terms used in such report.

14. NIBC, as Issuer Administrator on behalf of the Issuer, will make available loan-by-loan information (i) on the Mortgage Receivables prior to the issue date which information can be obtained upon request from NIBC and (ii) after the issue date, on a monthly basis, which information can be obtained at the website of the European Data Warehouse <http://www.eurodw.eu/edwin.html> within one month after the relevant Notes Payment Date.

15. NIBC, as Issuer Administrator on behalf of the Issuer, will make available to investors from the issue date until redemption in full of the Notes a cash flow model of the transaction described in this Prospectus via Bloomberg.

16. The accountants at PriceWaterhouseCoopers Accountants N.V. are registered accountants (*registeraccountants*) and are a member of the Netherlands Institute for Registered Accountants (*NIVRA*).

17. NIBC is acting solely in its capacity as listing agent for the Issuer in connection with the Class A Notes and is not itself seeking admission of these Class A Notes to the official list of Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive.

18. 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. The Issuer accepts such responsibility accordingly. 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 Sellers are also responsible for the information contained in the following sections of this Prospectus: *'Originators'*, *'Servicer'*, *'Portfolio Information'*, sub-sections *'Stater'* and *'Quion Groep B.V.'* under *'Servicing Agreement'*, the paragraph *'Average life'* in *'Transaction Overview'* and, together with NIBC, each paragraph dealing with article 405 of the CRR and article 51 of the AIFMR. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers accepts responsibility accordingly.

## 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 on (See section 4.4 (Regulatory and Industry Compliance) (the RMBS Standard)). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term.

### 1. DEFINITIONS

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

+ "**1896 Hypotheken**" means 1895 Hypotheken B.V.;

"**Administration Agreement**" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;

+ "**AIFMD**" means the Directive No 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;

+ "**AIFMR**" 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;

"**AFM**" means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);

"**All Moneys Mortgage**" means any mortgage right (*hypotheekrecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Pledge**" means any right of pledge (*pandrecht*) which secures 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 relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Security Rights**" means any All Moneys Mortgages and All Moneys Pledges jointly;

+ "**Allianz**" means Allianz Nederland Levensverzekering N.V.;

+ "**Amstelstaete**" means Amstelstaete Hypotheken B.V.;

"**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;

+ "**APL**" means Achmea Pensioen- en Levensverzekeringen N.V.;

"**Arranger**" means NIBC;

+ **"Assignment Actions"** means any of the actions specified as such in section *Purchase, Repurchase and Sale* in *Portfolio Information* of this Prospectus;

**"Assignment Notification Event"** means any of the events specified as such in section *Purchase, Repurchase and Sale* in *Portfolio Information* of this Prospectus;

+ **"Assignment Notification Stop Instruction"** has the meaning ascribed thereto in section *Purchase, Repurchase and Sale* in *Portfolio Information* of this Prospectus;

+ **"ATRIOS"** means ATRIOS Hypotheekfonds B.V.;

**"Available Principal Funds"** has the meaning ascribed thereto in Condition 6(c) (*Redemption*);

+ **"Available Principal Redemption Funds"** has the meaning ascribed thereto in Condition 6(c) (*Redemption*);

**"Available Revenue Funds"** has the meaning ascribed thereto in section *Credit Structure* of this Prospectus;

+ **"Back-up Administrator"** means Intertrust Administrative Services B.V.;

+ **"Back-up Administration Agreement"** means the back-up administration agreement between the Back-up Administrator, the Issuer, the Security Trustee and the Issuer Administrator;

+ **"Banking Regulations"** means the international, European or Dutch banking regulations, rules and instructions;

+ **"Basel II"** means the capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" published on 26 June 2004 by the Basel Committee on Banking Supervision;

+ **"Basel III"** means the new rules amending the existing Basel II on bank capital requirements proposed by the Basel Committee on Banking Supervision;

+ **"Basel Accord"** means the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision;

**"Basic Terms Change"** has the meaning set forth as such in Condition (14) (*Meetings of Noteholders; Modification; Consents; Waiver*);

**"Beneficiary Rights"** means all claims which the (relevant) Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the relevant Seller has been appointed by the Borrower as beneficiary (*begunstigde*) in connection with the relevant Mortgage Receivable;

**"BKR"** means National Credit Register (*Bureau Krediet Registratie*);

**"Borrower"** means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

**"Borrower Insurance Pledge"** means a right of pledge (*pandrecht*) created in favour of the relevant Originator on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

**"Borrower Insurance Proceeds Instruction"** means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

**"Borrower Investment Account"** means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

+ **"Borrower Investment Pledge"** means a rights of pledge (*pandrecht*) on the rights of the relevant Borrower in connection with the Borrower Investment Account in relation to Investment Mortgage Loans to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*");

\* **"Borrower Pledge"** means a right of pledge (*pandrecht*) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge and a Borrower Investment Pledge;

\* **"Business Day"** means (i) when used in or in respect of the definition of Notes Payment Date, a TARGET 2 Settlement Day, 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;

+ **"Capitalum"** means Capitalum Hypotheken B.V.;

**"Class A Notes"** means the EUR 666,400,000 Class A mortgage-backed notes 2014 due 2063;

**"Class B Notes"** means the EUR 52,500,000 Class B mortgage-backed notes 2014 due 2063;

**"Class C Notes"** means the EUR 9,400,000 Class C notes 2014 due 2063;

+ **"Class C Redemption Amount"** has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

+ **"Class C Available Principal Funds"** has the meaning ascribed thereto in Condition 6(i) (*Redemption*);

**"Clean-Up Call Option"** means the right of the Issuer to be exercised to redeem all of the Notes in whole but not in part, at their Principal Amount Outstanding, which right may be exercised on any Notes Payment Date on which the aggregate Principal Amount Outstanding of the Notes (in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme;

**"Closing Date"** means 27 November 2014 or such later date as may be agreed between the Issuer and NIBC;

**"Code of Conduct"** means the Mortgage Code of Conduct (*Gedragcode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*);

+ **"Collection Foundation"** means in respect of Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM and NIBC Direct Hypotheek, Stichting Hypotheek Ontvangsten and in respect of the other Sellers, Stichting Ontvangsten Hypotheekgelden;

+ **"Collection Foundation Accounts"** means the bank account maintained by the relevant Collection Foundation;

+ **"Collection Foundation Account Pledge Agreements"** means, (i) in respect of Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM and NIBC Direct Hypotheek, the pledge agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM and NIBC Direct Hypotheek dated on or about 24 November 2014 and (ii) in respect of the other Sellers, the pledge agreement between, among others, the Issuer, the Security Trustee, Previous Transaction SPVs, the Previous Transaction Security Trustees and the other Sellers dated on or about 24 November 2014;

+ **"Collection Foundation Agreements"** means the Collection Foundation Account Pledge Agreements and the Receivables Proceeds Distribution Agreements and any accession notices in relation thereto;

+ **"Common Safekeeper"** means, in respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Notes, other than the Class A Notes, Citibank Europe Plc;



**"Conditions"** 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;

**"Construction Deposit"** means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

**"Construction Deposit Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**"Coupons"** means the interest coupons appertaining to the Notes;

**"CPR"** means Constant Prepayment Rate;

+ **"CRD"** means directive 2006/48/EC of the European Parliament and of the Council, as amended by directive 2009/111/EC;

+ **"CRD IV"** means the CRD IV Directive and the CRR together;

+ **"CRD IV Directive"** means directive 2013/36/EC of the European Parliament and of the Council;"

**"Credit Rating Agency"** means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes DBRS and Moody's;

**"Credit Rating Agency Confirmation"** means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a **"confirmation"**);
- (b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an **"indication"**); or
- (c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
  - (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
  - (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency;

+ **"CRR"** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended from time to time, and includes any regulatory technical standards and any implementing technical standards issued by the European Banking Authority or any successor body, from time to time;

**"Cut-Off Date"** means 1 November 2014;

**"DBRS"** means DBRS Ratings Limited, and includes any successor to its rating business;

**"Deed of Assignment and Pledge"** means a deed of assignment and pledge in the form set out in the Mortgage

Receivables Purchase Agreement;

**"Defaulted Mortgage Loan"** means a Mortgage Loan that is in arrears for at least 30 days;

**"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;

**"Directors"** means Intertrust Management B.V. as the sole director of each of the Issuer, Intertrust (Netherlands) B.V. as the sole director of the Shareholder and Amsterdamsch Trustee's Kantoor B.V. as the sole director of the Security Trustee collectively;

**"DNB"** means the Dutch central bank (*De Nederlandsche Bank N.V.*);

**"DSA"** means the Dutch Securitisation Association;

+ **"Enforcement Available Amount"** means amounts corresponding to the sum of:

amounts recovered (*verhaald*) in accordance with article 3:255 of the Dutch Civil Code by the Security Trustee under any of the Pledge Agreements to which the Security Trustee is a party (i) on the Pledged Assets, other than the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; plus (ii) on each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, including, without limitation, amounts recovered under or in connection with the trustee indemnification, but only to the extent such amounts exceed the Insurance Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable which is subject to an Insurance Savings Participation; and, without double counting,

any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement in connection with the trustee indemnification, less a part pro rata to the proportion the aggregate Insurance Savings Participation in all Insurance Savings Mortgage Receivables and the Switch Mortgage Receivables which are subject to an Insurance Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables;

in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors, other than to the Insurance Savings Participants, 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 Insurance Savings Participation in all Insurance Savings Mortgage Receivables and the Switch Mortgage Receivables which are subject to an 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;

**"Enforcement Date"** means the date of an Enforcement Notice;

**"Enforcement Notice"** means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (*Events of Default*);

**"EONIA"** means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;

+ **"Estate"** means Estate Hypotheken B.V.;

**"EUR or euro"** means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;

**"Euribor"** has the meaning ascribed to it in Condition 4(c) (*Interest*);

+ **"Euribor Reference Banks"** has the meaning ascribed thereto in Condition 4(e) (*Interest*);

**"Euroclear"** means Euroclear Bank SA/NV as operator of the Euroclear System;

\* **"Euronext Amsterdam"** means Euronext in Amsterdam;

**"Events of Default"** means any of the events specified as such in Condition 10 (*Events of Default*);

**"Exchange Date"** means the date not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

**"Extraordinary Resolution"** has the meaning ascribed to it in Condition (14) (*Meetings of Noteholders; Modification; Consents; Waiver*);

**"Final Maturity Date"** means the Notes Payment Date falling in December 2063;

**"First Optional Redemption Date"** means the Notes Payment Date falling in December 2019;

**"Foreclosure Value"** means the foreclosure value of the Mortgaged Asset;

+ **"Foundation Accounts Provider"** means ABN AMRO Bank N.V.;

**"Further Advance"** means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;

**"Further Advance Receivable"** means the Mortgage Receivable resulting from a Further Advance;

+ **"Generali"** means Generali Levensverzekering Maatschappij N.V.;

**"Global Note"** means any Temporary Global Note or Permanent Global Note;

+ **"Huizen"** means Huizen Hypotheken B.V.;

+ **"Hypinvest"** means Hypinvest B.V.;

+ **"ICSDs"** means International Central Securities Depositories;

+ **"IKS"** means IKS Hypotheken B.V.;

\* **"Indexed Foreclosure Value"** means, in respect of a sale of Mortgage Receivables by the Issuer in accordance with Clause 18 of the Trust Deed on any date, if the Foreclosure Value was assessed within one month prior to the such date, such Foreclosure Value or, if the Foreclosure Value was assessed more than one month prior to such date, such Foreclosure Value indexed to median price levels of the year in which the relevant Notes Payment Date falls as reported by the *"Kadaster"* or, in case no such report is available, as reported by any other authoritative organisation in this field;

**"Initial Insurance Savings Participation"** means, (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, on the Closing Date, or (b) thereafter in case of the purchase and assignment of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative by the Issuer after the Closing Date, on the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative, the next succeeding Mortgage Collection Payment Date, an amount equal to the sum of the Savings Premia received

by the relevant Insurance Savings Participant and paid to the Issuer with accrued interest up to the Cut-Off Date in respect of (a) or otherwise the first day of the month immediately preceding the month in which the relevant Mortgage Receivable is purchased or in which the relevant Mortgage Collection Payment Date falls;

\* **"Initial Purchase Price"** means, in respect of any Mortgage Receivable, its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a Substitute Mortgage Receivable or a New Mortgage Receivable, the first day of the month immediately preceding the month wherein the relevant Substitute Mortgage Receivable or New Mortgage Receivable is purchased;

**"Insurance Company"** means any insurance company established in the Netherlands;

**"Insurance Policy"** means a Life Insurance Policy and/or a Risk Insurance Policy and/or Savings Insurance Policy and/or Savings Investment Insurance Policy;

**"Insurance Savings Participant"** means APL, Generali and/or SRLEV, as applicable;

**"Insurance Savings Participation"** means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Switch 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 or Switch Mortgage Receivable;

\* **"Insurance Savings Participation Agreement"** means the insurance savings participation agreement between the Issuer, the relevant Insurance Savings Participant and the Security Trustee dated the Signing Date;

+ **"Insurance Savings Participation Enforcement Available Amount"** means amounts corresponding to the sum of:

- (a) amounts equal to the Insurance Savings Participation in each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to an Insurance Savings Participation, or if the amount recovered is less than the Insurance Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered in connection with the trustee indemnification; and, without double counting,
- (b) part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement 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 Insurance Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an Insurance Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables:

in each case less the sum of (i) any amount paid by the Security Trustee to the Insurance Savings Participants pursuant to the Parallel Debt Agreement and (ii) a part pro rata to the proportion the aggregate Insurance Savings Participation in all Insurance Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to an 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;

\* **"Insurance Savings Participation Increase"** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = Participation Fraction;

S = the amount received by the Issuer pursuant to the Insurance Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, from the Insurance Savings Participant; and

I = the amount of interest due by the Borrower on the relevant Savings Mortgage Receivable or the relevant Switch Mortgage Receivable with a Savings Alternative and actually received by the Issuer in such Mortgage Calculation Period;

**"Insurance Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in section 7.6 (*Insurance Savings Participation Agreements*) of the Prospectus;

+ **"Insurance Set-off Risk"** means the set-off risk as described in the section *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies* in this Prospectus;

+ **"Interest Amount"** has the meaning ascribed thereto in Condition 4(f) (*Interest*);

+ **"Interest Determination Date"** has the meaning ascribed thereto in Condition 4(e) (*Interest*);

**"Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

**"Interest-only Mortgage Receivable"** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

**"Interest Period"** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in January 2015 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

**"Interest Rate"** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 (*Interest*);

+ **"Interest Reconciliation Ledger"** means the ledger specifically created for such purpose on the Issuer Collection Account as set forth in the Administration Agreement;

+ **"Investment Alternative"** means the alternative whereby the premiums paid are invested in certain investment funds selected by the Borrower;

**"Investment Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;

**"Investment Mortgage Receivable"** means the Mortgage Receivable resulting from an Investment Mortgage Loan;

+ **"Investor Reports"** means (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;

**"Issuer"** means Essence V B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) 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 Société Générale S.A., Amsterdam Branch;

\* **"Issuer Accounts"** means any of the Issuer Collection Account, the Reserve Account, the Liquidity Reserve Account and the Construction Deposit Account;

**"Issuer Administrator"** means NIBC;

**"Issuer Collection Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**"Issuer Management Agreement"** means the issuer management agreement between the Issuer, Intertrust Management B.V. 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 under and in connection with the Mortgage Receivables Purchase Agreement, the Issuer Account Agreement including the balance on the Issuer Accounts, the Servicing Agreement, the Insurance Savings Participation Agreements, the Administration Agreement, the Back-up Administration Agreement and the Paying Agency Agreement;

**"Issuer Rights Pledge Agreement"** means the pledge agreement between, among others, the Issuer, the Security Trustee, the Sellers 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;

**+ "Issuer Services"** means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, as set out in the Administration Agreement;

**+ "Lead Manager"** means NIBC;

**"Life Insurance Policy"** means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

**"Life Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;

**"Life Mortgage 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;

**"Linear Mortgage Receivable"** means the Mortgage Receivable resulting from a Linear Mortgage Loan;

**+ "Liquidity Reserve Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**+ "Liquidity Reserve Account Target Level"** shall on any Notes Calculation Date be equal to (A) the higher of (i) 0.30 per cent. of the Principal Amount Outstanding of the Class A Notes at the relevant Notes Calculation Date and (ii) 1.50 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans under which an amount is in arrears for a period exceeding 30 calendar days at the relevant Notes Calculation Date or (B), if the Class A Notes are to be redeemed in full on the immediately succeeding Notes Payment Date, zero;

**"Liquidity Reserve Replenishment Amounts"** means, on any relevant Notes Calculation Date, the amounts applied in accordance with item (a) of the Redemption Priority of Payments on all Notes Payment Dates from the Closing Date up to and including the immediately preceding Mortgage Calculation Period;

**"Listing Agent"** means NIBC;

**"Loan Parts"** means one or more of the loan parts (*leningdelen*) of which a Mortgage Loan consists;

**+ "Local Business Day"** has the meaning ascribed thereto in Condition 5(c) (*Payment*);

**+ "LTMV" or "Loan-to-Market Value"** means (a) in case of a Mortgage Loan originated by NIBC Direct Hypotheek of NIBC Direct Hypotheken, the Outstanding Principal Amount of such Mortgage Loan to the Market Value of the Mortgaged Assets and (b) in case a Mortgage Loan originated by another Seller than NIBC Direct Hypotheek or NIBC Hypotheken, 85 per cent. of the Outstanding Principal Amount of such Mortgage Loan to the

Foreclosure Value of the Mortgaged Asset;

**"Management Agreement"** means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

**"Market Value"** means (i) the market value (*marktwaarde*) 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;

**"Master Definitions Agreement"** means the master definitions agreement between, amongst others, the Sellers, the Issuer and the Security Trustee dated the Signing Date;

**"Moody's"** means Moody's Investors Service Ltd., and includes any successor to its rating business;

**"Mortgage"** means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivables;

\* **"Mortgage Calculation Date"** means a Business Day after the last day of each Mortgage Calculation Period and before the Mortgage Collection Payment Date;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of November 2014;

**"Mortgage Collection Payment Date"** means the 5<sup>th</sup> Business Day of each calendar month;

**"Mortgage Conditions"** means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

+ **"Mortgage Loan Amendment"** means an amendment by the relevant Seller and the relevant Borrower of the terms of the Relevant Mortgage Loan, or part of such Relevant Mortgage Loan, as a result of which such Relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement;

**"Mortgage Loan Criteria"** means the criteria relating to the Mortgage Loans set forth as such in section *Eligibility Criteria* in *Portfolio Information* of this Prospectus;

**"Mortgage Loan Services"** means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

\* **"Mortgage Loans"** means (i) the mortgage loans granted by the relevant Originator to the relevant borrowers which may consist of one or more loan parts (*leningdelen*) as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and (ii), after any purchase and assignment of any Substitute Mortgage Receivable, New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the Relevant Substitute Mortgage Receivable, New Mortgage Loans and/or any Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivable"** means any and all rights of the relevant 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;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between, amongst others, the Sellers, the Issuer and the Security Trustee dated the Signing Date;

**"Mortgaged Asset"** means (i) a real property (*onroerende zaak*), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease (*erfpachtsrecht*) situated in the Netherlands on which a Mortgage is vested;

+ **"Muzen"** means Muzen Hypotheken B.V.;

**"Net Foreclosure Proceeds"** means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

+ **"Net Principal Proceeds"** has the meaning ascribed thereto in Condition 6(c) (*Redemption*);

**"New Mortgage Loan"** means a mortgage loan, other than a Substitute Mortgage Loan, granted by the relevant Originator to the relevant borrower, which may consist of one or more loan parts (*leningdelen*) as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

**"New Mortgage Receivable"** means the Mortgage Receivable resulting from a New Mortgage Loan;

+ **"New Savings Mortgage Receivable"** means the Mortgage Receivable resulting from a new Savings Mortgage Loan;

**"NHG Conditions"** means the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;

**"NHG Guarantee"** means a guarantee (*borgtocht*) under the NHG Conditions granted by Stichting WEW;

**"NHG Mortgage Loan Receivable"** means the Mortgage Receivable resulting from an NHG Mortgage Loan;

\* **"NHG Mortgage Loans"** means a Mortgage Loan or the relevant Loan Part of a Mortgage Loan that has the benefit of an NHG Guarantee;

+ **"NHM"** means Nationale Hypotheek Maatschappij B.V.;

+ **"NIBC"** means NIBC Bank N.V. a public company (*naamloze vennootschap*) incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;

+ **"NIBC Direct Hypotheek"** means NIBC Direct Hypotheek B.V.;

+ **"NIBC Direct Hypotheken"** means NIBC Direct Hypotheken B.V.;

+ **"NIBC Group"** means NIBC Holding N.V. and its direct and indirect subsidiaries;

+ **"Nieuwegein"** means Nieuwegein Hypotheken B.V.;

**"Noteholders"** means the persons who for the time being are the holders of the Notes;

**"Notes"** means the Class A Notes, the Class B Notes and the Class C Notes;

+ **"Notes and Cash Report"** means the report which will be published quarterly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard created by the DSA;

**"Notes Calculation Date"** means, in relation to a Notes Payment Date, the third Business Day prior to such Notes Payment Date;

**"Notes Payment Date"** means the 9th 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;

\* **"Notes Purchase Agreement"** means the notes purchase agreement between the Lead Manager, the Issuer and the Sellers dated the Signing Date;

**"Notes Report"** means the report which will be prepared monthly by the Issuer, or the Issuer Administrator on its behalf, ultimately three (3) Business Days prior to each Notes Payment Date;

**"Optional Redemption Date"** means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

**"Original Foreclosure Value"** means the Foreclosure Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

**"Original Loan to Original Foreclosure Value Ratio"** means the ratio calculated by dividing the original principal amount of a Mortgage Receivable at the moment of origination by the Original Foreclosure Value;

**"Original Market Value"** means the Market Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

**"Originators"** means the Sellers, SRLEV, Goudse Levensverzekeringen N.V., ING Verzekeringen N.V. and CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.);

**"Other Claim"** means any claim of the relevant Originator and/or Seller, as applicable, has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

**"Outstanding Principal Amount"** means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) in respect of such Mortgage Receivable, zero;

**"Parallel Debt"** has the meaning ascribed thereto in section *Security* of this Prospectus;

**"Parallel Debt Agreement"** 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;

\* **"Participation"** means, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Insurance Savings Participation;

**"Participation Fraction"** means in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Savings Mortgage Receivable or Switch Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;

**"Paying Agency Agreement"** means the paying agency agreement between the Issuer, the Paying Agent and the Security Trustee dated the Signing Date;

**"Paying Agent"** means Citibank, N.A., London Branch;

+ **"PCS Label"** means the Prime Collateralised Securities label;

**"Permanent Global Note"** means a permanent global note in respect of a Class of Notes;

**"Pledge Agreements"** means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

+ **"Pledged Assets"** means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;

\* **"Pledge Notification Event"** means any of the events specified in Clause 5.1 of the Issuer Rights Pledge Agreement;

+ **"Portfolio and Performance Report"** 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 created by the DSA;

**"Post-Enforcement Priority of Payments"** means the priority of payments set out as such in section *Credit Structure* of this Prospectus;

**"Prepayment Penalties"** means any prepayment penalties (*boeterente*) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

+ **"Previous Transaction Security Trustees"** means Stichting Security Trustee Essence IV, Stichting Security Trustee Essence III, Stichting Security Trustee Dutch MBS XVIII, Stichting Security Trustee Dutch MBS XVII, Stichting Security Trustee Dutch MBS XVI, Stichting Security Trustee Dutch MBS XV, Stichting Security Trustee SOUND II and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company;

+ **"Previous Transaction SPVs"** means Essence IV B.V., Essence III B.V., Dutch MBS XVIII B.V., Dutch MBS XVII B.V., Dutch MBS XVI B.V., Dutch MBS XV B.V., SOUND II B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V.;

**"Principal Amount Outstanding"** has the meaning ascribed to it in Condition 6(c) (*Redemption*);

**"Principal Deficiency"** means the debit balance, if any, of the relevant Principal Deficiency Ledger;

**"Principal Deficiency Ledger"** means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

+ **"Principal Reconciliation Ledger"** means the ledger specifically created for such purpose on the Issuer Collection Account as set forth in the Administration Agreement;

**"Principal Shortfall"** means an amount equal to the balance of the Principal Deficiency Ledger of the relevant Class divided by the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

**"Priority of Payments"** means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement Priority of Payments;

**"Professional Market Party"** means a professional market party (*professionele marktpartij*) as defined in the Wft;

**"Prospectus"** means this prospectus dated 24 November 2014 relating to the issue of the Notes;

**"Prospectus Directive"** means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

+ **"Quion Groep"** means Quion Groep B.V.;

+ **"Quion 14"** means Quion 14 B.V.;

+ **"Quion 19"** means Quion 19 B.V.;

+ **"Quion 30"** means Quion 30 B.V.;

+ **"Quion I"** means Quion I B.V.;

+ **"Quion III"** means Quion III B.V.;

**"Realised Loss"** has the meaning ascribed thereto in section *Credit Structure* of this Prospectus;

+ **"Receivables Proceeds Distribution Agreements"** means (i) in respect of Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM and NIBC Direct Hypotheek, the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Quion I, Quion III, Quion 14, Quion 19, Quion 30, IKS, NHM, NIBC Direct Hypotheek and Stichting Hypotheek Ontvangsten dated on or about 24 November 2014 and (ii) in respect of the other Sellers, the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, the other Sellers and Stichting Ontvangsten Hypotheekgelden dated on or about 24 November 2014;

**"Redemption Amount"** means the principal amount redeemable in respect of each integral multiple of a Note as described in Condition 6 (*Redemption*);

**"Redemption Priority of Payments"** means the priority of payments set out as such in section *Credit Structure* in this Prospectus;

**"Regulation S"** means Regulation S of the Securities Act;

+ **"Regulatory Call Option"** means the option of the Sellers, in accordance with Condition 6(g), to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change;

+ **"Regulatory Change"** has the meaning ascribed thereto in Condition 6(g) (*Redemption*);

+ **"Relevant Class"** has the meaning ascribed thereto in Condition 10 (*Events of Default*);

+ **"Relevant Mortgage Loans"** means, in relation to the relevant Seller, the Mortgage Loans from which the Relevant Mortgage Receivables result;

+ **"Relevant Mortgage Receivables"** means, in relation to the relevant Seller, the Mortgage Receivables that it sells to the Issuer;

+ **"Relevant New Mortgage Receivables"** means, in relation to the relevant Seller, the New Mortgage Receivables that it sells to the Issuer;

+ **"Relevant Substitute Mortgage Receivables"** means, in relation to the relevant Seller, the Substitute Mortgage Receivables that it sells to the Issuer;

**"Relevant Remedy Period"** means (a) in case of a loss of the Requisite Credit Rating by Moody's, thirty (30) calendar days and/or (b) in case of a loss of the Requisite Credit Rating by DBRS, 30 calendar days;

**"Reserve Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Reserve Account Amortisation Conditions"** means the conditions that on any Notes Calculation Date on which the balance standing to the Reserve Account exceeds the Reserve Account Target Level:

- (a) not more than 3.00 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrears for a period exceeding 90 days; and
- (b) the aggregate Realised Losses do not exceed 2.00 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Closing Date;

**"Reserve Account Target Level"** means on any Notes Calculation Date a level equal (A) to the higher of (a) 0.50 per cent. of the Principal Amount Outstanding of the Notes, other than the Class C Notes, and (b) 0.25 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Class C Notes at the Closing Date, provided that, if on such Notes Calculation Date the Reserve Account Amortisation Conditions are not met, the Reserve Account Target Level shall not be reduced and shall be equal to the Reserve Account Target Level on the immediately preceding Notes Calculation Date (until the Reserve Account Amortisation Conditions are met), unless an amount is drawn from the Reserve Account to meet item (d) and/or (e) of the Revenue Priority of

Payments in which case the Reserve Account Target Level will be reduced with an amount equal to the amount so applied or (B), if the Class A Notes are to be redeemed in full on the immediately succeeding Notes Payment Date, zero;

+ "**Replenishment Available Amount**" shall have the meaning ascribed thereto in Condition 6(c) (*Redemption*);

"**Replenishment Reserved Amount**" shall have the meaning ascribed thereto in Condition 6(c) (*Redemption*);

"**Requisite Credit Rating**" means the rating of (i) 'Prime-1' (short-term) by Moody's and (ii) A (long term) by DBRS;

"**Revenue Priority of Payments**" means the priority of payments set out as such in section *Credit Structure* of this Prospectus;

"**Risk Insurance Policy**" means the risk insurance (*risicoverzekering*) 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;

+ "**Royal**" means Royal Residentie Hypotheken B.V.

+ "**Sale Price**" has the meaning ascribed thereto in section 7.1 of this Prospectus (*Purchase, Repurchase and Sale*).

+ "**Savings Alternative**" means the alternative whereby the premiums paid are deposited into an account held in the name of the relevant Insurance Company with the relevant Seller;

"**Savings Insurance Company**" means Insurance Savings Participant;

"**Savings Insurance Policy**" means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

\* "**Savings Investment Insurance Policy**" means an insurance policy taken out by any Borrower, in connection with a Switch Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life and whereby the Borrower may switch the capital build up between a saving and investment alternative;

"**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 relevant Savings Insurance Company;

"**Savings Mortgage Receivable**" means the Mortgage Receivable resulting from a Savings Mortgage Loan;

"**Savings Premium**" means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the relevant Savings Insurance Company on the basis of the Savings Insurance Policy or the Savings Investment Insurance Policy;

+ "**Savings Switch**" means in respect of a Switch Mortgage Loan with a Savings Alternative to switch whole or part of the premia accumulated in the Savings Alternative into the Investment Alternative;

"**Secured Creditors**" means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Issuer Account Bank, (vi) the Noteholders, (vii) each Seller, (viii) the Insurance Savings Participants, (ix) the Back-up Administrator and (x) such other party designated by the Security Trustee to become a secured party;

"**Securities Act**" means the United States Securities Act of 1933 (as amended);

**"Security"** means any and all security interest created pursuant to the Pledge Agreements;

**"Security Trustee"** means Stichting Security Trustee Essence V, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

**"Security Trustee Management Agreement"** means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V. and the Issuer dated the Signing Date;

**"Sellers"** means any of (i) Amstelstaete, (ii) ATRIOS, (iii) Capitalum, (iv) Estate, (v) Huizen, (vi) Hypinvest, (vii) IKS, (viii), Muzen, (ix) NHM, (x) NIBC Direct Hypotheek, (xi) NIBC Direct Hypotheken, (xii) Nieuwegein, (xiii) Quion 14, (xiv) Quion 19, (xv) Quion 30, (xvi) Quion I, (xvii) Quion III, (xviii) Royal, (xix) Seyst and (xx) Zwaluw and (xxi) 1895 Hypotheken;

+ **"Sellers Clean-Up Call Option"** means, on any Notes Payment Date, the option (but not the obligation) of the Sellers, acting jointly, to repurchase the Mortgage Receivables if on the Notes Calculation Date immediately preceding such 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 Cut-Off Date;

**"Servicer"** means NIBC;

+ **"Services"** means the Mortgage Loan Services and the Issuer Services;

**"Servicing Agreement"** means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;

+ **"Seyst"** means Seyst Hypotheken B.V.;

**"Shareholder"** means Stichting Dutch MBS Holding, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

**"Shareholder Management Agreement"** means the shareholder management agreement between the Shareholder, Intertrust (Netherlands) B.V. and the Security Trustee dated 30 October 1998;

**"Signing Date"** means (i) in respect of the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Management Agreements and the Notes Purchase Agreement, 24 November 2014 and (ii) in respect of the initial Deed of Assignment and Pledge, the Insurance Savings Participation Agreements, the Issuer Account Agreement, the Servicing Agreement, the Administration Agreement, the Back-up Administration Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Paying Agency Agreement and the Trust Deed, 27 November 2014 or in the case of both (i) and (ii) such later date as may be agreed between the Issuer and NIBC;

+ **"Solvency II"** means the European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance;

+ **"SRLEV"** means SRLEV N.V.;

+ **"Stater"** means Stater Nederland B.V.;

**"Stichting WEW"** means Stichting Waarborgfonds Eigen Woningen;

**"Sub-servicers"** means STATER Nederland B.V., Quion Hypotheekbegeleiding B.V., Quion Hypotheekbemiddeling B.V. and Quion Services B.V. or any subsequent sub-agent of the Servicer;

+ **"Substitution Available Amount"** means, at any Notes Calculation Date up to, but excluding, the Notes Calculation Date immediately preceding the Final Maturity Date, any amounts received by the Issuer as a result of a repurchase of Mortgage Receivables by the relevant Seller or the Sellers, as the case may be, other than in

case of a purchase of all Mortgage Receivables to the extent such amounts relate to principal during the immediately preceding Mortgage Calculation Period and with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to an Insurance Savings Participation less (i) in case of a repurchase or a repayment in full the Insurance Savings Participation in such Mortgage Receivable or (ii) in case of a partial repayment or prepayment with a maximum of the outcome of (a) the Outstanding Principal Amount of such Mortgage Receivable less (b) the Insurance Savings Participation in such Mortgage Receivable;

+ **"Substitution Conditions"** means the conditions specified as such in *Portfolio Conditions* in *Portfolio Documentation* in this Prospectus;

+ **"Substitute Mortgage Loan"** means a Mortgage Loan granted by the relevant Originator to the relevant Borrower, which may consist of one or more loan parts (*leningdelen*) as set forth in the list of loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

+ **"Substitute Mortgage Receivable"** means the Mortgage Receivable resulting from a Substitute Mortgage Loan;

**"Switch Mortgage Loan"** means any Mortgage Loan or part thereof that is in the form of a switch mortgage loan offered by the relevant Seller, under which loan the Borrower does not pay principal towards redemption of the principal amount outstanding prior to the maturity but instead takes out a Savings Investment Insurance Policy;

**"Switch Mortgage Receivable"** means a Mortgage Receivable resulting from a Switch Mortgage Loan;

**"TARGET 2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

**"TARGET 2 Settlement Day"** means any day on which TARGET 2 is open for the settlement of payments in euro;

+ **"Tax Call Option"** means the option of the Issuer, in accordance with Conditions 6(h), to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Class B Notes, Condition 9(b);

**"Temporary Global Note"** means a temporary global note in respect of a Class of Notes;

**"Transaction Documents"** means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deeds of Assignment and Pledge, the Deposit Agreement, the Administration Agreement, the Back-up Administration Agreement, the Issuer Account Agreement, the Servicing Agreement, the Insurance Savings Participation Agreements, the Pledge Agreements, the Notes Purchase Agreements, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Collection Foundation Agreements and the Trust Deed;

**"Trust Deed"** means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Closing Date;

**"Unit-Linked Alternative"** has the meaning ascribed thereto in section *Portfolio Information* in *Transaction Overview* of this Prospectus;

**"Wft"** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time;

+ **"Wge"** means the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*);

**"WOZ"** means the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*); and

+ **"Zwaluw"** means Zwaluw Hypotheken B.V.

## 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:

+ an "**Act**" or a "**statute**" or "**treaty**" shall be construed as a reference to such Act, statute or treaty as the same may have been, or may from time to time be, amended or, in the case of an Act or a statute, re-enacted;

+ "**this Agreement**" or an "**Agreement**" or "**this Deed**" or a "**deed**" or a "**Deed**" or a "**Transaction Document**" or any of the Transaction Documents (however referred to or defined) shall be construed as a reference to such document or agreement as the same may be amended, supplemented, restated, novated or otherwise modified from time to time;

+ a "**business day**" shall be construed as a reference to a day on which banks are generally open for business in Amsterdam;

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes and the Class C Notes, as applicable;

\* a "**Class A**", "**Class B**" or "**Class C**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption pertaining to, as applicable, the relevant Class of Notes;

+ "**encumbrance**" includes any mortgage, charge or pledge or other limited right (*beperkt recht*) securing any obligation of any person, or any other arrangement having a similar effect;

+ "**Euroclear**" and/or "**Clearstream, Luxembourg**" includes any additional or alternative clearing system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative clearing system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

+ the "**records of Euroclear and Clearstream, Luxembourg**" are to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the 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**" 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**" shall be construed as a reference to a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*voorlopige surseance van betaling*) as meant in the Dutch Bankruptcy Act (*faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "*pro resto hoofdsom*" and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or otherwise replaced such party (by way of novation or otherwise), under or in connection with a Transaction Document or to which, under such laws, such rights and obligations have been transferred;

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; and

+ "**tax**" includes any present or future tax, levy, impost, duty or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same).

- 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.



3. DSA DEFINITIONS NOT USED

**"Annuity Mortgage Receivable"**

**"Arrears"**

**"Beneficiary Waiver Agreement"**

**"ISDA"**

**"Issuer Transaction Account"**

**"Manager"**

**"Notes Calculation Period"**

**"Principal Paying Agent"**

**"Reference Agent"**

## **REGISTERED OFFICES**

### **THE ISSUER**

Essence V B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLERS**

c/o NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ 's Gravenhage  
the Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Essence V  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

## **SERVICER, ISSUER ADMINISTRATOR AND LISTING AGENT**

NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ 's Gravenhage  
the Netherlands

### **PAYING AGENT**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

### **SUB SERVICERS**

Stater Nederland B.V.  
Podium 1, 3826 PA  
Amersfoort  
the Netherlands

Quion Hypotheekbemiddeling B.V.  
Fascinatio Boulevard 1302  
2909 VA Capelle aan de IJssel  
The Netherlands

Quion Hypotheekbegeleiding B.V.  
Fascinatio Boulevard 1302  
2909 VA Capelle aan de IJssel  
The Netherlands

Quion Services B.V.  
Fascinatio Boulevard 1302  
2909 VA Capelle aan de IJssel  
The Netherlands

**LEGAL AND TAX ADVISERS TO THE SELLERS AND THE ISSUER**

NautaDutilh N.V.  
Strawinskylaan 1999  
1077 XV Amsterdam  
the Netherlands

**AUDITORS**

PRICEWATERHOUSECOOPERS ACCOUNTANTS N.V.  
Prins Bernardplein 200  
1097 JB Amsterdam  
the Netherlands

**ISSUER ACCOUNT BANK**

Société Générale S.A., Amsterdam Branch  
Rembrandt Tower  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands

**COMMON SAFEKEEPER**

**In respect of the Class A Notes**

Euroclear Bank S.A./N.V.  
1 Boulevard du Roi Albert II  
1210 Brussels  
Belgium

Clearstream, Luxembourg  
42 Avenue J.F. Kennedy  
L-1855 Luxembourg  
Luxembourg

**In respect of the Notes other than the Class A Notes**

Citibank Europe Plc  
Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

**LEAD MANAGER**

NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ 's Gravenhage  
The Netherlands