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**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

**NOT FOR DISTRIBUTION TO ANY PERSON THAT IS NOT A QUALIFIED INVESTOR WITHIN THE MEANING OF  
THE PROSPECTUS DIRECTIVE  
IF YOU ARE NOT A QUALIFIED INVESTOR, DO NOT CONTINUE**

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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

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

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

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

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

**Hypenn RMBS II B.V. as Issuer**  
(incorporated with limited liability in the Netherlands)

	<b>Class A1</b>	<b>Class A2</b>	<b>Class A3</b>	<b>Class B</b>
<b>Principal Amount</b>	EUR 130,000,000	EUR 270,000,000	EUR 100,000,000	EUR 37,500,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	three month Euribor plus a margin of 0.55 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.88 per cent. per annum with a minimum of 0 per cent. per annum	1.64 per cent. per annum	n/a
<b>Interest rate from First Optional Redemption Date</b>	three month Euribor plus a margin of 1.10 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 1.76 per cent. per annum with a minimum of 0 per cent. per annum	1.64 per cent. per annum	n/a
<b>Interest accrual</b>	Act/360	Act/360	30/360	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	n/a
<b>First Optional Redemption Date</b>	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019
<b>Final Maturity Date</b>	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046

**Nationale-Nederlanden Bank N.V.**  
**as Seller**

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 16 May 2014 (or such later date as may be agreed between the Seller and the Issuer) (the " <b>Closing Date</b> ").
<b>Underlying Assets</b>	The Issuer will make payments on the Notes in accordance with the relevant Priority of Payments from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising mortgage loans originated by the relevant Originator and secured over residential properties located in the Netherlands. Legal title to the resulting NHG Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, on any Notes Payment Date thereafter. See Section 6.2 (Description of Mortgage Loans) 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 NHG Mortgage Receivables and the Issuer Rights (see Section 4.7 (Security)).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000.
<b>Form</b>	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest</b>	The Class A1 Notes and the Class A2 Notes will carry a floating rate of interest (provided however that if and as long

	as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(e)) plus the applicable margin is less than an interest rate equal to 0 per cent. per annum, the Class A1 Notes and/or the Class A2 Notes, as applicable, will carry an interest rate equal to 0 per cent. per annum) and the Class A3 Notes will carry a fixed rate of interest as set out above, payable quarterly in arrear on each Notes Payment Date. The Class B Notes will not carry any interest. See further Section 4.1 ( <i>Terms and Conditions</i> ) and Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Unless previously redeemed in full, payments of principal on the Notes will be made on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances the Issuer will have the option to redeem all (but not some only) of the Notes. The Notes will mature on the Final Maturity Date. See further Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale</b>	ING Bank has agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Class A Notes. Furthermore, NN Bank has agreed, subject to certain conditions precedent being satisfied, to purchase at the Closing Date the Class B Notes.
<b>Credit Rating Agencies</b>	Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation.
<b>Credit Ratings</b>	<p>Credit ratings will be assigned to the Class A Notes, as set out above on or before the Closing Date.</p> <p>The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class A Notes held by such Noteholder by the Final Maturity Date.</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 Class A 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 will not be listed. The Class A Notes are expected to be listed on or about the Closing Date.</p> <p>This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes are not intended to be held in a manner which allows Eurosystem Eligibility.
<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity, save in limited circumstances. The Issuer will have limited sources of funds available to it. See Section 2 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The right of payment of principal on the Class B Notes is subordinated to the Class A Notes. See Section 5 ( <i>Credit Structure</i> ).
<b>Retention and Information Undertaking</b>	NN Bank, in its capacity as Seller, has undertaken to the Issuer, the Security Trustee and the other Lead Manager that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5%, in accordance with Article 405 of the CRR. See Section 4.4 ( <i>Regulatory and Industry Compliance</i> ) for more details.

**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.

The date of this Prospectus is 14 May 2014.

*Arranger*

**ING Bank N.V.**

*Lead Managers*

**ING Bank N.V.**

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

The Seller is also responsible for the information contained in the following sections of this Prospectus: all paragraphs relating to retention and disclosure requirements under the CRR, paragraph *Portfolio Information* in Section 1.6 (*Overview*), Section 3.4. (*Seller / Originators*), Section 4.4 (*Regulatory and industry compliance*), Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of Mortgage Loans*), Section 6.3 (*Origination and servicing*), Section 6.4 (*Dutch residential mortgage market*) and Section 6.5 (*NHG Guarantee Programme*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

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

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 the Section 4.3 (*Subscription and Sale*) below. No one is authorised by the Issuer or the 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 and its own independent investigation of the NHG Mortgages Receivables. 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 any of the Lead Managers to any person to subscribe for or to purchase any Notes.

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

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

The Notes have not been and will not be registered under the Securities Act and will not 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, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see Section 4.3 (*Subscription and Sale*) below).

ING Bank as Arranger and as Lead Manager has not separately verified the information set out in this Prospectus. To the fullest extent permitted by law, ING Bank 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. ING Bank 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 this Prospectus as a whole, including any supplement thereto.*

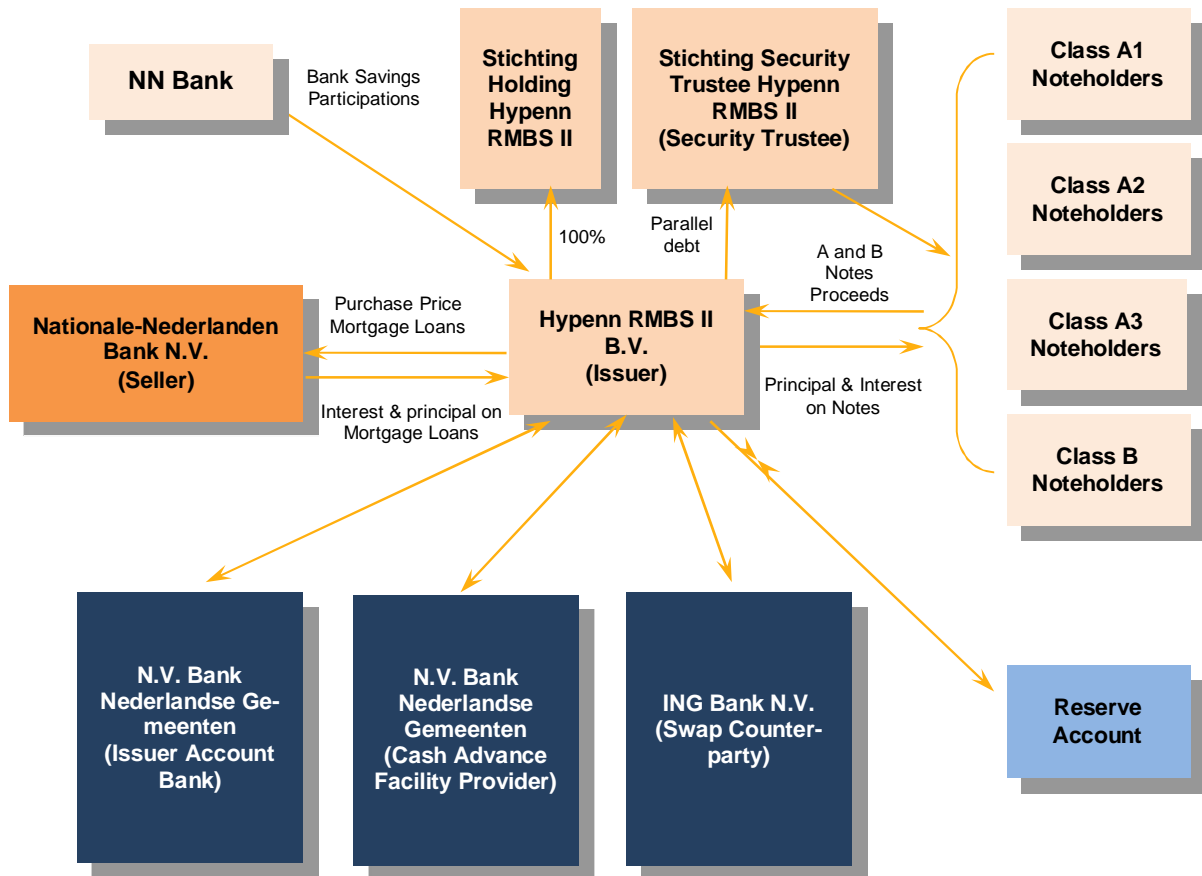
*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (Definitions) of the Glossary of Defined Terms set out in this Prospectus.*

*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 NHG Mortgage Receivables, the proceeds of the sale of any NHG Mortgage Receivables and the receipt by it of other funds. Despite certain mitigants in respect of these risks, there remains among others a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the NHG Mortgage Receivables and the Mortgaged Assets (see Section 2 (*Risk Factors*)).

### 1.3 PRINCIPAL PARTIES

<b>Issuer:</b>	Hypenn RMBS II B.V., incorporated under Dutch law as a private company with limited liability ( <i>'besloten vennootschap met beperkte aansprakelijkheid'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 60378379. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Holding Hypenn RMBS II, established under Dutch law as a foundation ( <i>'stichting'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 60353864.
<b>Security Trustee:</b>	Stichting Security Trustee Hypenn RMBS II, established under Dutch law as a foundation ( <i>'stichting'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 60353406.
<b>Seller:</b>	Nationale-Nederlanden Bank N.V., incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in 's-Gravenhage, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of 's-Gravenhage under number 52605884.
<b>Originators:</b>	(i) Nationale-Nederlanden Levensverzekering Maatschappij N.V., incorporated under Dutch law as a public company with limited liability ( <i>'naamloze vennootschap'</i> ), having its corporate seat in Rotterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce of Rotterdam under number 24042211 and (ii) NN Bank.
<b>Servicer:</b>	NN Bank.
<b>Issuer Administrator:</b>	NN Bank. If the Capital Requirement Trigger Event occurs or NN Bank defaults in the performance of the Issuer Services, NN Bank will be replaced by Intertrust Administrative Services B.V.
<b>Cash Advance Facility Provider:</b>	BNG Bank.
<b>Swap Counterparty:</b>	ING Bank.
<b>Issuer Account Bank:</b>	BNG Bank.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer and of the Shareholder and SGG Securitisation Services B.V., the sole director of the Security Trustee.
<b>Paying Agent:</b>	ING Bank.
<b>Reference Agent:</b>	ING Bank.
<b>Listing Agent:</b>	ING Bank.
<b>Arranger:</b>	ING Bank.
<b>Lead Managers:</b>	ING Bank and NN Bank.

**Bank Savings Participant:** NN Bank.

## 1.4 NOTES

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

	<b>Class A1</b>	<b>Class A2</b>	<b>Class A3</b>	<b>Class B</b>
<b>Principal Amount</b>	EUR 130,000,000	EUR 270,000,000	EUR 100,000,000	EUR 37,500,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	three month Euribor plus a margin of 0.55 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.88 per cent. per annum with a minimum of 0 per cent. per annum	1.64 per cent. per annum	n/a
<b>Interest rate from First Optional Redemption Date</b>	three month Euribor plus a margin of 1.10 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 1.76 per cent. per annum with a minimum of 0 per cent. per annum	1.64 per cent. per annum	n/a
<b>Interest accrual</b>	Act/360	Act/360	30/360	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	n/a
<b>First Optional Redemption Date</b>	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019	Notes Payment Date falling in May 2019
<b>Final Maturity Date</b>	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046	Notes Payment Date falling in February 2046

**Notes:**

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

- (i) the Class A1 Notes;
- (ii) the Class A2 Notes;
- (iii) the Class A3 Notes; and
- (iv) the Class B Notes.

**Issue Price:**

The issue price of the Notes shall be as follows:

- (i) the Class A1 Notes 100 per cent.;
- (ii) the Class A2 Notes 100 per cent.;
- (iii) the Class A3 Notes 100 per cent.; and
- (iv) the Class B Notes 100 per cent.

**Form:**

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

**Denomination:**

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

**Status & Ranking:**

The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes. See further Section 4.1 (*Terms and Conditions*) and *Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes* in Section 2 (*Risk Factors*).

**Interest:**

Interest on the Class A Notes is payable by reference to the successive Interest Periods.

Interest will be payable quarterly in arrear in respect of the Principal Amount Outstanding on each Notes Payment Date.

*Class A1 Notes and Class A2 Notes*

The interest on the Class A1 Notes and the Class A2 Notes will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

*Interest on the Class A1 Notes and the Class A2 Notes up to and including the First Optional Redemption Date*

Up to the First Optional Redemption Date, interest on the Class A1 Notes and the Class A2 Notes for each Interest Period will accrue at an annual rate equal to the sum of the Euribor for three month deposits in EUR (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three (3) and six (6) month deposits in EUR, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.000005, being rounded upwards), plus a margin of:

- (i) for the Class A1 Notes, 0.55 per cent. per annum; and
- (ii) for the Class A2 Notes, 0.88 per cent. per annum,

in each case with a minimum of 0 per cent. per annum.

*Interest on the Class A1 Notes and the Class A2 Notes following the First Optional Redemption Date*

If on the First Optional Redemption Date the Notes will not have been redeemed in full, the rate of interest applicable to the Class A1 Notes and the Class A2 Notes will accrue at an annual rate equal to the sum of Euribor for three month deposits, plus a margin of:

- (i) for the Class A1 Notes, 1.10 per cent. per annum; and
- (ii) for the Class A2 Notes, 1.76 per cent. per annum,

in each case with a minimum of 0 per cent. per annum.

*Class A3 Notes*

The interest on the Class A3 Notes will be calculated on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30-day months) in each applicable Interest Period divided by 360 days, provided that the number of days in each Interest Period shall be calculated as if the Notes Payment Dates were not subject to adjustment.

Interest on the Class A3 Notes for each Interest Period will accrue at an

annual rate equal to 1.64 per cent. per annum.

#### *Class B Notes*

No interest will be payable in respect of the Class B Notes.

#### **Final Maturity Date:**

If and to the extent not redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to and in accordance with Condition 6(a) and Condition 9(a).

#### **Mandatory Redemption of the Notes:**

Unless previously redeemed in full, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes on each Notes Payment Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to and in accordance with Condition 6(b) and Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed;
- (b) *second*, the Class A2 Notes, until fully redeemed;
- (c) *third*, the Class A3 Notes, until fully redeemed; and
- (d) *fourth*, the Class B Notes, until fully redeemed.

#### **Optional Redemption of the Notes:**

Unless previously redeemed in full, the Issuer will have the option to redeem the Notes (but not some only) at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a).

#### **Redemption for regulatory reasons:**

In the event of the occurrence of a Regulatory Change and provided that the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding the relevant 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 in accordance with the Trust Deed, the Issuer may, if so directed by the Seller, redeem all (but not some only) of the 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 and in accordance with Condition 6(g) and Condition 9(a). The Seller has undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the NHG Mortgage Receivables, if the Issuer upon the direction of the Seller exercises the Regulatory Call Option, or alternatively the Seller may appoint a third party at its discretion to purchase and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to such third party. The purchase price will be calculated as described in Section 7.1 (*Purchase, Repurchase and Sale*).

#### **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 and provided that the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding the relevant 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 in accordance with the Trust Deed, 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 and in accordance with Condition 6(f) and Condition 9(a).

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

In respect of the issue of the Notes NN Bank, in its capacity as allowed entity under paragraph 2 of Article 405 of the CRR, or any entity designated by it as allowed entity under paragraph 2 of Article 405 of the CRR, shall retain, for as long as the Notes are outstanding, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less than 5% in accordance with Article 405 of the CRR.

At the date of this Prospectus such interest is retained in accordance with item (d) of Article 405 of the CRR, by holding the Class B Notes.

In addition, the Seller shall, or undertakes that any entity designated by it as allowed entity under paragraph 2 of Article 405 of the CRR shall, in the Notes Purchase Agreement (i) adhere to the requirements set out in Article 408 of the CRR and (ii) make appropriate disclosures, or procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and ensure that the Noteholders have readily available access to all materially relevant data, as described in and required under, Article 409 of the CRR (see Section 8 (*General*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details).

**Use of proceeds:**

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

**Withholding Tax:**

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges 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.

**FATCA Withholding:**

Payments in respect of the Notes may be reduced by any amounts of tax required to be withheld or deducted pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986



(the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). 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.

**Method of  
Payment:**

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

**Security for the Notes:**

The Notes have the benefit of:

- (i) a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the NHG Mortgage Receivables, including all rights ancillary thereto and (b) the Beneficiary Rights; and
- (ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights.

After the delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made in accordance with the Post-Enforcement Priority of Payments. See further Section 4.7 (*Security*) and Section 5 (*Credit Structure*) below.

**Parallel Debt  
Agreement:**

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

**Listing:**

Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to the official list and trading on its regulated market.

**Credit ratings:**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' (sf) credit rating by Fitch and a 'Aaa (sf)' credit rating by Moody's. Each of the Credit Rating Agencies 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 will not be assigned a credit rating.

<b>Settlement:</b>	Euroclear Netherlands.
<b>Governing Law:</b>	The Notes and the Transaction Documents, other than the Swap Agreement, will be governed by and construed in accordance with Dutch law. The Swap Agreement will be governed by and construed in accordance with English law.
<b>Selling Restrictions:</b>	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 <i>Subscription and Sale</i> .

## 1.5 CREDIT STRUCTURE

<b>Available Funds:</b>	The Issuer will use receipts of principal and interest in respect of the NHG Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Swap Agreement, the Bank Savings Participation Agreement and drawings from 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> ) below) and payment of principal on the Class B Notes will be subordinated to payment of principal under the Class A Notes and limited as more fully described herein in Section 4.1 ( <i>Terms and Conditions</i> ) and Section 5 ( <i>Credit Structure</i> ).
<b>Swap Agreement:</b>	On or before the Signing Date, the Issuer will enter into a Swap Agreement with the Swap Counterparty to hedge the interest rate risk between (a) (a <i>pro rata</i> part of) the interest to be received by the Issuer on the NHG Mortgage Receivables and (b) the floating rate of interest due and payable by the Issuer on the Class A1 Notes and the Class A2 Notes. See further section 5 ( <i>Credit Structure</i> ) below.
<b>Cash Advance Facility Agreement:</b>	On the Signing Date, the Issuer will enter into the Cash Advance Facility Agreement with a maximum term of 364 days with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further Section 5 ( <i>Credit Structure</i> ) below.
<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 NHG Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement;</li><li>(ii) an account to which on the Closing Date and on each Notes Payment Date the amounts equal to the aggregate Construction Deposits which are withheld by the Issuer from the relevant Initial Purchase Price shall be deposited;</li><li>(iii) an account to which on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred up to the Reserve Account Target Level;</li><li>(iv) an account to which any collateral in the form of cash pursuant to the Swap Agreement will be transferred; and</li><li>(v) subject to the entering into by the Seller and the Issuer of the Financial Collateral Agreement, an account comprising two ledgers, known as the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Cash Collateral Ledger to which an amount equal to the Potential Set-Off Amount and/or Other Claim Amount will be credited.</li></ul>

**Issuer Account Agreement:** On the Signing 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 or Euribor, on the balance standing to the credit of each of the Issuer Accounts from time to time. See Section 5 (*Credit Structure*).

**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 in connection with a Financial Collateral Agreement and (b) to submit certain statistical information regarding the Issuer to certain governmental authorities if and when requested.

**Set-Off Collateral:** In order to mitigate the risk of set-off by Borrowers with any deposits (other than Construction Deposits and/or Bank Savings Deposits) held with the relevant Originator, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection Account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Potential Set-Off Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

**Other Claims Collateral:** The Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an

amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Other Claims Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Other Claims Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

## 1.6 PORTFOLIO INFORMATION

1. Key characteristics	Hypenn RMBS II
Out-of Date: 31 March 2014	
Principal balance	550,401,634.22 EUR
Value of saving deposits	12,901,634.31 EUR
Net principal balance	537,499,999.91 EUR
Construction deposits	1,220,254.80 EUR
Net principal balance excl. construction and saving deposits	536,279,745.11 EUR
Number of loans	2,956
Number of loanparts	5,252
Average principal balance (borrower)	181,833.56 EUR
Weighted average current interest rate	4.227%
Weighted average maturity (in years)	27.61
Weighted average remaining time to interest reset (in years)	9.41
Weighted average seasoning (in years)	0.72
Weighted average LTMV	94.82%
Weighted average LTMV (indexed)	95.92%
Weighted average LTFV	106.24%
Weighted average LTFV (indexed)	107.49%

### Mortgage

#### Loans:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the Seller the NHG Mortgage Receivables. The NHG 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 or, in respect of Further Advance Receivables, on the relevant Notes Payment Date.

The Mortgage Loans have been originated by the relevant Originator. 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 Bank Savings Mortgage Loans ("*bankspaarhypotheken*"), Linear Mortgage Loans ("*lineaire hypotheke*"), Annuity Mortgage Loans ("*annuïteiten hypotheke*"), Interest-only Mortgage Loans ("*aflossingsvrije 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 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 further Section 6.2 (*Description of Mortgage Loans*).

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

#### NHG Guarantee:

All Mortgage Loans have the benefit of an NHG Guarantee. See further Section 6.5 (*NHG Guarantee Programme*).

**Bank Savings Mortgage  
Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Bank Savings Mortgage Loans. Under a Bank Savings Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead makes a deposit into the relevant blocked Bank Savings Account on a monthly basis. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the relevant Originator at maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the relevant Originator as security for repayment of the relevant Bank Savings Mortgage Loan.

**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.

**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.

**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 until the maturity of such Mortgage Loan. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans from which NHG Mortgage Receivables result may have been granted up to an amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination.

## 1.7 PORTFOLIO DOCUMENTATION

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

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of the NHG Mortgage Receivables (which will include any Further Advance Receivables upon the purchase and acceptance of the assignment thereof after the Closing Date) of the Seller against the Borrowers under or in connection with the Mortgage Loans.

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

### **Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Notes Payment Date to the extent funds are available for this purpose in the Further Advance Available Amount, purchase from the Seller Further Advance Receivables subject to fulfilment of certain conditions and to the extent offered by the relevant Originator.

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

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a NHG Mortgage Receivable and the Beneficiary Rights relating thereto on the immediately succeeding Notes Payment Date if:

- (i) any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the NHG Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the NHG Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect, provided that such matter is not being capable of being remedied or is not remedied within 14 days; or
- (ii) the Issuer does not purchase a Further Advance Receivable resulting from a Mortgage Loan in respect of which the relevant Originator has granted a Further Advance; or
- (iii) an Originator agrees with a Borrower to a Mortgage Loan Amendment, except if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan; or
- (iv) (a) an NHG Mortgage Loan no longer has the benefit of an NHG Guarantee or (b) in respect of foreclosure of an NHG Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each time as a result of an action taken or omitted to be taken by an Originator or the Servicer.

The purchase price for the NHG Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the NHG Mortgage Receivable, together with due and overdue interest accrued up to but



excluding the date of sale and assignment of the NHG Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such sale and assignment), except that in the event of a repurchase set forth in item (iv)(b) above, the purchase price shall be equal to the amount that was not reimbursed under the relevant NHG Guarantee.

**Clean-Up Call Option:**

If on any Notes Payment Date, the aggregate Principal Amount Outstanding of the Notes (in 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, the Seller has the option (but not the obligation) to repurchase the NHG Mortgage Receivables.

If the Clean-Up Call Option is exercised by the Seller, the Issuer has the obligation to sell and assign all (but not some only) of the NHG Mortgage Receivables to the Seller or any third party appointed by the Seller at its sole discretion on or prior to the relevant Notes Payment Date. The Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, subject to and in accordance with 6(b) and Condition 9(a).

**Sale of Mortgage Receivables:**

On each Optional Redemption Date, the Issuer may offer for sale all (but not some only) NHG Mortgage Receivables to a third party (which may also be the Seller), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).

Pursuant to the Trust Deed, the Issuer has the right to sell all (but not some only) of the NHG Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(f)) or the Regulatory Call Option (in accordance with Condition 6(g)) is exercised, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes, at their respective Principal Amount Outstanding, subject to Condition 9(a).

*Right of first refusal*

If the Issuer decides to offer for sale the NHG Mortgage Receivables on an Optional Redemption Date or following the exercise of the Tax Call Option or the Regulatory Call Option, as described above, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to first offer such NHG Mortgage Receivables to the Seller and if the Seller does not accept such offer within 14 Business Days, to instruct the Issuer Administrator to select within 30 calendar days one or more third parties to make a binding offer to purchase the NHG Mortgage Receivables.

*Purchase price*

The purchase price of each NHG Mortgage Receivable in the event of a sale by the Issuer shall be at least equal to (I) the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and, if the NHG Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to NHG Mortgage Receivables in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings with the Mortgage Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to (i) the Foreclosure Value of the Mortgaged Asset or (ii), if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value and reasonable costs (including any

costs incurred by the Issuer in effecting and completing such purchase and assignment) and (b) the value of all other collateral and (c) the amount claimable under the NHG Guarantee and (ii) the sum of the Outstanding Principal Amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable up to the relevant date of such sale or repurchase (II), increased by an amount equal to any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement, or as the case may be, reduced by any payment due by the Swap Counterparty to the Issuer in connection with the termination of the Swap Agreement.

**Bank Savings Participation Agreement:**

Under the terms of the Bank Savings Participation Agreement, the Bank Savings Participant will acquire participations in the Bank Savings Mortgage Receivables in consideration for the undertaking of the Bank Savings Participant to pay to the Issuer all amounts received as Bank Savings Deposits. As a result, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the Issuer. The amount of the Bank Savings Participation with respect to a Bank Savings Mortgage Receivable consists of (a) the Initial Bank Savings Participation, being an amount equal to EUR 12,901,634.31, increased on a monthly basis with (b) the sum of (i) the monthly Bank Savings Deposit instalments received by the Bank Savings Participant in relation to the Bank Savings Mortgage Receivables and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the Bank Savings Mortgage Receivable, of the interest received by the Issuer in respect of such Bank Savings Mortgage Receivable. In addition, the Bank Savings Participant will pay to the Issuer an amount equal to the Bank Savings Bonus Amount, if and when accrued. See Section 7.6 (*Sub-Participation Agreement*).

**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 NHG Mortgage Receivables and (ii) the Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further Section 7.5 (*Servicing Agreement*)).

## 1.8 GENERAL

### **Management Agreements:**

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

## **2. RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer. The Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

## **RISK FACTORS REGARDING THE ISSUER**

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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Originators, the Cash Advance Facility Provider, the Swap Counterparty, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Lead Managers, the Issuer Account Bank, the Arranger and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Originators, the Cash Advance Facility Provider, the Swap Counterparty, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Managers, the Issuer Account Bank, the Arranger and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Originators, the Swap Counterparty, the Cash Advance Facility Provider, the Bank Savings Participant, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Lead Managers, the Issuer Account Bank, the Arranger and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Cash Advance Facility Agreement by the Cash Advance Facility Provider and the payments due under the Swap Agreement by the Swap Counterparty).

### **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, if any, on the Notes will be dependent solely on (a) the receipt by it of funds under the NHG Mortgage Receivables and the Beneficiary Rights relating thereto, (b) the proceeds of the sale of any NHG Mortgage Receivables, (c) receipt of amounts under the Swap Agreement and the Bank Savings Participation Agreement, (d) drawings under the Reserve Account and/or the Cash Advance Facility Agreement and (e) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts. See Section 5 (Credit Structure) below. The Issuer does not have any other resources available to it to meet its obligations under the Notes. Consequently, the Issuer may be unable to recover fully and/or timely the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

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

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

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

Certain counterparties of the Issuer are required to have a certain minimum rating pursuant to the Transaction Documents and if the rating of such counterparty falls below such rating, remedial actions are required to be taken, which may, for example, entail posting of collateral and/or replacement of such counterparty. If a replacement counterparty must be appointed or another remedial action must be taken, it is not certain whether a replacement counterparty can be found which complies with the criteria or is willing to perform such role or such remedial action is available. In addition, such replacement or action when taken, may lead to higher costs and expenses, as a result of which the Issuer may have insufficient funds to pay its liabilities in full. Moreover, a deterioration of the credit quality of any of the Issuer's counterparties, a downgrade of their credit rating and/or the failure to take remedial actions could have an adverse effect on the credit rating assigned to, and/or the value of, the Notes.

### **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 bank-

ruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee, and after bankruptcy or suspension of payments of the Issuer will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to recover such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four 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 NHG Mortgage Receivables and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

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

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

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a 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 on the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also Section 4.7 (*Security*)). However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements and the Deeds of Assignment and Pledge.

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 estate. The Secured Creditors therefore incur a credit risk on the Security Trustee, which could lead to losses under the Notes.

#### **Risks related to license requirement under the Wft**

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

#### **Risk related to the Swap Agreement**

On the Signing Date, the Issuer will enter into the Swap Agreement with the Swap Counterparty and the Security Trustee to hedge the risk of a mismatch between the rate of interest to be received by the Issu-

er on the Swap Notional Fraction of the NHG Mortgage Receivables and the rate of interest payable by the Issuer on the Class A1 Notes and the Class A2 Notes. The Issuer's income from the Swap Notional Fraction of the NHG Mortgage Receivables will be based on fixed rates of interest, which will not directly match (and may in certain circumstances be less than) its obligations to make payments of the floating rate of interest due to be paid by it under the Class A1 Notes and the Class A2 Notes. Accordingly, the Issuer will depend upon payments made by the Swap Counterparty to assist it in making interest payments on the Class A1 Notes and the Class A2 Notes on each Notes Payment Date on which a net payment is due from the Swap Counterparty to the Issuer under the Swap Agreement. As a result of the failure of the Swap Counterparty to make any payment under the Swap Agreement, the Available Revenue Funds may be insufficient to make the required payments of interest on the Class A1 Notes and the Class A2 Notes (and the Class A3 Notes (see *Interest rate risk in respect of the Class A Notes*) and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A Notes) if the rate of interest received by the Issuer on the NHG Mortgage Receivables is substantially lower than the rate of interest payable by it on the Class A1 Notes and the Class A2 Notes. In these circumstances, the holders of the Class A Notes may experience delays and/or reductions in the interest payments to be received by them.

Furthermore, the Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that upon the occurrence of a Tax Event, the Swap Counterparty may transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Swap Counterparty is unable to transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Swap Agreement.

In addition, in the event that the Swap Counterparty is downgraded below the required ratings, the Issuer may terminate the Swap Agreement if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions may include the Swap Counterparty collateralising its obligations under the Swap Agreement, transferring its obligations to a replacement swap counterparty having at least the required ratings or procuring that an entity with at least the required ratings becomes a co-obligor with, or guarantor of, the Swap Counterparty. However, in the event the Swap Counterparty is downgraded there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the Swap Counterparty's obligations.

The Swap Agreement will also be terminable by either party if - *inter alia* - (i) an Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) (by the Swap Counterparty only) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (a) non-payment under the Swap Agreement and (b) certain insolvency events in respect of the Issuer.

If the Swap Agreement terminates the Issuer may have to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. Any such termination payment could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full.

If a replacement swap is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including, *inter alia*, the Noteholders). The Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement Swap Counterparty cannot be found, the risk of a difference between the rate of interest to be received by the Issuer on the NHG Mortgage Receivables and the rate of interest payable by the Issuer on the Class A1 Notes and the Class A2 Notes will not be hedged, and as a result, the Available Revenue Funds may be insufficient to make the required payments of interest on the Class A1 Notes and the Class A2 Notes

(and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A1 Notes and the Class A2 Notes) if the rate of interest received by the Issuer on the NHG Mortgage Receivables is substantially lower than the rate of interest payable by it on the Class A1 Notes and the Class A2 Notes. In these circumstances, the holders of Class A Notes may experience delays and/or reductions in the interest payments to be received by them.

## **RISK FACTORS REGARDING THE NOTES**

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

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

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined in this Section 2;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;
- (iv) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated therewith) as such investor is more vulnerable to any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

### **Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in Section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class against all risks of losses. The Issuer will report the Mortgage Loans in arrears and the Realised Losses in respect thereof in the Notes and Cash Report 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 NHG Mortgage Receivable has been completed which process may take a considerable amount of time.

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

Notwithstanding the increase in the margin applicable to the Class A1 Notes and the Class A2 Notes from the First Optional Redemption Date, no guarantee can be given that the Issuer will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise its right to redeem the Notes. For the Class A3 Notes and the Class B Notes, there is no incentive to exercise the right to redeem any of the Notes on the Optional Redemption Dates. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for



example through a sale of NHG Mortgage Receivables. The Issuer shall first offer the NHG Mortgage Receivables to the Seller. The purchase price will be calculated as described in Section 7.1 (*Purchase, repurchase and sale*). However, there is no guarantee that such a sale of the NHG Mortgage Receivables will take place.

**Risk that the Issuer is not able to redeem the Notes at the Final Maturity Date**

The ability of the Issuer to redeem all of the Notes 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 collections under the NHG Mortgage Receivables are sufficient to redeem the Notes.

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

The maturity of the Notes will depend on, *inter alia*, the amount and timing of payment of principal (including, *inter alia*, full and partial prepayments, sale of the NHG Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a NHG Mortgage Receivable and repurchase by the Seller of NHG Mortgage Receivables) on all Mortgage Loans and the Outstanding Principal Amount of Further Advance Receivables offered by the Seller and purchased by the Issuer. 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, declines in real estate prices, lack of liquidity or bankruptcy of Borrowers, damage or destruction of the Mortgaged Assets and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience.

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

The Issuer has the option to redeem the Notes at their Principal Amount Outstanding prematurely, in the following circumstances: (i) subject to and in accordance with Condition 6(f), for certain tax reasons by exercise of the Tax Call Option, (ii) subject to and in accordance with Condition 6(g), for regulatory reasons by exercise of the Regulatory Call Option and (iii) subject to and in accordance with Condition 6(b) following the exercise by the Seller of the Clean-Up Call Option, in each case subject to Condition 9(a). Should the Tax Call Option, the Regulatory Call Option or the Clean-Up Call Option be exercised, the Notes will be redeemed prior to the Final Maturity Date. Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes on conditions similar to or better than those of the Notes.

**Risk of redemption of the Notes with a Principal Shortfall**

In accordance with Condition 9(a), a Note may be redeemed subject to Principal Shortfall. This applies not only to redemption of the Notes on the Final Maturity Date, but also to redemption in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*) and Condition 6(g) (*Redemption for regulatory reasons*). As a consequence, a holder of a Note may not receive the full Principal Amount Outstanding of such Note upon redemption in accordance with and subject to Condition 6.

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

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

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

**The Class B Notes bear a greater risk of non-payment than higher ranking Classes of Notes**

The Class B Notes are subordinated in right of payment to the Class A Notes. The Noteholders of any Class of Notes with a lower payment priority bear a greater risk of non-payment than any Class of Notes with a higher payment priority than such Class of Notes. See Section 4.1 (*Terms and Conditions*) and

**Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes**

The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes and then to the Class A3 Notes, until fully redeemed.

To the extent that the Available Principal Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes and/or the Class A3 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The relevant Subclass of Class A Notes therefore does not purport to provide credit enhancement to the other Subclasses of Class A Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If a Subclass of Class A Notes has been redeemed (in part or in full) at such time to a greater extent than the other Subclasses of Class A Notes, this will result in these other Subclasses bearing a greater loss than that borne by the relevant Subclass firstly redeemed.

No indication can be given as to the extent in which a Subclass of Class A Notes will have been redeemed in the event that the Security is to be enforced, and therefore no indication can be given as to the potential level of losses that may be borne by either the Class A1 Notes, the Class A2 Notes or the Class A3 Notes.

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

The interest on the Class A Notes is paid by using the Available Revenue Funds at item (f) of the Revenue Priority of Payments. Amounts received from the Swap Counterparty under the Swap Agreement, which purports to hedge the interest rate risk on the Class A1 Notes and the Class A2 Notes, will form part of the Available Revenue Funds. As a result of a failure of the Swap Counterparty to make a payment under the Swap Agreement (see *Risk related to the Swap Agreement*) the Available Revenue Funds may be insufficient to make the required payments under the Class A Notes, including the Class A3 Notes (and the required payments ranking higher in the Revenue Priority of Payments than the Class A Notes).

The interest rate risk on the Class A3 Notes has not been hedged under an interest rate swap agreement with a swap counterparty. Accordingly, the Issuer is exposed to interest rate risk, including the risk that the scheduled interest receipts are insufficient to pay interest due on the Class A3 Notes (and any payments ranking lower than the interest due on the Class A3 Notes pursuant to the Revenue Priority of Payments), which risk may for example materialise if, after interest rate resets in respect of certain NHG Mortgage Receivables, the weighted average interest rate on the relevant NHG Mortgage Receivables is below the interest rate payable on the Class A3 Notes. In such event, payments of interest on the Class A1 Notes and the Class A2 Notes will also be affected.

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

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant Priority of Payments (see Section 5.2 (*Priority of Payments*)). The Noteholders and the other Secured Creditors shall not have recourse on any assets of the Issuer other than (i) the NHG Mortgage Receivables and the Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Issuer Accounts and (iii) the amounts received under the Transaction Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Notes are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts (see Condition 9(b)).

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

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

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

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of the Conditions or any provisions of the Transaction Documents. An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, provided that in case of an Extraordinary Resolution approving a Basic Terms Change, such Extraordinary Resolution shall not be effective unless it 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. All resolutions, including Extraordinary Resolutions, duly adopted at a Meeting are binding upon all Noteholders of the relevant Class, whether or not they are present at the Meeting. Changes to the Transaction Documents and the Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in case of a resolution of the Noteholders of the Most Senior Class of Notes or individual Noteholder in case of a resolution of the relevant Class and/or in each case without the Noteholder being present at the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their knowledge or consent and/or which may have an adverse effect on it.

**Risk related to absence of Mortgage Reports**

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

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

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

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

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

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

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

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

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

Pursuant to the terms of the Trust Deed, the Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

**The Swap Counterparty's prior written consent is required for certain modifications, waivers or authorisations**

Pursuant to the terms of the Trust Deed the Swap Counterparty's prior written consent is required for waivers, modifications or amendments or consents to waivers, modifications or amendments involving certain Transaction Documents, including the Trust Deed and the Conditions, if these would affect - generally speaking - the position of the Swap Counterparty. See in more detail section 4.1 (*Terms and Conditions*), Condition 14(e). Therefore, the Swap Counterparty can prevent modifications of the relevant Transaction Documents even if the Security Trustee agrees with such modifications. The Security Trustee's consent is also required for the modification of any Transaction Document by the Issuer, such as in the case of a resolution taken by the Noteholders to that effect, which consent is also

subject to the Swap Counterparty's prior written consent in the circumstances set out in Condition 14(e). Consequently, even if the Noteholders of a Class have resolved to modify a relevant Transaction Document, the Swap Counterparty can prevent such modification.

**No obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority**

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

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

Sections 1471 through 1474 of the U.S. Internal Revenue Code (together with regulations and other authoritative guidance thereunder, "**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI. Where non-U.S. law prohibits disclosure of the information required under a FATCA agreement with the IRS, a Noteholder will be required to agree to a waiver of such law within a reasonable period of time.

The withholding at a rate of up to 30% on all, or a portion of, payments in respect of the Notes may be applied to payments after 30 June 2014. This withholding does not apply to payments on Notes that are issued prior to 1 July 2014 (or, if later, the date that is six months after the date on which the final US Regulations that define "foreign passthru payments" are published), unless the Notes are characterized as equity for US federal income tax purposes.

The FATCA withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the date (the "grandfathering date") that is six months after the date on which final U.S. Treasury regulations define the term foreign passthru payments, or which are materially modified on or after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

On 18 December 2013 the Netherlands and the United States signed an intergovernmental agreement ("**IGA**") for the automatic exchange of data between the tax authorities of both countries in relation to the implementation of FATCA. Based on the IGA, the Issuer will likely be a certified deemed compliant FFI and therefore, a "Non-Reporting Netherlands Financial Institution" for purposes of FATCA. As a deemed compliant FFI, the Issuer will not be subject to 30% FATCA withholding.

The obligations of the Issuer under the IGA include obtaining information from its account holders, which may include investors in the Notes. Certain investors that do not provide to the Issuer the information required under FATCA to establish that the investor is eligible to receive payments free of FATCA withholding may be subject to 30% U.S. withholding on certain payments it receives in respect of the Notes.

Whilst the Notes are in global form and held by Euroclear Netherlands, in all but the most remote circumstances it is not expected that FATCA will affect the amount of any payment received by the Euroclear Netherlands. 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. FATCA may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, 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 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.

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

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.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

**Payments to Noteholders may be subject to withholding tax pursuant to the 2003/48/EC EU Council Directive**

Under the EU Council Directive 2003/48/EC on the taxation of savings income, 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 (or secured for) an individual resident (or certain other entities established) in that other Member State. For a transitional period, currently Luxembourg and Austria are instead required (unless they elect otherwise during that period) 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), subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. A number of non-EU countries and territories have adopted similar measures and the Member States have entered into reciprocal arrangements with certain of those countries or territories. The European Commission has proposed certain amendments to the EU Council Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the above-mentioned provisions. Pursuant to Condition 5(d), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. It may be possible that such a paying agent does not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation pursuant to the aforementioned Condition 5(d), in which case there is a risk that under certain circumstances the interest payments under the Notes, if any, become subject to withholding tax, which would reduce payments to the Noteholders.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the mortgage-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 Managers nor the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

In particular, in Europe, investors should be aware of Article 405-410 of the CRR which replaces in its entirety Article 122a of the CRD and has come into force in all European Member States from 1 January 2014. 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 Article 405-410 of the CRR on 17 December 2013.

Article 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. Article 405-410 of the CRR also requires 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 Article 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.

Furthermore, investors should be aware of Article 17 of the European Union Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("**AIFMD**"), as supplemented by Section 5 of Commission Delegated Regulation (EU) No 231/2013 ("**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 under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

As at the Closing Date, the Seller undertakes in the Notes Purchase Agreement to comply with Article 405 of the CRR and to retain a 5% or higher net economic interest in the transaction by holding the Class B Notes. In addition, the Seller, shall (i) adhere to the requirements set out in Article 408 of the CRR and (ii) make appropriate disclosures, or procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and ensure that the Noteholders have readily available access to all materially relevant data, as described in and required, under Article 409 of the CRR (see Section 4.4 (*Regulatory and industry compliance*) and Section 8 (*General*) for more details).

There remains considerable uncertainty with respect to Article 405-410 of the CRR and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with Article 405-410 of the CRR should seek guidance from their regulator. Similar requirements to those set out in Article 405-410 of the CRR are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 405-410 of the CRR 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 European authorities have indicated that they support the work of the Basel Committee on the approved changes in general. It is uncertain when the European Commission's corresponding proposals to implement the changes (through amendments to the CRD known as CRD IV) will be implemented.

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 even to a greater extent, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the CRD 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 the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee or the Lead Managers 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 or Solvency II (whether or not implemented by them in its current form or otherwise).

#### **Risk relating to European Market Infrastructure Regulation (EMIR)**

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

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**") which entered into force on 16 August 2012 establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment no central counterparty has obtained authorisation under EMIR, no non-European central counterparty has been recognised under EMIR and no OTC derivatives contracts have been declared subject to the clearing obligation.

OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. EMIR also contains requirements with respect to margining. The regulatory technical standards providing more detailed requirements in respect of margining, including the levels and



type of collateral and segregation arrangements, are expected in 2014. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Under the Reporting Services Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository as soon as such obligation comes into force.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer. In addition, there is a risk that the Issuer's position in derivatives according to EMIR exceeds the clearing threshold and, consequently, the Swap Agreement may become subject to clearing- and margining requirements. This could lead to higher costs or complications when the Issuer will enter into a replacement swap agreement or when the Swap Agreement is amended.

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

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

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

#### **Risk that the ratings of the Notes changes**

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

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

The credit ratings of each Class or Subclass, as applicable, of the Class A Notes address the assessments made by the Credit Rating Agencies of the likelihood of full and timely payment of interest, if any, and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.

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

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning credit rating organisation if in its judgment, the circumstances in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties might have an adverse effect on the credit rating of one or all Subclasses of Class A Notes.

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

Other credit rating agencies that have not been engaged to rate the Notes by the Issuer may issue unsolicited credit ratings on the Notes at any time. Any unsolicited ratings in respect of the Notes may differ from the ratings expected to be assigned by Fitch and Moody's and may not be reflected in this Prospectus. Issuance of an unsolicited rating which is lower than the ratings assigned by Fitch and

Moody's in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes.

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

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

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

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

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

- if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**"), or
- if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see Glossary of defined terms).

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

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

restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Notes.

### **Forecasts and estimates**

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

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

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

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

### **Risk related to payments received by an Originator prior to notification of the assignment to the Issuer**

Under Dutch law, assignment of the legal title of claims, such as the NHG 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 NHG Mortgage Receivables which have been originated by NN Leven (i) is assigned by NN Leven to the Seller prior to the Closing Date through a notarial deed of assignment and several registered deeds of assignment (jointly, "**Assignment I**") and (ii) will be assigned on the Closing Date by the Seller to the Issuer ("**Assignment II**") through a registered deed of assignment. The legal title of the NHG Mortgage Receivables which have been originated by the Seller, will also be assigned on the Closing Date by the Seller to the Issuer (also referred to as "**Assignment II**") through a registered deed of assignment. The legal title in respect of the Further Advance Receivables on each relevant Notes Payment Date have been or, as the case may be, will be assigned (i) in respect of Further Advance Receivables which have been originated by NN Leven (a) first, by NN Leven to the Seller (to the extent such NHG Mortgage Receivables have not been assigned previously) (also referred to as Assignment I) and (b) second, by the Seller to the Issuer and (ii) in respect of Further Advance Receivables which have been originated by the Seller, by the Seller to the Issuer (each also referred to as Assignment II), each through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that Assignment II will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except that notification of the assignment of the NHG Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to Section 7.1 (*Purchase, repurchase and sale*).

Until notification of the Assignment I, the Borrowers under the NHG Mortgage Receivables which have been originated by NN Leven can only validly pay to NN Leven in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. Upon notification of the Assignment I and until notification of Assignment II, the Borrowers under NHG Mortgage Receivables originated by NN Leven can only validly pay to the Seller. The same applies in case of NHG Mortgage Receivables which have been originated by the Seller. Until notification of Assignment II, the Borrowers under such NHG Mortgage Receivables can only validly pay to the Seller. NN Leven has undertaken in the Agreement to Assign and the Seller has undertaken in the Mortgage Receivables Purchase Agreement to transfer or

procure transfer of any (estimated) amounts received during the immediately preceding Mortgage Calculation Period in respect of the NHG Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the relevant Originator 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.

Payments made by Borrowers (i) under NHG Mortgage Receivables originated by NN Leven, prior to notification of Assignment I, but after bankruptcy or emergency regulations in respect of NN Leven having been declared and (ii) (a) under NHG Mortgage Receivables originated by NN Leven, after notification of Assignment I and prior to notification of Assignment II, and (b) under NHG Mortgage Receivables originated by the Seller prior to notification of Assignment II, but after bankruptcy or emergency regulations in respect of the Seller having been declared, will be part of, respectively, NN Leven's or the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the relevant 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.

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

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

After notification of Assignment I, but prior to notification of Assignment II, to a Borrower, such Borrower, in respect of a Mortgage Loan originated by NN Leven, will have the right to set-off a counterclaim against NN Leven vis-à-vis the Seller, 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 NHG Mortgage Receivable or (ii) the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to Assignment I and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant NHG Mortgage Receivable and the claim of the Borrower against NN Leven or the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to notification of Assignment I, provided that all other requirements for set-off have been met (see above).

In addition, upon notification of Assignment I, but prior to notification of Assignment II, to a Borrower, as a result of the Seller becoming authorised to collect ("*inningsbevoegd*"), such Borrower, in respect of a Mortgage Loan originated by NN Bank, will have the right to set-off a counterclaim against the Seller vis-à-vis the Seller, subject to the requirements for set-off prior to notification of an assignment (see the first paragraph) having been met.

After a Borrower has been notified of Assignment I and of Assignment II, the Borrower will have the right to set-off a counterclaim against the relevant Originator or against the Seller vis-à-vis the Issuer, provided that the requirements for set-off after notification of an assignment (see the third paragraph) have been satisfied.

If notification of Assignment I and/or Assignment II is made after the bankruptcy or emergency regulations of the relevant Originator 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 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.

Claims of a Borrower against NN Leven could, *inter alia*, result from Construction Deposits of such Borrower with NN Leven. Claims against the Seller could, *inter alia*, result from current account balances or deposits made by such Borrower with the Seller, including, Construction Deposits and, in respect of Bank Savings Mortgage Loans, Bank Savings Deposits. Also, such claims of a Borrower against NN Leven or the Seller can, *inter alia*, result from services rendered by NN Leven or the Seller to the Borrower, or for which NN Leven or the Seller is responsible or liable.

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

If the Seller would not meet the obligations under the Mortgage Receivables Purchase Agreement, set-off by Borrowers could lead to losses under the Notes. In addition, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection Account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Potential Set-Off Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables. If the above provisions in the Mortgage Receivables Purchase Agreement would not be enforceable vis-à-vis the Seller or the amount in respect of which the Borrower invokes set-off exceeds the amount deposited in the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger, any set-off by a Borrower could lead to losses under the Notes.

For specific set-off issues relating to the Bank Savings Mortgage, reference is made to *Risk of set-off or defences in case of Bank Savings Mortgage Loans* below.

#### **Risk of set-off or defences in case of Bank Savings Mortgage Loans**

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

As of 1 January 2014 the Bank Savings Deposit will be set off with the relevant Bank Savings Mortgage Receivable by operation of law, if and when in respect of the Seller (i) the DGS has been instituted by

the Dutch Central Bank, (ii) emergency regulations ("*noodregeling*") have been declared or (iii) bankruptcy ("*faillissement*") has been declared, irrespective of any rights of third parties, such as the Issuer, with respect to the Bank Savings Mortgage Receivable.

In circumstances where the set-off by operation of law as described in the foregoing paragraph does not apply, to the extent the Bank Savings Mortgage Loans have been originated by the Seller, each Borrower under the relevant Bank Savings Mortgage Loan, provided that the conditions for set-off by Borrowers have been met (see *Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables*), will be entitled to set off amounts due by the Seller under the Bank Savings Deposit with the relevant Bank Savings Mortgage Receivable. In circumstances where the set-off by operation of law as described in foregoing paragraph does not apply and Borrowers under the Bank Savings Mortgage Loans originated by NN Leven will not be able to recover their claims under their Bank Savings Deposits, the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that a set-off or defence by a Borrower would be successful in view of, *inter alia*, the close connection between the Bank Savings Mortgage Loan and the Bank Savings Deposit.

To mitigate the risk of set-off or defences with respect to Bank Savings Mortgage Loans, the Bank Savings Participation Agreement has been entered into between the Issuer, the Security Trustee and NN Bank, as Bank Savings Participant (see also Section 7.6 (*Sub-Participation Agreement*) below). Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount. However, there is a risk that the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount 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 sum of the relevant Bank Savings Participation and the Bank Savings Bonus Amount Participation, such set-off or defences could lead to losses under the Notes. Such excess amount could include any future entitlement of a Borrower in the Seller's bankruptcy to a bonus amount under a Bank Savings Mortgage Loan which has not accrued.

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

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

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

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

There is a trend in legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by an all moneys security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of an all moneys security right, which is -in this argument- supported by the same case law. Any further claims of the assignor will also

continue to be secured and as a consequence the all moneys security right will be jointly-held by the assignor and the assignee after the assignment. In this view an all moneys security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

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

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

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

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

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

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

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

The Originators, the Issuer and the Security Trustee will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held All Moneys Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the NHG Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Originator be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any (provided that, if the outcome thereof is negative, this will not lead to an obligation of the relevant Originator to reimburse the Issuer for

the amount of the outcome). The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Originators 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 the Joint Security Right Arrangement may not be effective against the Borrower.

If (a bankruptcy trustee or administrator of) an Originator 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 Originator (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

To secure the obligations of the Originators under the Joint Security Right Arrangements, the Mortgage Receivables Purchase Agreement will provide that the Originators shall to pledge, upon the occurrence of an Assignment Notification Event, its Other Claims in favour of the Security Trustee and the Issuer respectively. Such pledge (if vested) will secure the claim of the Security Trustee under the Secured Liabilities and the claim of the Issuer equal to the Other Claim Loss Amount. These pledges are meant to secure the Joint Security Right Arrangements. If and to the extent that these pledges will not have been validly vested on all Other Claims, the remaining risk will be that the Joint Security Right Arrangements may not be enforceable, as set out above, which may lead to losses upon enforcement of All Moneys Security Rights securing the NHG Mortgage Receivables and, thus, lead to losses under the Notes.

Furthermore, the Mortgage Receivables Purchase Agreement will provide that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Other Claims Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Other Claims Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables. If the above provisions in the Mortgage Receivables Purchase Agreement would not be enforceable vis-à-vis the Seller or the Other Claim Loss Amount exceeds the amount deposited in the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger, this may lead to losses under the Notes.

### **Long lease**

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

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the relevant Originator will take into consideration certain conditions, in particular the term of the long lease.



Therefore, the Mortgage Conditions used by each Originator provide that the Outstanding Principal Amount of a NHG Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease. In such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

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

All rights of a Borrower under the Risk Insurance Policies have been pledged to the relevant Originator under a Borrower Insurance Pledge. The Issuer has been advised that it is probable that the right to receive payment under the Risk 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 a debt restructuring scheme pursuant to the Bankruptcy Code or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective.

Accordingly, the Issuer's rights under insurance policies pledged by Borrowers may be subject to limitations under Dutch insolvency law, which may, in turn, lead to losses under the Notes.

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

The relevant Originator has been appointed as beneficiary under the relevant Risk Insurance Policy, or in respect of NN Leven has appointed itself, except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Originator, 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 Originator as beneficiary will be regarded as an ancillary right and that it will follow the NHG Mortgage Receivables upon assignment or pledge thereof. The Beneficiary Rights will be assigned by the relevant Originator to the Issuer and will be pledged to the Security Trustee by the Issuer (see Section 4.7 (*Security*) below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Seller will undertake in the Mortgage Receivables Purchase Agreement that it will use its best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the relevant Originator as beneficiary under the Risk Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Risk Insurance Policies. In the event that a Borrower Insurance Proceeds Instruction has been given, the 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 Originator 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 Risk Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If (i) the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Risk Insurance Policies or receiver of the final payment on the basis of the Borrower Insurance Proceeds Instruction, (ii) the assignment and pledge of the Beneficiary Rights is not effective and (iii) the waiver of the Beneficiary Rights is not effective, the relevant Originator will be entitled to any proceeds under the Risk Insurance Policies or another beneficiary will be entitled to such proceeds. If the proceeds are paid to the relevant Originator, 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 Originator and the relevant Originator 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 Originator, 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 Risk Insurance Policies not being applied in reduction of the NHG 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 Originator or another beneficiary, as the case may be.

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

The Issuer has been advised that a good argument can be made that the right to reset the Mortgage Interest Rate should be considered as an ancillary right and follows the NHG 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 NHG Mortgage Receivables to the Issuer or upon the pledge of the NHG Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

**Risk regarding the reset of Mortgage Interest Rates**

Pursuant to the Interest Rate Reset Agreement, upon the occurrence of certain events, the Swap Counterparty has the right to determine the Mortgage Interest Rates, subject to the applicable laws, including, without limitation to principles of reasonableness and fairness, competition laws and the Mortgage Conditions. For further details see Section 5.4 (*Hedging*). When determining the Mortgage Interest Rates, the Swap Counterparty may take into account its own position and own interest and/or factors specific to it or the group of companies to which it belongs, subject to the Interest Rate Reset Agreement, which may deviate from the interest of, and/or factors specific to, the Noteholders. The Swap Counterparty may benefit from Mortgage Interest Rates that are set at a relatively high level, as the Swap Counterparty will receive the interest on the NHG Mortgage Receivables and must pay the interest on the Notes. If the Mortgage Interest Rates are set at a relatively high or low level this may result in a higher or lower rate of prepayments, higher or lower defaults by the Borrowers and otherwise influence the performance of the NHG Mortgage Receivables, which could in turn lead to less income available to the Issuer and ultimately to losses on the Notes.

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

Payments on the NHG Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings or liquidity, 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 NHG Mortgage Receivables. The ultimate effect of this could lead to delayed and/or reduced payments on the Notes and/or the increase or decrease of the rate of repayment of the Notes.

**Risk related to Construction Deposits**

Pursuant to the Mortgage Conditions, the Borrowers have the right to request the disbursement of part of the Mortgage Loan into a Construction Deposit.

If the relevant Originator is unable to pay the relevant amount of Construction Deposit to the Borrowers, the Borrowers may invoke defences or set-off such amounts with their payment obligations under the Mortgage Loans. This risk is mitigated as follows. The Issuer and the Seller have agreed in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Deposits. Such amount will be credited on the Construction Deposit Account. On each Notes Payment Date, the Issuer will debit from the Construction Deposit Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Deposits relating to the NHG Mortgage Receivables and the balance standing to the credit of the Construction Deposit Account and pay such amount to the Seller, except if and to the extent the Borrower has invoked set-off or defences.

Construction Deposits have to be paid out after the building activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set off against the NHG Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the Construction Deposit Account will form part of the Available Principal Funds. If an Assignment Notification Event set out under (e) (see Section 7.1 (*Purchase, Repurchase and Sale*)) has occurred, the Issuer will no longer be under the obligation to pay

such remaining part of the relevant Initial Purchase Price.

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

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

The 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. The Seller will in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee connected to the Mortgage Loan was granted for the full Outstanding Principal Amount of the Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (ii) the NHG Guarantee was in compliance with all NHG Conditions applicable to it at the time of origination of the 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 Mortgage Loan should not be met in full and in a timely manner. Should any of the Mortgage Loans and the NHG Mortgage Receivables not comply with this representation, the Seller will be required to repurchase the relevant NHG Mortgage Receivables (see Section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Furthermore, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see Section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of 30 years. In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been introduced which is applicable to claims under the NHG Guarantees. On any claim vis-à-vis Stichting WEW for a loss incurred, a deduction of 10% will be applied. 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 Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes.

For a description of the NHG Guarantees, see Section 6.5 (*NHG Guarantee Programme*).

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

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

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

#### **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 NHG Mortgage Receivables. The NHG

Guarantee is backed by the State of the Netherlands (see Section 6.5 (*NHG Guarantee Programme*)) which is currently rated "Aaa" (stable outlook) by Moody's and 'AAA' (negative outlook) by Fitch. Moreover, Stichting WEW is rated "Aaa" by Moody's and 'AAA' by Fitch.

In the event that (i) the State of the Netherlands ceases to be rated "Aaa" by Moody's and 'AAA' by Fitch, respectively, or (ii) the Stichting WEW ceases to be rated "Aaa" by Moody's and 'AAA' by Fitch, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Notes and could potentially result in a corresponding downgrade of the Class A Notes. Recently Fitch published a report in which it notes that NHG-backed residential mortgage backed securities are well protected if a downgrade of the Dutch sovereign and Stichting WEW were to occur, and gives full credit to the NHG guarantee in determining credit ratings assigned to notes issued in a residential mortgaged backed securitisation transaction where the State of the Netherlands is rated at least 'AA'. However, Fitch may change its approach, see the considerations highlighted in the named report.

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

The security for the Notes created pursuant to the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. The value of the Mortgaged Assets is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in deductibility of interest on mortgage payments). Furthermore, the value of the Mortgaged Assets is exposed to destruction and damage resulting from floods and other natural and man-made disasters. 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 Seller nor the Originators will be liable for any losses incurred by the Issuer in connection with the NHG Mortgage Receivables.

#### **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. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation ("*Bijleenregeling*"). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which Interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

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

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest income tax rate) the interest deductibility will be reduced with 0.5% per year (i.e. 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 pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

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

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii)

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

#### **Risk relating to Bank Recovery and Resolution Directive**

On 6 June 2012, the European Commission issued a proposal for the Bank Recovery and Resolution Directive ("**BRRD**") for dealing with ailing banks. An agreement was reached on 12 December 2013 between the European Parliament, EU Member States and the Commission on the BRRD. On 18 December 2013, the Council of the European Union published a final compromise text in the BRRD. The European Parliament has adopted the BRRD during its plenary session on 15 April 2014. The BRRD has been adopted by the Council on 6 May 2014. Member States have until 31 December 2014 to transpose the Directive 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 entering into force of the BRRD, 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.

**Financial transaction tax**

On 14 February 2013, the European Commission adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the 'FTT-zone', currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The proposal was approved by the European Parliament in July 2013. Originally, the adopted proposal foresaw the financial transaction tax for the 11 participating Member States entering into effect on 1 January 2014. This deadline was not met. The European Commission expects the financial transaction tax to enter into force towards the middle of 2014, although an effective date of 1 January 2015 has also been mentioned. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

If the financial transaction tax is introduced, financial institutions and certain other parties would be required to pay tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, its affiliates) located in the FTT-zone. The proposed financial transaction tax has a very broad scope. It is a tax on derivatives (such as hedging activities) as well as on securities transactions, i.e. it applies to trading in instruments such as shares and bonds. This entails that the financial transaction tax could, if introduced in its current form, apply to certain trading in the Notes. The initial issue of instruments such as shares and bonds is exempt from financial transaction tax in the current proposal. This entails that the issuance and subscription of the Notes should not become subject to financial transaction tax.

The tax applies to the financial institutions, funds and asset managers that carry out financial transactions, who may on-charge the tax to their customers. As a result, Noteholders may be faced with additional transaction costs if the European financial transaction tax is introduced in its current form. The rate for financial instruments is a minimum of 0.1% of the purchase price (or market value if greater). However, the effective rate will be higher - each financial institution party is separately liable for the tax, so transactions between two financial parties will be taxed twice.

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

Hypenn RMBS II B.V. was incorporated as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under Dutch law on 1 April 2014. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, 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 60378379. The Issuer operates under Dutch law.

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

The Issuer has an issued share capital of EUR 1 which is fully paid. The share capital of the Issuer is held by Stichting Holding Hypenn RMBS II (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 described in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

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

The sole managing director of the Issuer is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are R. Posthumus, O.J.A. van der Nap, P. de Langen, D.J.C. Niezing and A.R. van der Veen. The managing directors of Intertrust Management B.V. have chosen domicile at the office address of Intertrust Management B.V., being Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

Intertrust Management B.V. is also the Shareholder Director. The sole shareholder of Intertrust Management B.V. is Intertrust (Netherlands) B.V. The objectives of Intertrust Management B.V. are (a) advising of and mediation with respect to financial and related transactions, (b) finance company, and (c) management of legal entities.

The Issuer Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee. In the Issuer Management Agreement the Issuer Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch 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 any action detrimental to any of the Issuer's rights and obligations under the Transaction Documents. In addition the Issuer Director agrees in the Issuer Management Agreement that it shall 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 Issuer Trust Deed and the other Transaction Documents.

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, provided that the Credit Rating Agencies are notified of such default and after consultation with the Secured Creditors, other than the Noteholders. Furthermore, the management agreement can be terminated by the Issuer Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such termination. 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 the Issuer 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 2014.

### **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**

Issued Share Capital	EUR 1
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#### **Borrowings**

Class A1 Notes	EUR 130,000,000
Class A2 Notes	EUR 270,000,000
Class A3 Notes	EUR 100,000,000
Class B Notes	EUR 37,500,000
Initial Bank Savings Participation	EUR 12,901,634.31



### 3.2 SHAREHOLDER

Stichting Holding Hypenn RMBS II is a foundation ("*stichting*") incorporated under Dutch law on 28 March 2014. The objectives of the Shareholder are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of the Shareholder is Intertrust Management B.V.

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

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

### 3.3 SECURITY TRUSTEE

Stichting Security Trustee Hypenn RMBS II is a foundation ("*stichting*") incorporated under Dutch law on 28 March 2014. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The objectives of the Security Trustee are (a) to act as agent and/or 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; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is SGG Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The managing directors of SGG Securitisation Services B.V. are H.M. van Dijk and A.G.M. Nagelmaker.

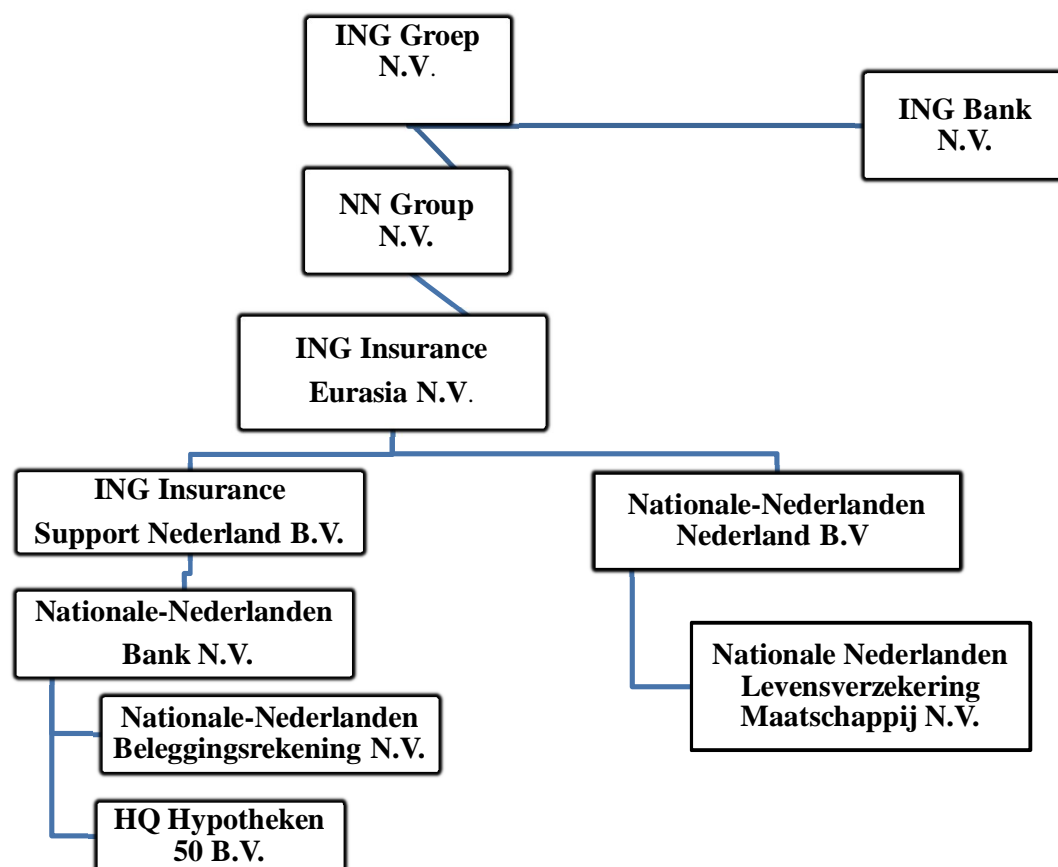
The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct ("*opzet*"), gross negligence ("*grove 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 the Security Trustee Management Agreement with the Security Trustee and the Issuer. In the Security Trustee 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 Dutch business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and in such manner as to not adversely affect the then current ratings assigned to the Class A Notes and (ii) refrain from taking any action detrimental to the Security Trustee's rights and the ability to meet its obligations under or in connection with the Transaction Documents. In addition the Security Trustee Director agrees in the Security Trustee Management Agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Deed.

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

### 3.4 SELLER / ORIGINATORS

Group chart (simplified)



#### ING Group

*ING Groep N.V.*

ING Groep N.V. ("**ING Group**") is a global financial institution of Dutch origin, currently offering banking, investment, life insurance and retirement services.

#### *Separation banking business and insurance/investment management business*

In 2009, ING Group was required to develop and submit a restructuring plan to the EC as a condition to receiving approval from the EC for the Dutch State aid it received in 2008/2009. On 26 October 2009, ING Group announced its 2009 Restructuring Plan, pursuant to which ING Group is, inter alia, required to divest its insurance and investment management businesses, including NN Group N.V. ("**NN Group**") and its subsidiaries ("**NN**"). On 18 November 2009, the 2009 Restructuring Plan received formal EC approval. On 25 November 2009, the divestment of all insurance and investment management businesses was approved by ING Group's shareholders.

On 24 July 2012, ING Group announced that the Dutch State and ING Group were in dialogue with the EC on certain amendments to the 2009 Restructuring Plan, which were set out in the 2012 Restructuring Plan. On 16 November 2012, the 2012 Restructuring Plan was formally approved by the EC. The 2012 Restructuring Plan extended the time horizon, increased the flexibility for the completion of divestments and adjusted other commitments as set forth in the 2009 Restructuring Plan in light of market conditions, economic climate and more stringent regulation.

On 6 November 2013, ING Group announced that, together with the Dutch State, it had reached an agreement with the EC on certain amendments to the 2012 Restructuring Plan, which were set out in the 2013 Restructuring Plan. The 2013 Restructuring Plan accelerated the divestment timeline for NN by two years, as a result of which ING Group is required to divest more than 50% of its shareholding in NN Group before 31 December 2015 and the remaining interest before 31 December 2016.

## **NN Group**

At the date of this Prospectus, ING Group is the sole shareholder and parent company of NN Group N.V. The envisaged divestment by ING Group of ordinary shares in NN Group is described above under *ING Group*.

NN Group and its subsidiaries are an insurance and investment management group with leading positions in life and non-life insurance in the Netherlands, a strong life and pensions presence in a number of other European markets (such as Poland, Hungary and Romania) and in Japan and a growing position in Turkey. NN's insurance business is active in mature markets in Western Europe and Japan as well as growth markets in Central and Eastern Europe and Turkey. NN's investment management business offers its products and services globally through regional centres in several countries across Europe, the United States, the Middle East and Asia, with the Netherlands as its main investment management hub. NN offers a comprehensive range of retirement, life insurance, non-life insurance, investment management and, in the Netherlands, banking services to its retail, small- or medium-sized enterprises, corporate and institutional customers.

Both NN Bank and NN Leven are indirect subsidiaries of NN Group. In the paragraphs below a further description can be found of NN Bank and NN Leven.

## **NN Bank**

Nationale-Nederlanden Bank N.V. is wholly owned by ING Insurance Support Nederland B.V., which is wholly owned by ING Insurance Eurasia N.V., a 100% subsidiary of NN Group.

In 2011, NN Bank received a banking licence to offer banking products to retail customers in the Netherlands. This enabled NN to offer bank annuities through NN Bank as an alternative to its offering of individual life annuity products.

In 2012, ING Group, the Dutch State and the EC agreed in the 2012 Restructuring Plan that part of the commercial operations of WestlandUtrecht Bank N.V. ("**WUB**"), were to be combined with NN Bank. As a result, certain savings, mortgage, investments and consumer credit activities of WUB were transferred to NN Bank since July 2013. Furthermore, all rights relating to certain pre-selected mortgage receivables with a nominal value of EUR 3.8 billion, which were originated by NN Leven for the account and risk of Nationale-Nederlanden Hypotheekbedrijf N.V., were sold and transferred to NN Bank for book value.

Following the integration with WUB, NN Bank offers a range of banking products to retail customers in the Netherlands. NN Bank's banking product offering, with mortgages and savings as its key products, includes the following: mortgages, bank annuities (*banksparen*), savings products, consumer credit and retail investments. In 2014, NN Bank will add credit cards to its product portfolio. In addition, NN Bank coordinates the distribution of NN's individual life and retail non-life insurance products in the Netherlands through intermediaries and NN's direct channel to enable a comprehensive product offering to retail customers in the Netherlands.

The registered office of NN Bank is at Prinses Beatrixlaan 35, 2595 AK Den Haag, the Netherlands. NN Bank is registered at the Chamber of Commerce of Den Haag under number 52605884.

### *Executive Board*

NN Bank has a two tier board system, consisting of an Executive Board and a Supervisory Board. The Executive Board is responsible for the daily management of the company.

#### *Licences and supervision*

The Dutch Central Bank granted a banking licence to NN Bank under the Wft. NN Bank is subject to prudential supervision exercised by DNB and conduct of business supervision exercised by the AFM.

#### **NN Leven**

Nationale-Nederlanden Levensverzekering Maatschappij N.V. is a life insurance company which is wholly owned by Nationale-Nederlanden Nederland B.V., which is wholly owned by ING Insurance Eurasia N.V., a 100% subsidiary of NN Group.

NN Leven was established on 17 January 1863 as Nationale Levensverzekering-Bank N.V. In 1970 it changed its name into Nationale-Nederlanden Levensverzekering Maatschappij N.V. On 28 December 2011 the life insurance company RVS Levensverzekering N.V., which was wholly owned by Nationale-Nederlanden Nederland B.V. as well, merged (as the dissolving company) with NN Leven.

With over 5 million private and business customers, NN Leven is one of the Netherlands' largest and most prominent insurers. NN Leven offers a wide range of financial products and services, both for business customers and private customers.

NN Leven holds a DNB-license to act as life insurer. NN Leven is subject to prudential supervision exercised by DNB and conduct of business supervision exercised by the AFM.

The registered office of NN Leven is at Weena 505, 3013 AL Rotterdam, the Netherlands. NN Leven is registered at the Chamber of Commerce of Den Haag under number 24042211.

### 3.5      **SERVICER**

The Issuer has appointed NN Bank to act as its Servicer in accordance with the terms of the Servicing Agreement.

For further information on the Servicer see Section 3.4 (*Seller / Originators*) and Section 6.3 (*Origination and Servicing*).

### **3.6 ISSUER ADMINISTRATOR**

The Issuer has appointed NN Bank to act as Issuer Administrator in accordance with the terms of the Administration Agreement, in order to provide certain of the Mortgage Loan Services in respect of the NHG Mortgage Receivables. If the Capital Requirement Trigger Event occurs or NN Bank defaults in the performance of the Issuer Services, NN Bank will be replaced by Intertrust Administrative Services B.V.

For further information on the Issuer Administrator see Section 3.4 (*Seller / Originators*).

### 3.7 OTHER PARTIES

<b>Cash Advance Facility Provider:</b>	BNG Bank.
<b>Issuer Account Bank:</b>	BNG Bank.
<b>Swap Counterparty:</b>	ING Bank.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer and of Stichting Holding Hypenn RMBS II and SGG Securitisation Services B.V., the sole director of Stichting Security Trustee Hypenn RMBS II.
<b>Paying Agent:</b>	ING Bank.
<b>Reference Agent:</b>	ING Bank.
<b>Listing Agent:</b>	ING Bank.
<b>Arranger:</b>	ING Bank.
<b>Lead Managers:</b>	ING Bank and NN Bank.
<b>Bank Savings Participant:</b>	NN Bank.



## 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 Section 4.2 (Form) below.*

The issue of the EUR 130,000,000 Class A1 mortgage-backed notes 2014 due 2046 (the "**Class A1 Notes**"), the EUR 270,000,000 Class A2 mortgage-backed notes 2014 due 2046 (the "**Class A2 Notes**"), the EUR 100,000,000 Class A3 mortgage-backed notes 2014 due 2046 (the "**Class A3 Notes**") and together with the Class A1 Notes and the Class A2 Notes, the "**Class A Notes**") and the EUR 37,500,000 Class B mortgage-backed notes 2014 due 2046 (the "**Class B Notes**" and together with the Class A Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on 7 May 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.

Copies of the Trust Deed, Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents (see Section 8 (*General*) below) are available for inspection, free of charge, by Noteholders and prospective Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands, and in electronic form upon email request at [NLsecuritisation@sgggroup.com](mailto:NLsecuritisation@sgggroup.com). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

#### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of EUR 100,000. 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), 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 Netherlands so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. 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 without any preference or priority among Notes of the same Class. The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed payments of

principal on the Class B Notes are subordinated to, *inter alia*, payments of principal on the Class A 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 NHG Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security over the Issuer Rights.
- (d) The obligations under the Notes are secured (indirectly) by the Security. The obligations under the Class A Notes (being the Class A1 Notes, the Class A2 Notes and the Class A3 Notes jointly) will rank in priority to the Class B Notes 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 Noteholders of a Class or Subclass and not to consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the ranking set out in the Post-Enforcement Priority of Payments 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 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;
- (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 the Swap Agreement is transferred; and

- (h) take any action which will cause its 'centre of main interest' within the meaning of the insolvency regulation to be located outside the Netherlands.

#### 4. Interest

(a) *Period of Accrual*

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

Whenever it is necessary to compute an amount of interest in respect of any Class A Note for any period (including any Interest Period), such interest shall be calculated (i) with respect to the Class A1 Notes and the Class A2 Notes, on the basis of the actual days elapsed in such period divided by a 360 day year and (ii) with respect to the Class A3 Notes on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30 day months) in such period divided by a 360 day year, provided that the number of days in each Interest Period shall be calculated as if the Notes Payment Dates were not subject to adjustment.

(b) *Interest Periods and Notes Payment Dates*

Interest on the Class A 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 August 2014.

Interest on the Class A Notes shall be payable quarterly in arrear in EUR in respect of the Principal Amount Outstanding of each such Note on each Notes Payment Date.

No interest will be payable in respect of the Class B Notes.

(c) *Interest on the Class A1 Notes and the Class A2 Notes up to and including the First Optional Redemption Date*

Up to the First Optional Redemption Date, interest on the Class A1 Notes and the Class A2 Notes will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three month deposits in EUR (determined in accordance with paragraph (f) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three (3) and six (6) month deposits in EUR, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.000005, being rounded upwards), plus a margin of:

- (i) for the Class A1 Notes, 0.55 per cent. per annum; and
- (ii) for the Class A2 Notes, 0.88 per cent. per annum,

in each case with a minimum of 0 per cent. per annum.

(d) *Interest on the Class A1 Notes and the Class A2 Notes following the First Optional Redemption Date*

If on the First Optional Redemption Date the Notes will not have been redeemed in full, the rate of interest applicable to the Class A1 Notes and the Class A2 Notes will accrue at an annual rate equal to the sum of Euribor for three month deposits, plus a margin of:

- (i) for the Class A1 Notes, 1.10 per cent. per annum; and
- (ii) for the Class A2 Notes, 1.76 per cent. per annum,

in each case with a minimum of 0 per cent. per annum.

(e) *Euribor*

For the purpose of Conditions 4(c) and (d) with respect to the Class A1 Notes and the Class A2 Notes, Euribor will be determined as follows:

- (i) The Reference Agent will, subject to Condition 4(c), obtain for each Interest Period the rate equal to Euribor for three month deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01, (or, if not available, any other display page on any screen service maintained by any registered information vendor for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 am (Central European Time) on the day that is two Business Days preceding the first day of each Interest Period (each an "**Interest Determination Date**");
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - a. request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor Reference Banks**") to provide a quotation for the rate at which three month euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Central European Time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - b. if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 am (Central European Time) on the relevant Interest Determination Date for three month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Interest Period shall be the rate per annum equal to Euribor for three month euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Class A1 Notes and the Class A2 Notes during such Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of the Interest Rates and Calculation of Floating Interest Amounts in respect of the Class A1 Notes and the Class A2 Notes*

The Reference Agent will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, determine the rates of interest referred to in paragraphs (c) and (d) above for each of the Class A1 Notes and the Class A2 Notes and calculate the amount of interest payable on each such Notes for the following Interest Period (the "**Floating Interest Amount**") by applying the relevant Interest Rates

to the Principal Amount Outstanding of each of the Class A1 Notes and the Class A2 Notes, respectively, on the first day of the relevant Interest Period. The determination of the relevant Interest Rates and each Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Interest Rates, Floating Interest Amounts and Notes Payment Dates in respect of the Class A1 Notes and the Class A2 Notes*

The Reference Agent will cause the relevant Interest Rates, the relevant Floating Interest Amount and the Notes Payment Date applicable to each of the Class A1 Notes and the Class A2 Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Notes and Euronext Amsterdam. The Interest Rates, Floating Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(h) *Calculation by Security Trustee in respect of the Class A1 Notes and the Class A2 Notes*

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

(i) *Reference Agent*

The Issuer will procure that, as long as any of the Class A1 Notes and the Class A2 Notes remains outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as the Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor reference agent to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

(j) *Interest on the Class A3 Notes*

Interest on the Class A3 Notes for each Interest Period will accrue at an annual rate equal to 1.64 per cent. per annum.

(k) *Calculation of Fixed Interest Amounts in respect of the Class A3 Notes*

The Reference Agent will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, calculate the amount of interest payable on the Class A3 Notes for the following Interest Period (the "**Fixed Interest Amount**") by applying the Interest Rate to the Principal Amount Outstanding of the Class A3 Note on the first day of the relevant Interest Period. The determination of the relevant Interest Rates and each Fixed Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(l) *Notification of Fixed Interest Amounts and Notes Payment Dates in respect of the Class A3 Notes*

The Reference Agent will cause the relevant Fixed Interest Amount and the Notes Payment Date applicable to the Class A3 Notes to be notified to the Issuer, the Security

Trustee, the Paying Agent, the Issuer Administrator, the holders of the Class A3 Notes and Euronext Amsterdam. The Fixed Interest Amount and Notes Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(m) *Calculation by Security Trustee in respect of the Class A3 Notes*

If the Reference Agent at any time for any reason fails to calculate the relevant Fixed Interest Amounts in accordance with Condition 4(k) above, the Security Trustee shall, or a party so appointed by the Security Trustee shall on behalf of the Security Trustee, calculate the relevant Fixed Interest Amounts in accordance with Condition 4(k) above, and each such calculation shall be final and binding on all parties.

(n) *No interest on the Class B Notes*

The Class B Notes will not bear any interest.

## 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, 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, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Paying 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 on the Final Maturity Date, subject to Condition 9(a).

(b) *Mandatory Redemption of the Notes*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Principal Funds to (partially) redeem the Notes, on each Notes Payment Date at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis, subject to Condition 9(a), within each Class or Subclass in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, thereafter, the Class A2 Notes, until fully redeemed and, thereafter, the Class A3 Notes, until fully redeemed; and
- (b) *second*, the Class B Notes, until fully redeemed.

The principal amount redeemable in respect of each relevant Note (each a "**Redemption Amount**") in respect of a Note, on the relevant Notes Payment Date in accordance with Conditions 6(b) and 6(c), shall be the aggregate amount (if any) of the Available Principal Funds on the Notes Calculation Date relating to such 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:

"**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.

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

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) the Available Principal Funds. 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) On each Notes Calculation Date (to the extent Notes are redeemed the immediately succeeding Notes Payment Date), the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Available Principal Funds, (b) the amount of the Redemption Amount due for the relevant Class of Notes on the relevant Notes Payment Date and (c) the Principal Amount Outstanding of the relevant Note on the first day following such 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.
- (iii) On each Notes Calculation Date (to the extent Notes are redeemed the immediately succeeding Notes Payment Date), the Issuer shall cause each determination of (a) the Available Principal Funds, (b) the amount of the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (c) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear Netherlands 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.
- (iv) 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 this Condition (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 at their respective Principal Amount Outstanding, subject to Condition 9(a).

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 may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), 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 (including any guidelines issued by the tax authorities) 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 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) are also redeemed in full subject to Condition 9(a), 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 may be redeemed by the Issuer, upon the direction of the Seller on any Notes Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), if:

- (a) a change published on or after the Closing Date in the Basel Accord or in Bank Regulations applicable to NN Bank (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accord or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent authority) which has the effect of adversely affecting the rate of return on capital of NN Bank or increasing the cost or reducing the benefit to NN Bank 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 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) are also redeemed in full, subject to Condition 9(a), 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.

## **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 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). 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 and limited recourse**

### *(a) Principal*

Any payments to be made in accordance with Condition 6(b) (*Mandatory redemption of the Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*) and Condition 6(g) (*Redemption for regulatory reasons*) are subject to Condition 9(a).

If, on any Notes Calculation Date, there is a balance on the Class A Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class A Note on the immediately succeeding Notes Payment Date shall not exceed its Principal Amount Outstanding less a *pro rata* part of the Class A Principal Shortfall on such Notes Payment Date. The Class A Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class A Notes after the date on which the Issuer no longer holds any NHG Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further

rights under or in connection with any of the Transaction Documents.

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 NHG Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

(b) *General*

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

**10. Events of Default**

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

- (a) default is made for a period of 14 days or more in the payment of the principal or 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) 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.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one 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**

Notices to the Noteholders will be deemed to be validly given if published on the DSA website, being at the time [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) and the website of the Issuer, being at the time <http://cm.intertrustgroup.com/> or, if such website shall cease to exist or timely publication thereon shall not be practicable, in such manner as the Security Trustee shall approve and, as long as the Notes are listed on Euronext Amsterdam, any notice will also be made as may be required by the applicable rules and regulations. Any such notice shall be deemed to have been given on the first date of such publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

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

The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution of a change of any of these Conditions or any provisions of the Transaction Documents. Instead of at a meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by 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 a Subclass by Noteholders of one or more Class or Subclass or Classes or Subclasses, as the case may be, holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or Subclass of the Notes of such Classes or Subclasses, 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 Subclass or Classes or Subclasses, 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 Subclass or Classes or Subclasses 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:

- a. 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;
- b. to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
- c. to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- d. to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- e. to give any other authorisation or approval which under this Issuer Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- f. to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) 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 Subclass or by Noteholders of one or more Class or Subclass or Classes or Subclasses, 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 Post-Enforcement Priority of Payments.

(e) Modifications, waiver, authorisations

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

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, provided that the Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (A) exposing the Security Trustee to any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee in respect of the Notes, the relevant Transaction Documents and/or the Conditions and further provided that the Security Trustee has received written confirmation from the relevant Swap Counterparty in respect of such Swap Agreement that it has consented to such amendment.

The Swap Counterparty's prior written consent is required for waivers, modifications or amendments or consents to waivers, modifications or amendments, other than for any modification which is of a formal, minor or technical nature or is made to correct a manifest error, by the Security Trustee in respect of any of the Conditions, the Trust Deed, the Servicing Agreement, the Cash Advance Facility Agreement or Issuer Account Agreement if:

- (i) it would cause (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement;
- (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or
- (iii) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such amendment not been made,

unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it within 15 Business Days of written request by the Security Trustee.

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents, in order to enable the Issuer to implement the institution of a collection foundation structure under which all mortgage collections will be paid to an account of a bankruptcy remote foundation, provided that a Credit Rating Agency Confirmation is available.

**15. Replacement of Notes and Coupons**

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

**16. Governing Law and Jurisdiction**

The Notes and Coupons are governed by, and will be construed in accordance with, Dutch law. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation, disputes relating to any non-contractual obligations arising out of or in relation to the Notes and Coupons, shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands.

## 4.2 FORM

Each Class or Subclass, as the case may be, of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 130,000,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 270,000,000, (iii) in the case of the Class A3 Notes in the principal amount of EUR 100,000,000 and (iv) in the case of the Class B Notes in the principal amount of EUR 37,500,000. Each Temporary Global Note will be deposited with Euroclear Netherlands on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear Netherlands, 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 or Subclass, as the case may be, 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 or Subclass, as the case may be, of Notes, the Permanent Global Note will remain deposited with the Euroclear Netherlands.

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear Netherlands which is a recognized CSD, but this does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B 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 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 Netherlands 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 Netherlands. 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 Netherlands, in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. 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 Netherlands, notices to Noteholders may be given by delivery of the relevant notice to Euroclear Netherlands for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered shall be deemed to have been given to the holder of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city.

For so long as the Notes of a particular Class or Subclass, as the case may be, are represented by a Global Note, each person who is for the time being shown in the records of Euroclear Netherlands as the holder of a particular principal amount of that Class or Subclass, as the case may be, of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class or Subclass, as the case may be, 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 Netherlands 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 Netherlands 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 A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes; and
- (ii) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes; and
- (iii) Class A3 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A3 Notes; and
- (iv) 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,

in each case within 30 days of the occurrence of the relevant event.

As long as the Notes are represented by a Global Note deposited with Euroclear Netherlands, a Noteholder shall have the right to request delivery ("*uitlevering*") thereof only in the limited circumstances prescribed by the Wge, provided that an Exchange Event has occurred.

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

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

### 4.3 SUBSCRIPTION AND SALE

Pursuant to the Notes Purchase Agreement (i) ING Bank has agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes at their respective issue prices and (ii) NN Bank has agreed with the Issuer, subject to certain conditions, to purchase the Class B Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

#### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Managers have represented and agreed, and each further lead manager appointed under the transaction will be required to represent and agree, 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 Managers 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 Managers 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

Each of the Lead Managers has represented and agreed that

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom

#### France

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

In addition, pursuant to article 211-3 of the Règlement restreint of the Autorité des Marchés Financiers (AMF), the Lead Managers must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF, (ii) persons or entities mentioned in subparagraph 2° of paragraph II of article L. 411-2 of the French Code monétaire et financier (i.e., qualified investors

('investisseurs qualifiés') or a restricted circle of investors ('cercle restreint d'investisseurs') mentioned above) may take part in the offer solely for their own account, as provided in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

### Italy

The offering of the Notes has not been registered 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:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (ii) in 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 this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

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

Each 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 Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

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

### The Netherlands

NN Bank has represented and agreed that the Class B Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either

the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in the Class B Notes in global form, or (b) in respect of the initial issue of the Class B Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class B Notes and in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of the Class B Notes within, from or into the Netherlands if all the Class B Notes (either in definitive form or as rights representing an interest in the Class B Notes in global form) are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

#### **General**

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

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

#### 4.4 REGULATORY AND INDUSTRY COMPLIANCE

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

In respect of the issue of the Notes, pursuant to the Notes Purchase Agreement NN Bank, in its capacity as allowed entity under paragraph 2 of Article 405 of the CRR, or any entity designated by it as allowed entity under paragraph 2 of Article 405 of the CRR, shall retain, for as long as the Notes are outstanding, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less than 5% in accordance with Article 405 of the CRR.

At the date of this Prospectus such interest is retained in accordance with item (d) of Article 405 of the CRR, by holding the Class B Notes.

In addition, the Seller shall, or undertakes that any entity designated by it as allowed entity under paragraph 2 of Article 405 of the CRR shall, in the Notes Purchase Agreement (i) adhere to the requirements set out in Article 408 of the CRR and (ii) make appropriate disclosures, or procure that appropriate disclosures are made, to Noteholders about the retained net economic interest in the securitisation transaction and ensure that the Noteholders have readily available access to all materially relevant data, as described in and required under, Article 409 of the CRR.

The Seller accepts responsibility for the information set out in this *Regulatory and Industry Compliance* Section.

##### **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 Seller currently expects 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 proceeds of the Notes to be issued on the Closing Date amount to EUR 537,500,000.

The proceeds of the issue of the 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.

An amount of EUR 1,220,254.80, being the Aggregate Construction Deposit, will be deposited by the Issuer on the Construction Deposit Account on the Closing Date.

An amount of EUR 12,901,634.31 will be received by the Issuer on the Closing Date as consideration for the Initial Bank Savings Participation granted to the Bank Savings Participant in the Bank Savings Mortgage Receivables. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date.

## 4.6 TAXATION IN THE NETHERLANDS

### General

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

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

### Withholding tax

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

### Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

- (i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (in Dutch: "*fiscale beleggingsinstellingen*"), exempt investment institutions (in Dutch: "*vrijgestelde beleggingsinstellingen*") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de vennootschapsbelasting 1969*") and other entities that are exempt from Netherlands corporate income tax; and
- (iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in The Netherlands Income Tax Act 2001).

### Residents of the Netherlands

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 20% with respect to taxable profits up to €200,000 and 25% with respect to taxable profits in excess of that amount.

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income

tax purposes (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

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

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the Notes is not subject to Netherlands income tax.

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

A holder of Notes that is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

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

#### **Gift and inheritance taxes**

##### *Residents of the Netherlands*

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

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

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

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

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands



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

**Value added tax (VAT)**

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

**Other taxes and duties**

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

#### 4.7 SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", 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 Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vi) to the Swap Counterparty under the Swap Agreement, (vii) to the Noteholders under the Notes, (viii) to the Seller under the Mortgage Receivables Purchase Agreement, (ix) to the Issuer Account Bank under the Issuer Account Agreement and (x) to the Bank Savings Participant under the Bank Savings Participation Agreement (the parties referred to in items (i) through (x) together the "**Secured Creditors**"). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount, save for the amounts due to the Bank Savings Participant in connection with the Bank Savings Participations and the Bank Savings Bonus Amount Participation and the interest amounts due to NN Bank in connection with the Bank Savings Bonus Amount, among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors, other than the Bank Savings Participant (in respect of the Bank Savings Participations and the Bank Savings Bonus Amount Participation) and NN Bank (in respect of interest due in connection with the Bank Savings Bonus Amount), will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the NHG Mortgage Receivables (other than Bank Savings Mortgage Receivables) 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 Bank Savings Mortgage Receivables to the extent the amount recovered exceeds the Bank Savings Participation in the relevant Bank Savings Mortgage Receivables.

The amounts due to the Bank Savings Participant will be equal to the Bank Savings Participations and the Bank Savings Bonus Amount Participation in each of the Bank Savings Mortgage Receivables provided that, after the delivery of an Enforcement Notice, the Security Trustee on behalf of any Bank Savings Participant may, and if so directed by the Bank Savings Participant shall, by notice to the Issuer, declare the Bank Savings Participation and the Bank Savings Bonus Amount Participation in relation to the Bank Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Bank Savings Participation Redemption Available Amount or, as the case may be, the Bank Savings Participation Enforcement Available Amount received or recovered by the Issuer or, as the case may be, the Security Trustee in respect of the Bank Savings Mortgage Receivables, including the Bank Savings Bonus Amount (see Section 7.6 (*Sub-Participation Agreement*) below).

The Issuer will vest a right of pledge in favour of the Security Trustee on the NHG 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 Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant Further Advance 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 NHG 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 Cash Advance Facility Agreement, (iii) the Swap Agreement,

(iv) the Servicing Agreement, (v) the Bank Savings Participation Agreement, (vi) the Issuer Account Agreement, (vii) the Paying Agency Agreement and (viii) the 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 solely in respect of the amounts so paid.

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 and the Class B Noteholders but amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders (see Section 5 (*Credit Structure*) below).

The Class A Notes comprise of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Notes, the Class A2 Notes and the Class A3 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. If, on any date, the Security were to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. In practice the sequence of redemption of each Subclass of the Class A Notes may result in a Subclass bearing a greater loss than the other Subclasses. See further paragraph *Risk related to the split between the Class A1 Notes, the Class A2 Notes and the Class A3 Notes* in Section 2 (*Risk Factors*).

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

- (i) as interest, including interest penalties, on the NHG Mortgage Receivables less, with respect to each Bank Savings Mortgage Receivable, (i) the interest amount received in respect of such NHG Mortgage Receivable multiplied by the relevant Participation Fraction and (ii) the interest amount received in respect of such NHG Mortgage Receivable multiplied by the Bank Savings Bonus Amount Participation Fraction;
- (ii) as interest accrued on the Issuer Transaction Accounts;
- (iii) as Prepayment Penalties under the NHG Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any NHG Mortgage Receivables, to the extent such proceeds do not relate to principal less, with respect to each Bank Savings Mortgage Receivable, the interest amount received in respect of such NHG Mortgage Receivable multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Cash Advance Facility (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Notes Payment Date;
- (vi) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Notes Payment Date excluding, for the avoidance of doubt, any Swap Collateral (for the avoidance of doubt, unless such collateral is available for inclusion in the Available Revenue Funds in accordance with the Trust Deed in connection with the termination of the Swap Agreement) and excluding any upfront payment by a replacement swap counterparty which is to be applied towards a termination payment in accordance with the Trust Deed;
- (vii) as amounts to be drawn from the Financial Cash Collateral Account as Set-Off Amount or as Other Claim Loss Amount on the immediately succeeding Notes Payment Date;
- (viii) as amounts received in connection with a repurchase of NHG 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 Bank Savings Mortgage Receivable, the amount so received in respect of such NHG Mortgage Receivable multiplied by the Participation Fraction;
- (ix) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less with respect to each Bank Savings Mortgage Receivable, the amount received in respect of such NHG Mortgage Receivable multiplied by the Participation Fraction;
- (x) as amounts to be drawn from the Reserve Account;
- (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, have been paid in full; and
- (xii) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;

**less:**

- (xiii) on the first Notes Payment Date of each calendar year, an amount equal to 10% of the annual fee with a minimum of Euro 2,500 due and payable by the Issuer to the Directors in connection with the Management Agreement between the Issuer and the Directors relating to the management of the Issuer; and
- (xiv) any amount to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date,

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 calculated on each Notes Calculation Date received or to be received or held by the Issuer in respect of the immediate preceding Notes Calculation Period (items under (i) up to and including (xii) less items xiii) and (xiv) hereinafter being referred to as the "**Available Principal Funds**"):

- (i) as repayment and prepayment of principal in part under the NHG Mortgage Receivables, and in respect of each Bank Savings Mortgage Receivable with a maximum of the outcome of (a) the Outstanding Principal Amount of such NHG Mortgage Receivable less (b) the Bank Saving Participation in such NHG Mortgage Receivable;
- (ii) as repayment and prepayment of principal in full under the NHG Mortgage Receivables, less with respect to each Bank Savings Mortgage Receivable, the Bank Saving Participation in such NHG Mortgage Receivable;
- (iii) as Net Foreclosure Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Bank Savings Mortgage Receivable, the Bank Saving Participation in such NHG Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of NHG 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 Bank Savings Mortgage Receivable, the Bank Saving Participation in such NHG Mortgage Receivable;
- (v) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less with respect to each Bank Savings Mortgage Receivable, the Bank Saving Participation in such NHG 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 Bank Savings Participation Increase and as amounts to be received as Initial Bank Savings Participation on the immediately succeeding Notes Payment Date pursuant to the Bank Savings Participation Agreement;
- (viii) the Bank Savings Bonus Amount Participation;
- (ix) as amounts received on the Issuer Collection Account on such Notes Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to NHG Mortgage Receivables is paid to the relevant Borrower by means of set-off with the NHG Mortgage Receivables;
- (x) any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xi) 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 or purchase of Further Advance Receivables on the immediately preceding Notes Payment Date; and

- (xii) the amount by which on the first Notes Payment Date (i) the aggregate proceeds of the Notes, less the Initial Bank Savings Participation exceeds (ii) the Initial Purchase Price of the Mortgage Receivables purchased at Closing;

**less:**

- (xiii) any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (xiv) any amount applied or to be applied towards satisfaction of the Initial Purchase Price of any Further Advance Receivables on the immediately succeeding Notes Payment Date,

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

### **Cash Collection Arrangements**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the last calendar day of each month (or the next Business Day if such day is not a Business Day), interest being payable in arrear. All payments made by Borrowers will be paid to the Seller Collection Account maintained by the Seller Collection Account Holder (on behalf of (*inter alia*) the Seller) with the Seller Collection Account Bank. This account is pledged to the Seller Collection Account Bank pursuant to the applicable general banking conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans sold to the Issuer and in respect of any other moneys belonging to the Seller.

On each Mortgage Collection Payment Date the Servicer shall or shall procure that the Seller Collection Account Holder shall, having regard to all relevant information at its disposal (a) make an estimate of all amounts of principal, interest, Prepayment Penalties and interest penalties received by the relevant Originator in respect of the NHG Mortgage Receivables in respect of the immediately preceding Mortgage Calculation Period (the total of such estimated amounts is referred to as the "**Estimated Collected Transfer Amount**") and (b) transfer the Estimated Collected Transfer Amount to the Issuer Collection Account.

Following the transfer of the Estimated Collected Transfer Amount, on or prior to the 15th calendar day of the relevant month (or if this is not a Business Day the next succeeding Business Day), the Servicer shall or procure that the Seller Collection Account Holder shall reconcile (i) the total amount of principal, interest, Prepayment Penalties and interest penalties actually received by the relevant Originator in respect of the NHG Mortgage Receivables in respect of the immediately preceding Notes Calculation Period (the total of such amounts actually received is referred to as the "**Actual Collected Transfer Amount**") with (ii) the Estimated Collected Transfer Amount.

On the 15th day of each calendar month (or if this is not a Business Day the next succeeding Business Day), the Servicer shall:

- (i) if the Actual Collected Transfer Amount exceeds the Estimated Collected Transfer Amount, transfer the difference between these amounts from the relevant collection account of the Seller to the Issuer Collection Account; or
- (ii) if the Estimated Collected Transfer Amount exceeds the Actual Collected Transfer Amount, request the Issuer Administrator to transfer the difference between these amounts from the Issuer Collection Account to the relevant collection account of the Seller.

In the Mortgage Receivables Purchase Agreement, the Originators have undertaken that, if at any time the Seller Collection Account Bank is no longer a group company of the Seller, suitable measures will be implemented, acceptable to the Security Trustee, to maintain the then current credit ratings of the Class A Notes, which may include instituting a collection foundation structure under which all mortgage collections will be paid to an account of a bankruptcy remote foundation.

### **Financial Collateral Agreement**

#### *Set-Off*

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

In order to mitigate the risk of set-off by Borrowers with any deposits (other than Construction Deposits and/or Bank Savings Deposits) held with the relevant Originator, the Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Potential Set-Off Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will on any Notes Payment Date transfer to the Seller Collection account an amount equal to the reduction of the Potential Set-Off Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Potential Set-Off Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

The Financial Collateral Agreement shall provide that the Issuer may on each Notes Payment Date draw from the Financial Cash Collateral Account with a corresponding debit to the Set-Off Financial Cash Collateral Ledger an amount equal to the Set-Off Amount which the Seller is due to pay to the Issuer on the basis of the obligation in the Mortgage Receivables Purchase Agreement, as described above, and which is unpaid on such Notes Payment Date, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

#### *Other Claim*

The Mortgage Receivables Purchase Agreement provides that, if on any date, up to but excluding the date on which the Seller is assigned a rating by each of the Credit Rating Agencies which is at least the Requisite Credit Rating, the aggregate amount of the Other Claims related to the Mortgage Loans exceeds 0.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans, at the option of the Seller, either (1) the Seller and the Issuer shall enter into a Financial Collateral Agreement, pursuant to which (i) the Seller will, within five (5) Business Days after each Notes Payment Date, transfer to the Financial Cash Collateral Account with a corresponding credit to the Other Claim Financial Cash Collateral Ledger an amount equal to the Other Claim Amount and the increase thereof as compared to the immediately preceding Notes Payment Date (if any) and/or (ii) the Issuer will, on any Notes Payment Date, transfer to the Seller Collection Account an amount equal to the reduction of the Other Claim Amount as compared to the immediately preceding Notes Payment Date (if any), in accordance with the terms of such Financial Collateral Agreement or (2) the Seller shall repurchase and accept the reassignment from the Issuer of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Other Claims Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Other Claims Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

The Financial Collateral Agreement shall provide that the Issuer may on each Notes Payment Date draw from the Financial Cash Collateral Account, with a corresponding debit to the Other Claim Financial Collateral Ledger an amount equal to the Other Claim Loss Amount, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

## 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 Notes Payment Date immediately succeeding the relevant Notes Calculation 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 and (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement and (ii) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement;
- (c) *third*, 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) of the Available Revenue Funds), (ii) the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) the Cash Advance Facility Commitment Fee to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (iv) any amounts due to the Issuer Account Bank under the Issuer Account Agreement, (v) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (vi) fees and expenses due to the Reporting Services Provider under the Reporting Services Agreement;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any Swap Counterparty Subordinated Payment and any Excess Swap Collateral and any Tax Credit);
- (e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, or, following a Cash Advance Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Cash Advance Facility Stand-by Ledger but excluding the Cash Advance Facility Commitment Fee payable under sub-paragraph (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (k) below;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class A1 Notes, the Class A2 Notes and the Class A3 Notes;
- (g) *seventh*, 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;
- (h) *eighth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (i) *ninth*, 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;
- (j) *tenth*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and



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

**Priority of Payments in respect of principal**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Principal Funds will pursuant to terms of the Trust Deed be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation 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*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed in accordance with the Conditions;
- (b) *second*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed in accordance with the Conditions;
- (c) *third*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A3 Notes until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions.

**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 Bank Savings Participant) 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*, to the Cash Advance Facility Provider, in or towards satisfaction of any Cash Advance Facility Stand-by Drawing due but unpaid under the Cash Advance Facility Agreement;
- (b) *second*, 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 to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees and expenses of the Servicer under the Servicing Agreement, (iv) the fees and expenses of the Issuer Administrator under the Administration Agreement, (v) any amounts due to the Issuer Account Bank under the Issuer Account Agreement and (vi) the fees and expenses of the Paying Agent under the provisions of the Paying Agency Agreement and (vii) fees and expenses due to the Reporting Services Provider under the Reporting Services Agreement
- (c) *third*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement (except for any Swap Counterparty Subordinated Payment and any Excess Swap Collateral and any Tax Credit);
- (d) *fourth*, in or towards any amounts due and payable to the Cash Advance Facility Provider, excluding any amounts due and payable under item (i);
- (e) *fifth*, *pro rata* and *pari passu*, in or towards satisfaction of all amounts of interest due in respect of the Class A Notes;
- (f) *sixth*, *pro rata* and *pari passu*, in or towards satisfaction of all amounts of principal due in respect of the Class A Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (h) *eighth*, towards satisfaction of any Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement;
- (i) *ninth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

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

### 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 Principal Deficiency, subdivided in the Class A Principal Deficiency and the Class B Principal Deficiency. The sum of any Realised Loss shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (i) 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 sum of the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, *pro rata* according to the Principal Amount Outstanding of the Class A Notes on each Notes Payment Date, to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (g) of the Revenue Priority of Payments on each relevant Notes Payment Date).

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

- (a) with respect to the NHG Mortgage Receivables in respect of which the relevant Originator, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has completed the foreclosure, such that there is no more collateral securing the NHG Mortgage Receivable, in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Amount of the NHG Mortgage Receivables less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations; and
- (b) with respect to the NHG Mortgage Receivables sold by the Issuer in the immediate preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivables less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations exceeds (ii) the purchase price of the NHG Mortgage Receivables sold to the extent relating to principal less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations; and
- (c) with respect to the NHG Mortgage Receivables in respect of which the Borrower (x) has successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivables less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivables, less, with respect to the Bank Savings Mortgage Receivables, the Bank Savings Participations after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the relevant Originator or otherwise in accordance with any item of the Available Principal Funds.

#### Post-foreclosure proceeds

Following completion of foreclosure of a NHG Mortgage Receivable, such that there is no more collateral securing the NHG Mortgage Receivable, any remaining claim ("*restschuld*") will be repurchased by the Seller for an amount of EUR 1.00 (one euro). Any post-foreclosure payments made by a Borrower in respect of such Mortgage Loan (if any) will subsequently not form part of the Available Revenue Funds and any such amounts will be collected and retained by the Seller.

## 5.4 HEDGING

### Interest Rate Hedging

The Mortgage Loan Criteria require that all NHG Mortgage Receivables sold and assigned to the Issuer at Closing bear a fixed rate of interest (as further described in 6.2 (*Description of Mortgage Loans*)). The interest rate payable by the Issuer with respect to the Class A1 Notes and the Class A2 Notes is calculated as a margin over three month Euribor. The Issuer will hedge the interest rate exposure in respect of the Class A1 Notes and the Class A2 Notes by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on the Notes Payment Date falling in August 2014 and on each Notes Payment Date thereafter an amount equal to:

- (i) the interest scheduled to be received on the NHG Mortgage Receivables (calculated on each Notes Calculation Date as being received with respect to the Notes Calculation Period prior to such date) less, with respect to each Bank Savings Mortgage Receivable, an amount equal to such interest for the relevant Notes Calculation Period on such Bank Savings Mortgage Receivable multiplied by the relevant Participation Fraction; plus
- (ii) any Prepayment Penalties received during the immediately preceding Notes Calculation Period; plus
- (iii) the interest accrued (to the extent such interest is positive) on the Issuer Transaction Accounts (other than interest accrued on the Issuer Collection Account in respect of an amount equal to the balance standing to the credit of the Cash Advance Facility Stand-by Ledger) with respect to the Notes Calculation Period prior to such date, each of items (i), (ii) and (iii) multiplied by the Swap Notional Fraction on the first day of the immediately preceding Interest Period,

less:

- (x) (a) an excess margin of 0.50 per cent. per annum applied to (i) the Outstanding Principal Amount of the NHG Mortgage Receivables less (ii) in respect of a Bank Savings Mortgage Loan, the relevant Participation on the first day of the relevant Notes Calculation Period, multiplied by (b) the Swap Notional Fraction on the first day of the immediately preceding Interest Period; and
- (y) (i) an amount equal to the expenses as described under (a), (b) and (c) of the Revenue Priority of Payments on the first day of the immediately preceding Interest Period multiplied by (ii) the Swap Notional Fraction on the first day of the immediately preceding Interest Period.

The Swap Counterparty will agree to pay on the Notes Payment Date falling in August 2014 and on each Notes Payment Date thereafter an amount equal to the aggregate interest due under the Class A1 Notes and the Class A2 Notes on such Notes Payment Date calculated by reference to the Interest Rate for the Class A1 Notes and the Class A2 Notes, in each case applied to an amount equal to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on such date less an amount equal to the balance standing on the Class A Principal Deficiency Ledger, if any (whereby such balance on the Class A Principal Deficiency Ledger will be subdivided between the Class A1 Notes and the Class A2 Notes and the Class A3 Notes *pro rata* by reference to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes and the Class A3 Notes) on the first day of the relevant Interest Period.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined therein) commonly found in standard ISDA documentation except where such Events of Default and Termination Events (each as defined therein) are disapplied and/or modified and any Additional Termination Events (as defined therein) are added. The Swap Agreement will be terminable by one party *inter alia* if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

If the Swap Agreement terminates the Issuer may have to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. Any such termination payment could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. The amount of any termination payment will be based on the market value of the Swap Agreement. Subject to the terms of the Swap Agreement, the market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that sufficient market quotations cannot be obtained).

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

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

If the unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to have at least certain ratings by the Credit Rating Agencies, the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement (pursuant to the credit support annex which forms part of the Swap Agreement on the basis of the standard ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Closing Date depending on the value at risk of the Issuer), (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity having at least the required ratings, (iii) procuring another entity with at least the required ratings to become co-obligor in respect of its obligations under the Swap Agreement, or (iv) (other than in respect of Fitch) the taking of such other action as may be required to maintain or, as the case may be, restore the then current rating assigned to the Class A Notes. Failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

Any collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the credit support annex will promptly be returned to such Swap Counterparty prior to the distribution of any amounts due by the Issuer under the Transaction Documents and outside the relevant Priority of Payments. Interest accrued on the Swap Collateral will either be deposited on the Swap Cash Collateral Account or paid to the Swap Counterparty in accordance with the credit support annex.

Any Tax Credit obtained by the Issuer shall be paid to the Swap Counterparty outside the relevant Priority of Payments.

The interest rate exposure in respect of the Class A3 Notes will not be hedged.

#### **Swap termination and payment by replacement swap counterparty**

If following the termination of the Swap Agreement (i) an amount is due by the Issuer to the Swap Counterparty as termination payment (including any Swap Counterparty Subordinated Payment), other than in relation to the return of Excess Swap Collateral or any other Unpaid Amount (as defined in the Swap Agreement), and (ii) the Issuer receives an upfront payment from a replacement swap counterparty in connection with the entering into a replacement swap agreement as a result of the market value of such swap agreement, then the Issuer shall apply such amounts received from that replacement swap counterparty to pay an amount equal to such termination payment (for the avoidance of doubt minus any Unpaid Amounts owed by the Issuer to the Swap Counterparty) outside the relevant Priority of Payments and such amount will not form part of the Available Revenue Funds.

#### **Interest Rate Reset Agreement**

The Issuer, the Seller, the Originators, the Issuer Administrator, the Servicer, the Swap Counterparty and the Security Trustee will enter into an Interest Rate Reset Agreement pursuant to which the parties, *inter alia*, agree that upon the earlier of a bankruptcy, preliminary suspension of payments, suspension of payments or

emergency regulations of the Seller and prior to the notification of the Borrowers of the assignment of the Mortgage Receivables, NN Leven shall (i) determine the Mortgage Interest Rates and (ii) notify the Swap Counterparty of any proposed interest rate reset policy of the Mortgage Loan. If the Issuer is informed by the Swap Counterparty, substantiated by reasonable evidence, that the weighted average rates set by NN Leven exceed or falls below the mortgage interest rates as offered by ING Bank N.V. as a mortgage lender by more than 50bps, it shall set the rates according to an interest rate policy received from the Swap Counterparty, provided that (i) such policy shall not require the Issuer to set the Mortgage Interest Rates materially above or below the then prevailing market interest rates and provided that such policy is in accordance, with all applicable laws, including without limitation, principles of reasonableness and fairness,, competition laws and the Mortgage Conditions and (ii) it has received an instruction from the Swap Counterparty to notify the Borrowers of the assignment.

It is furthermore agreed in the Interest Rate Reset Agreement that upon the earlier of a bankruptcy, a preliminary suspension of payments, suspension of payments or emergency regulations of both the Seller and NN Leven, or, as the case may be, NN Leven, and prior to the notification of Borrowers of the assignment of the Mortgage Receivables, the Seller shall notify the Swap Counterparty of any proposed interest rate reset policy of the Mortgage Loans and, thereafter, shall set the Mortgage Interest Rates accordingly or, if the Swap Counterparty proposes another interest rate reset policy of the Mortgage Loans, set the interest rates according to such proposal of the Swap Counterparty, subject to the applicable laws, including, without limitation to principles of reasonableness and fairness, competition laws and the Mortgage Conditions.

Furthermore, the Interest Rate Reset Agreement provides that upon the earlier of a bankruptcy, a preliminary suspension of payments, suspension of payments or emergency regulations of both the Seller and NN Leven, and after to the notification of Borrowers of the assignment of the Mortgage Receivables, the Issuer shall terminate the authority of the Servicer to determine and set the Mortgage Interest Rates and, thereafter, shall set the Mortgage Interest Rates according to the interest rate reset policy as proposed by the Swap Counterparty, subject to the applicable laws, including, without limitation to principles of reasonableness and fairness, competition laws and the Mortgage Conditions.

#### **EMIR**

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. At this moment no OTC derivatives contracts have been declared subject to the clearing obligation.

EMIR also contains requirements with respect to margining which are applicable from 16 August 2012. The regulatory technical standards providing more detailed requirements in respect of margining, including the levels and type of collateral and segregation arrangements, are expected in 2014.

Under EMIR counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Under the Reporting Services Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository as soon as such obligation comes into force.

## 5.5 LIQUIDITY SUPPORT

### **Cash Advance Facility Agreement**

On the Signing Date, the Issuer will enter into the Cash Advance Facility Agreement with N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands, in its capacity as Cash Advance Facility Provider. The Issuer will be entitled on any Notes Payment Date (other than (x) a Notes Payment Date if and to the extent that on such date the Class A Notes will be redeemed in full, subject to Condition 9(a), and (y) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount, subject to certain conditions. The Cash Advance Facility Agreement is for a maximum term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility Agreement by the Issuer may only be made on a Notes Payment Date if and to the extent that, after the application of any Available Revenue Funds, inclusive of all amounts available on the Reserve Account but without taking into account any drawing under the Cash Advance Facility Agreement, there is a shortfall in the Available Revenue Funds to meet items (a) to (f) (inclusive) of the Revenue Priority of Payments.

If, at any time, (I) (a) any credit rating of the Cash Advance Facility Provider is below the Requisite Credit Rating or any such rating is withdrawn by Fitch or Moody's, and (b) within the Relevant Remedy Period, (i) the Cash Advance Facility Provider, is not replaced by the Issuer with a cash advance facility provider having the Requisite Credit Rating or (ii) a third party having the Requisite Credit Rating has not guaranteed the obligations of the Cash Advance Facility Provider or (II) the Cash Advance Facility provider refuses to comply with an extension request (each a "**Cash Advance Facility Stand-by Drawing Event**"), the Issuer will be required forthwith to make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account, with a corresponding credit to the Cash Advance Facility Stand-by Ledger. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility Stand-by Drawing had not been so made.

## 5.6 TRANSACTION ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands, in its capacity as Issuer Account Bank, the Issuer Collection Account to which – *inter alia* – all amounts received (i) in respect of the NHG Mortgage Receivables, (ii) from the Bank Savings Participant under the Bank 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 NHG Mortgage Receivables. The amount standing to the credit of the Issuer Collection Account will accrue interest at a level agreed with the Issuer Account Bank.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account in respect of the NHG 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. Further ledgers will be maintained to record amounts held in the Issuer Account in connection with any Financial Collateral Agreement and in connection with certain drawings made under the Cash Advance Facility.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and under obligations incurred in connection with the Issuer's business and (ii) amounts due to the Bank Savings Participant under the Bank Savings Participation Agreement.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments will be transferred up to the Reserve Account Target Level. Amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (g) (inclusive) of the Revenue Priority of Payments which are due to be made on that Notes Payment Date after all other amounts available to the Issuer for such purpose have been used or shall be used on such Notes Payment Date before application of any funds drawn under the Cash Advance Facility.

If and to the extent that the Available Revenue Funds on any Notes Calculation Date exceed the amounts required to meet items ranking higher than item (h) in the Revenue Priority of Payments, the excess amount will be used to replenish to the Reserve Account, to the extent required, until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level. On the Notes Payment Date on which all amounts of interest and principal due in respect of the Notes have been or will be paid, 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.

#### *Construction Deposit Account*

The Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On the Closing Date an amount corresponding to the Aggregate Construction Amount in relation to the Mortgage Receivables purchased by the Issuer on the Closing Date will be credited to the Construction Deposit Account. On a Notes Payment Date on which Further Advance Receivables will be purchased by the Issuer an amount corresponding to the Aggregate Construction Amount in relation to the Mortgage Receivables purchased by the Issuer on such Notes Payment Date will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account on a Mortgage Collection Payment Date only to satisfy payment by the Issuer to the relevant Originator of part of the Initial Purchase Price as a result of the distribution of (part of) the Construction Deposit by the relevant Originator to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited on each Notes Payment Date with the amount Borrowers have set off against the NHG Mortgage Receivables in connection with the Construction Deposits and as a result in respect of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. Such amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds. The Issuer shall pay the interest accrued on the Construction Deposit Account to the relevant Originator. The Aggregate Construction Amount as per the Cut-Off Date is EUR 1,220,254.80.



#### *Swap Cash Collateral Account*

The Issuer will maintain with the Issuer Account Bank the Swap Cash Collateral Account to which any collateral in the form of cash may be credited by the Swap Counterparty pursuant to the Swap Agreement. If any collateral in the form of securities is provided to the Issuer by the Swap Counterparty, the Issuer will be required to open a custody account in which such securities will be held.

No withdrawals may be made in respect of the Swap Cash Collateral Account or such other account in relation to securities other than:

- (i) to effect the return of Excess Swap Collateral to the Swap Counterparty (which return shall be effected by the transfer of such Excess Swap Collateral directly to the Swap Counterparty, outside the Revenue Priority of Payments or, as applicable, the Post-Enforcement Priority of Payments) including any interest accrued on the Swap Cash Collateral Account which may be paid in accordance with the credit support annex; or
- (ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, the collateral (in case of securities after liquidation or sale thereof) (other than any Excess Swap Collateral) will form part of the Available Revenue Funds (for the avoidance of doubt, after any close out netting has taken place) provided that such amount may be first applied towards, or reserved for, an upfront payment to a replacement swap counterparty outside the Revenue Priority of Payments until one year after such termination has occurred.

#### *Financial Cash Collateral Account*

The Issuer will maintain with the Issuer Account Bank the Financial Cash Collateral Account. The Issuer Administrator shall, on behalf of the Issuer, credit or debit the Financial Cash Collateral Account (i) with a corresponding credit or debit to the Set-Off Financial Cash Collateral Ledger any Potential Set-Off Amount and the increase or reduction thereof and (ii) with a corresponding credit or debit to the Other Claim Financial Cash Collateral Ledger any Other Claim Amount and the increase or reduction thereof.

Amounts drawn from the Financial Cash Collateral Account as Set-Off Amount or as Other Claim Loss Amount will form part of the Available Revenue 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 Fitch or Moody's, the Issuer will be required within the Relevant Remedy Period to (a) transfer the balance standing to the credit of the relevant Issuer Accounts to an alternative issuer account bank having at least the Requisite Credit Rating or (b) to obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank.

## 5.7 ADMINISTRATION AGREEMENT

### Issuer Services

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, if required, drawings are made by the Issuer under the Cash Advance Facility Agreement (c) procuring that all payments to be made by the Issuer under the Swap Agreement and any of the other Transaction Documents are made, (d) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, (g) procuring that all calculations to be made pursuant to the Conditions are made, (h) procuring that all calculations to be made in connection with any Financial Collateral Agreement are made and (i) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

In the Administration Agreement, the Issuer will appoint Intertrust Administrative Services B.V. to act as Issuer Administrator and to provide the Issuer Services subject to the condition precedent ("*opschortende voorwaarde*") that the Capital Requirement Trigger Event has occurred and is continuing or NN Bank defaults in the performance of the Issuer Services.

### Termination

The Administration Agreement may be terminated by the Issuer and 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 and by the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Security Trustee, which approval may not be unreasonably withheld, (ii) appointment of a substitute administrator and (iii) 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.

### Calculations and reconciliation

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

If on any Mortgage Report Date no Mortgage Report is delivered to the Issuer Administrator by the Servicer in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations, necessary in order for the Issuer Administrator to continue to perform the Issuer Services, as further set out in the Trust Deed and the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicer or a substitute servicer the Mortgage Report. Upon receipt by the Issuer Administrator of such Mortgage Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Mortgage Report was available and will debit or credit the underpaid or overpaid amounts to the relevant Reconciliation Ledger, which amounts will be deducted or added to the Available Revenue Funds or the Available Principal Funds, as applicable .

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

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

any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and Pledge Notification Events).

#### **Market Abuse Directive**

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

1. Key characteristics		Hypenn RMBS II
Cut-off Date: 31 March 2014		
Principal balance	550,401,634.22	EUR
Value of saving deposits	12,901,634.31	EUR
Net principal balance	537,499,999.91	EUR
Construction deposits	1,220,254.80	EUR
Net principal balance excl. construction and saving deposits	536,279,745.11	EUR
Number of loans	2,956	
Number of loanparts	5,252	
Average principal balance (borrower)	181,833.56	EUR
Weighted average current interest rate	4.227%	
Weighted average maturity (in years)	27.61	
Weighted average remaining time to interest reset (in years)	9.41	
Weighted average seasoning (in years)	0.72	
Weighted average LTMV	94.82%	
Weighted average LTMV (indexed)	95.92%	
Weighted average LTFV	106.24%	
Weighted average LTFV (indexed)	107.49%	

2. Delinquencies		Hypenn RMBS II					
	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
Performing	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%
0 - 30							
30 - 60							
60 - 90							
90 - 120							
120 - 150							
150 - 180							
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

3. Redemption Type		Hypenn RMBS II					
Description	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
Annuity	257,869,341.58	47.98%	2,231	42.48%	4.059%	28.96	98.622%
Bank Savings	157,056,882.66	29.22%	1,496	28.48%	4.522%	24.43	91.151%
Interest Only	112,399,546.33	20.91%	1,421	27.06%	4.213%	28.92	91.351%
Linear	10,174,229.34	1.89%	104	1.98%	4.078%	28.00	93.583%
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>5,252</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

4. Outstanding Loan Amount						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
<= 25,000							
25,000 - 50,000							
50,000 - 75,000	74,834.67	0.01%	1	0.03%	5.230%	18.67	83.15%
75,000 - 100,000	7,101,269.10	1.32%	74	2.50%	4.230%	26.30	78.348%
100,000 - 150,000	107,675,294.76	20.03%	835	28.25%	4.200%	27.59	89.352%
150,000 - 200,000	180,841,469.04	33.64%	1,032	34.91%	4.203%	27.67	94.865%
200,000 - 250,000	156,635,818.20	29.14%	703	23.78%	4.255%	27.45	96.665%
250,000 - 300,000	74,006,847.69	13.77%	275	9.30%	4.259%	27.92	99.398%
300,000 - 350,000	11,164,466.45	2.08%	36	1.22%	4.247%	28.00	101.307%
350,000 - 400,000							
400,000 - 450,000							
450,000 - 500,000							
500,000 - 550,000							
550,000 - 600,000							
600,000 - 650,000							
650,000 - 700,000							
700,000 - 750,000							
750,000 - 800,000							
800,000 - 850,000							
850,000 - 900,000							
900,000 - 950,000							
950,000 - 1,000,000							
> 1,000,000							
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

5. Origination Year						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
<= 1997							
1997 - 1998							
1998 - 1999							
1999 - 2000							
2000 - 2001							
2001 - 2002							
2002 - 2003							
2003 - 2004	141,668.73	0.03%	1	0.02%	3.800%	20.00	104.170%
2004 - 2005							
2005 - 2006							
2006 - 2007							
2007 - 2008	111,601.02	0.02%	1	0.02%	4.800%	24.67	40.580%
2008 - 2009	563,736.57	0.10%	3	0.06%	3.824%	22.92	78.436%
2009 - 2010	258,023.10	0.05%	2	0.04%	3.443%	23.50	98.142%
2010 - 2011	1,569,678.77	0.29%	10	0.19%	3.740%	25.21	80.227%
2011 - 2012	83,972,488.37	15.62%	839	15.97%	4.641%	26.84	92.234%
2012 - 2013	424,579,057.62	78.99%	4,175	79.49%	4.161%	27.69	95.129%
2013 - 2014	26,303,745.73	4.89%	221	4.21%	4.011%	29.19	99.531%
2014 >							
Unknown							
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>5,252</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

6. Seasoning						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
1 Year	421,001,074.52	78.33%	4,074	77.57%	4.123%	27.87	95.558%
1 Year - 2 Years	113,854,217.20	21.18%	1,161	22.11%	4.620%	26.73	92.422%
2 Years - 3 Years	1,569,678.77	0.29%	10	0.19%	3.740%	25.21	80.227%
3 Years - 4 Years	258,023.10	0.05%	2	0.04%	3.443%	23.50	98.142%
4 Years - 5 Years	182,033.60	0.03%	1	0.02%	3.600%	25.17	52.010%
5 Years - 6 Years	493,303.99	0.09%	3	0.06%	4.128%	22.49	79.624%
9 Years - 10 Years	141,668.73	0.03%	1	0.02%	3.800%	20.00	104.170%
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>5,252</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

7. Legal Maturity							Hypenn RMBS II
From (>) Until (<=)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
2012							
2012 - 2015							
2015 - 2020	100,340.84	0.02%	6	0.11%	3.489%	4.24	82.555%
2020 - 2025	1,183,622.80	0.22%	34	0.65%	4.203%	9.68	73.250%
2025 - 2030	9,078,690.39	1.69%	158	3.01%	4.509%	15.00	73.371%
2030 - 2035	51,340,719.27	9.55%	623	11.86%	4.362%	19.39	84.912%
2035 - 2040	42,018,927.74	7.82%	431	8.21%	4.304%	24.03	93.972%
2040 - 2045	433,777,698.87	80.70%	4,000	76.16%	4.198%	29.25	96.590%
2045 >							
Unknown n							
Total	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%

8. Remaining Tenor					Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
< 0 Year							
0 Year - 1 Year							
1 Year - 2 Years							
2 Years - 3 Years							
3 Years - 4 Years	55,448.03	0.01%	3	0.06%	3.623%	3.85	89.195%
4 Years - 5 Years	27,639.12	0.01%	2	0.04%	3.336%	4.38	58.616%
5 Years - 6 Years	17,253.69	0.00%	1	0.02%	3.300%	5.25	99.572%
6 Years - 7 Years	18,774.28	0.00%	1	0.02%	4.000%	6.92	67.400%
7 Years - 8 Years	111,225.53	0.02%	3	0.06%	3.994%	7.48	81.625%
8 Years - 9 Years	306,465.11	0.06%	7	0.13%	4.211%	8.63	66.175%
9 Years - 10 Years	255,449.29	0.05%	12	0.23%	4.225%	9.48	82.245%
10 Years - 11 Years	212,950.54	0.04%	5	0.10%	4.507%	10.62	81.590%
11 Years - 12 Years	321,198.48	0.06%	7	0.13%	4.121%	11.46	66.040%
12 Years - 13 Years	458,338.39	0.09%	12	0.23%	4.161%	12.34	73.794%
13 Years - 14 Years	1,357,347.36	0.25%	25	0.48%	4.817%	13.59	65.685%
14 Years - 15 Years	2,215,523.71	0.41%	39	0.74%	4.460%	14.36	72.650%
15 Years - 16 Years	2,390,388.22	0.44%	36	0.69%	4.379%	15.51	78.041%
16 Years - 17 Years	3,247,328.25	0.60%	57	1.09%	4.544%	16.43	75.673%
17 Years - 18 Years	4,686,281.19	0.87%	79	1.50%	4.089%	17.39	83.505%
18 Years - 19 Years	10,831,438.57	2.02%	129	2.46%	4.640%	18.62	79.523%
19 Years - 20 Years	20,123,622.84	3.74%	235	4.47%	4.360%	19.30	84.059%
20 Years - 21 Years	8,206,351.19	1.53%	93	1.77%	4.312%	20.36	89.449%
21 Years - 22 Years	8,321,328.42	1.55%	90	1.71%	4.181%	21.42	90.828%
22 Years - 23 Years	8,524,260.91	1.59%	90	1.71%	4.267%	22.44	93.479%
23 Years - 24 Years	10,580,486.01	1.97%	111	2.11%	4.340%	23.47	93.388%
24 Years - 25 Years	10,530,047.14	1.96%	103	1.96%	4.256%	24.35	94.263%
25 Years - 26 Years	6,979,603.30	1.30%	72	1.37%	4.304%	25.46	93.644%
26 Years - 27 Years	4,583,087.49	0.85%	48	0.91%	4.407%	26.46	97.377%
27 Years - 28 Years	3,428,007.32	0.64%	32	0.61%	3.968%	27.36	91.018%
28 Years - 29 Years	87,364,201.87	16.25%	856	16.30%	4.590%	28.72	95.185%
29 Years - 30 Years	342,345,953.66	63.69%	3,104	59.10%	4.100%	29.41	97.018%
>= 30 Years							
Unknown							
Total	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%

9a. Original Loan to Original Foreclosure Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %								
40 % - 50 %								
50 % - 60 %								
60 % - 70 %								
70 % - 80 %								
80 % - 90 %								
90 % - 100 %								
100 % - 110 %								
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

9b. Original Loan to Original Foreclosure Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %	121,589.89	0.02%	1	0.03%	5.000%	20.70	33.964%	
40 % - 50 %	1,349,257.84	0.25%	10	0.34%	4.268%	25.17	39.626%	
50 % - 60 %	4,005,221.69	0.75%	32	1.08%	4.543%	24.11	46.201%	
60 % - 70 %	7,862,004.49	1.46%	60	2.03%	4.161%	24.77	55.735%	
70 % - 80 %	15,223,954.33	2.83%	105	3.55%	4.191%	26.02	64.640%	
80 % - 90 %	27,494,294.33	5.12%	177	5.99%	4.223%	26.21	73.651%	
90 % - 100 %	37,821,223.00	7.04%	227	7.68%	4.170%	26.44	82.456%	
100 % - 110 %	79,566,091.80	14.80%	429	14.51%	4.192%	27.12	92.352%	
110 % - 120 %	328,939,737.77	61.20%	1,731	58.56%	4.188%	28.14	101.765%	
120 % - 130 %	31,481,444.55	5.86%	166	5.62%	4.707%	27.98	102.170%	
130 % - 140 %	3,635,180.22	0.68%	18	0.61%	4.837%	28.00	103.139%	
140 % - 150 %								
150 % >								
Unknown								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

10a. Current Loan to Original Foreclosure Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %								
40 % - 50 %								
50 % - 60 %								
60 % - 70 %								
70 % - 80 %								
80 % - 90 %								
90 % - 100 %								
100 % - 110 %								
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

10b. Current Loan to Original Foreclosure Value						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
<= 10 %							
10 % - 20 %							
20 % - 30 %							
30 % - 40 %	371,623.71	0.07%	3	0.10%	5.066%	21.07	32.822%
40 % - 50 %	2,898,935.48	0.54%	23	0.78%	4.463%	23.31	41.095%
50 % - 60 %	5,406,399.25	1.01%	43	1.45%	4.367%	23.41	50.081%
60 % - 70 %	9,834,683.80	1.83%	74	2.50%	4.249%	24.35	57.976%
70 % - 80 %	21,047,210.99	3.92%	135	4.57%	4.243%	25.14	67.440%
80 % - 90 %	32,224,225.53	6.00%	202	6.83%	4.199%	26.26	76.454%
90 % - 100 %	49,059,193.79	9.13%	282	9.54%	4.212%	25.92	85.452%
100 % - 110 %	105,121,237.27	19.56%	546	18.47%	4.192%	26.97	94.687%
110 % - 120 %	289,773,012.71	53.91%	1,534	51.89%	4.198%	28.66	102.555%
120 % - 130 %	20,636,746.06	3.84%	109	3.69%	4.744%	28.20	103.348%
130 % - 140 %	1,126,731.32	0.21%	5	0.17%	4.869%	28.40	102.967%
140 % - 150 %							
150 % >							
Unknown							
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

11a. Current Loan to Indexed Foreclosure Value						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%
<= 10 %							
10 % - 20 %							
20 % - 30 %							
30 % - 40 %							
40 % - 50 %							
50 % - 60 %							
60 % - 70 %							
70 % - 80 %							
80 % - 90 %							
90 % - 100 %							
100 % - 110 %							
110 % - 120 %							
120 % - 130 %							
130 % - 140 %							
140 % - 150 %							
150 % >							
Unknown							
<b>Total</b>	<b>537,499,999.91</b>	<b>100%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

11b. Current Loan to Indexed Foreclosure Value						Hypenn RMBS II	
From (>)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
<= 10 %							
10 % - 20 %							
20 % - 30 %							
30 % - 40 %	371,623.71	0.07%	3	0.10%	5.066%	21.07	32.822%
40 % - 50 %	2,583,853.40	0.48%	20	0.68%	4.481%	23.54	40.884%
50 % - 60 %	4,297,446.64	0.80%	35	1.18%	4.360%	23.27	48.895%
60 % - 70 %	10,007,187.67	1.86%	76	2.57%	4.223%	24.34	56.882%
70 % - 80 %	18,760,240.53	3.49%	123	4.16%	4.226%	25.19	66.720%
80 % - 90 %	33,520,895.99	6.24%	209	7.07%	4.224%	26.10	75.440%
90 % - 100 %	42,799,311.69	7.96%	249	8.42%	4.173%	26.00	84.944%
100 % - 110 %	99,256,105.26	18.47%	519	17.56%	4.186%	26.98	93.933%
110 % - 120 %	277,719,610.84	51.67%	1,473	49.83%	4.165%	28.58	102.222%
120 % - 130 %	42,420,869.85	7.89%	219	7.41%	4.670%	28.18	102.509%
130 % - 140 %	5,762,854.33	1.07%	30	1.01%	4.771%	27.49	102.956%
140 % - 150 %							
150 % >							
Unknown							
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>



12a. Original Loan to Original Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %								
40 % - 50 %								
50 % - 60 %								
60 % - 70 %								
70 % - 80 %								
80 % - 90 %								
90 % - 100 %								
100 % - 110 %								
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

12b. Original Loan to Original Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %	600,587.83	0.11%	5	0.17%	4.466%	25.56	36.434%	
40 % - 50 %	3,059,693.65	0.57%	23	0.78%	4.561%	23.29	42.738%	
50 % - 60 %	7,368,970.70	1.37%	57	1.93%	4.273%	24.30	53.148%	
60 % - 70 %	15,283,766.22	2.84%	109	3.69%	4.179%	25.89	62.855%	
70 % - 80 %	29,509,474.33	5.49%	188	6.36%	4.240%	26.12	72.868%	
80 % - 90 %	42,991,892.81	8.00%	258	8.73%	4.196%	26.45	82.818%	
90 % - 100 %	106,043,912.11	19.73%	567	19.18%	4.210%	27.06	93.756%	
100 % - 110 %	332,500,033.53	61.86%	1,748	59.13%	4.233%	28.27	102.406%	
110 % - 120 %	141,668.73	0.03%	1	0.03%	3.800%	20.00	104.168%	
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

13a. Current Loan to Original Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %								
40 % - 50 %								
50 % - 60 %								
60 % - 70 %								
70 % - 80 %								
80 % - 90 %								
90 % - 100 %								
100 % - 110 %								
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	<b>-</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

13b. Current Loan to Original Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %	1,425,036.88	0.27%	12	0.41%	4.707%	22.25	36.601%	
40 % - 50 %	4,044,051.46	0.75%	31	1.05%	4.448%	22.98	45.423%	
50 % - 60 %	10,185,413.83	1.89%	79	2.67%	4.264%	23.64	55.004%	
60 % - 70 %	20,222,019.27	3.76%	133	4.50%	4.256%	25.19	65.850%	
70 % - 80 %	34,387,957.08	6.40%	216	7.31%	4.232%	26.08	75.602%	
80 % - 90 %	54,664,974.22	10.17%	313	10.59%	4.221%	25.99	85.510%	
90 % - 100 %	132,940,666.39	24.73%	680	23.00%	4.234%	27.24	95.798%	
100 % - 110 %	279,629,880.78	52.02%	1,492	50.47%	4.215%	28.71	103.101%	
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	-	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

14a. Current Loan to Indexed Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
NHG	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %								
40 % - 50 %								
50 % - 60 %								
60 % - 70 %								
70 % - 80 %								
80 % - 90 %								
90 % - 100 %								
100 % - 110 %								
110 % - 120 %								
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	-	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>

14b. Current Loan to Indexed Market Value						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
<= 10 %								
10 % - 20 %								
20 % - 30 %								
30 % - 40 %	1,040,107.63	0.19%	9	0.30%	4.558%	22.16	35.533%	
40 % - 50 %	3,560,590.93	0.66%	27	0.91%	4.428%	22.65	44.056%	
50 % - 60 %	10,189,268.69	1.90%	79	2.67%	4.317%	23.68	54.337%	
60 % - 70 %	17,866,740.35	3.32%	121	4.09%	4.217%	25.30	64.911%	
70 % - 80 %	34,244,752.61	6.37%	214	7.24%	4.245%	25.98	74.601%	
80 % - 90 %	50,674,989.54	9.43%	295	9.98%	4.203%	25.97	84.653%	
90 % - 100 %	119,137,609.12	22.17%	621	21.01%	4.182%	27.15	94.969%	
100 % - 110 %	298,451,104.65	55.53%	1,579	53.42%	4.240%	28.62	102.728%	
110 % - 120 %	2,334,836.39	0.43%	11	0.37%	4.343%	27.00	103.780%	
120 % - 130 %								
130 % - 140 %								
140 % - 150 %								
150 % >								
Unknown n								
<b>Total</b>	<b>537,499,999.91</b>	<b>100.00%</b>	<b>2,956</b>	<b>100.00%</b>	<b>4.227%</b>	<b>27.61</b>	<b>94.823%</b>	

15. Loanpart Coupon (interest rate bucket)						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon	WA Maturity	WA CLTOM V	
	Current Notional Amount (EUR)	% of Total			(%)	(yrs)		
3.0 % - 3.5 %	25,268,240.67	4.70%	319	6.07%	3.441%	27.27	91.342%	
3.5 % - 4.0 %	101,598,204.67	18.90%	1,025	19.52%	3.820%	27.73	94.028%	
4.0 % - 4.5 %	267,182,846.17	49.71%	2,466	46.95%	4.097%	28.33	96.649%	
4.5 % - 5.0 %	104,897,182.25	19.52%	1,067	20.32%	4.774%	26.41	92.855%	
5.0 % - 5.5 %	38,474,688.25	7.16%	374	7.12%	5.221%	25.82	91.942%	
5.5 % - 6.0 %	78,837.90	0.01%	1	0.02%	5.600%	24.67	74.240%	
Total	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%	

16. Remaining Interest Rate Fixed Period						Hypenn RMBS II	
	Aggregate Outstanding				WA Coupon	WA Maturity	
From (>) Until (<=)	Current Notional Amount (EUR)	% of Total	Nr of Loanparts	% of Total	(%)	(yrs)	WA CLTOMV
< 12 Months	161,261.63	0.03%	2	0.04%	4.654%	25.79	98.745%
12 Months - 24 Months	527,487.18	0.10%	8	0.15%	3.337%	26.63	92.041%
24 Months - 36 Months	73,400.52	0.01%	1	0.02%	3.600%	15.17	96.830%
36 Months - 48 Months	29,284,152.44	5.45%	318	6.05%	3.788%	27.20	91.052%
48 Months - 60 Months	51,405,502.40	9.56%	645	12.28%	3.544%	26.53	90.490%
60 Months - 72 Months	346,570.29	0.06%	5	0.10%	4.267%	22.12	82.624%
72 Months - 84 Months	1,639,247.00	0.30%	25	0.48%	4.119%	25.07	87.801%
96 Months - 108 Months	56,857,048.67	10.58%	570	10.85%	4.782%	27.02	93.869%
108 Months - 120 Months	341,140,397.29	63.47%	3,131	59.62%	4.132%	28.27	96.566%
120 Months - 132 Months	402,285.38	0.07%	6	0.11%	5.147%	23.19	83.639%
132 Months - 144 Months	363,447.07	0.07%	6	0.11%	4.300%	21.60	92.413%
144 Months - 156 Months	960,098.87	0.18%	13	0.25%	4.385%	23.57	88.732%
156 Months - 168 Months	4,628,578.75	0.86%	56	1.07%	5.133%	23.21	85.773%
168 Months - 180 Months	3,658,064.30	0.68%	46	0.88%	4.961%	21.57	83.459%
180 Months - 192 Months	70,890.24	0.01%	1	0.02%	5.200%	15.92	93.150%
192 Months - 204 Months	657,183.02	0.12%	9	0.17%	5.089%	20.29	83.541%
204 Months - 216 Months	197,051.55	0.04%	3	0.06%	5.296%	17.66	67.763%
216 Months - 228 Months	20,999,990.84	3.91%	185	3.52%	5.267%	26.12	91.811%
228 Months - 240 Months	24,127,342.47	4.49%	222	4.23%	5.026%	26.56	94.000%
Total	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%

17. Interest Payment Type						Hypenn RMBS II	
Description	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
	Current Notional Amount (EUR)	% of Total					
Fixed	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%
Floating							
Total	537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%

18. Property Description						Hypenn RMBS II		
Property	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
	Current Notional Amount (EUR)	% of Total						
Flat / Apartment	75,796,744.47	14.10%	499	16.88%	4.167%	28.61	98.214%	
House	461,703,255.44	85.90%	2,457	83.12%	4.236%	27.45	94.267%	
Total	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%	

19. Geographical Distribution (by province)						Hypenn RMBS II			
Province	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV		
	Current	Notional Amount (EUR)							
Drenthe		20,901,716.94		3.89%	4.13%	4.120%	27.50	95.004%	
Flevoland		13,117,695.41		2.44%	2.71%	4.228%	27.88	96.393%	
Friesland		15,953,791.41		2.97%	3.18%	4.061%	26.78	94.673%	
Gelderland		54,935,098.30		10.22%	9.88%	4.284%	27.42	93.758%	
Groningen		18,160,883.07		3.38%	3.89%	4.193%	28.07	97.038%	
Limburg		22,346,912.60		4.16%	4.43%	4.291%	26.83	93.828%	
Noord-Brabant		84,816,898.93		15.78%	14.95%	4.246%	27.45	93.835%	
Noord-Holland		72,733,799.28		13.53%	12.82%	4.168%	28.08	96.590%	
Overijssel		34,691,930.59		6.45%	6.53%	4.171%	27.95	94.025%	
Utrecht		40,215,637.18		7.48%	6.87%	4.246%	27.51	92.594%	
Zeeland		15,043,004.41		2.80%	3.11%	4.305%	27.43	92.767%	
Zuid-Holland		144,582,631.79		26.90%	27.50%	4.251%	27.65	95.669%	
Unspecified									
Total		537,499,999.91		100.00%	2,956	100.00%	4.227%	27.61	94.823%

20. Geographical Distribution (by economic region)						Hypenn RMBS II			
Economic Region	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA CLTOMV		
	Current	Notional Amount (EUR)			(%)	(yrs)			
NL111 - Oost-Groningen		5,738,651.19		1.07%	39	1.32%	4.151%	27.89	97.126%
NL112 - Delfzijl en omgeving		1,177,255.77		0.22%	9	0.30%	4.181%	28.85	97.946%
NL113 - Overig Groningen		11,244,976.11		2.09%	67	2.27%	4.216%	28.07	96.898%
NL121 - Noord-Friesland		9,082,560.11		1.69%	53	1.79%	3.988%	26.61	94.104%
NL122 - Zuidwest-Friesland		2,233,764.82		0.42%	15	0.51%	4.086%	26.55	94.096%
NL123 - Zuidoost-Friesland		4,637,466.48		0.86%	26	0.88%	4.191%	27.23	96.065%
NL131 - Noord-Drenthe		7,965,251.16		1.48%	46	1.56%	4.180%	27.72	97.055%
NL132 - Zuidoost-Drenthe		7,395,475.35		1.38%	45	1.52%	4.155%	27.16	92.245%
NL133 - Zuidwest-Drenthe		5,540,990.43		1.03%	31	1.05%	3.986%	27.65	95.739%
NL211 - Noord-Overijssel		12,720,374.44		2.37%	69	2.33%	4.136%	27.47	94.365%
NL212 - Zuidwest-Overijssel		4,510,843.08		0.84%	26	0.88%	4.098%	27.55	89.899%
NL213 - Twente		17,460,713.07		3.25%	98	3.32%	4.215%	28.41	94.843%
NL221 - Veluwe		20,604,740.62		3.83%	105	3.55%	4.265%	27.44	93.419%
NL224 - Zuidwest-Gelderland		6,381,851.03		1.19%	34	1.15%	4.397%	28.27	91.185%
NL225 - Achterhoek		8,739,023.85		1.63%	50	1.69%	4.225%	27.75	94.742%
NL226 - Arnhem/Nijmegen		19,456,885.37		3.62%	104	3.52%	4.288%	26.99	94.224%
NL230 - Flevoland		13,117,695.41		2.44%	80	2.71%	4.228%	27.88	96.393%
NL310 - Utrecht		39,968,234.61		7.44%	202	6.83%	4.248%	27.50	92.729%
NL321 - Kop van Noord-Holland		7,248,213.47		1.35%	43	1.45%	4.267%	27.03	94.771%
NL322 - Alkmaar en omgeving		4,995,504.27		0.93%	26	0.88%	4.188%	27.14	96.837%
NL323 - IJmond		5,884,916.22		1.09%	31	1.05%	4.101%	28.21	97.012%
NL324 - Agglomeratie Haarlem		6,452,955.97		1.20%	32	1.08%	4.195%	28.39	97.434%
NL325 - Zaanstreek		4,289,073.92		0.80%	26	0.88%	4.179%	28.10	94.388%
NL326 - Groot-Amsterdam		38,168,557.13		7.10%	195	6.60%	4.141%	28.33	96.530%
NL327 - Het Gooi en Vechtstreek		5,694,578.30		1.06%	26	0.88%	4.236%	28.12	99.361%
NL331 - Agglomeratie Leiden en Bolle		15,760,642.58		2.93%	79	2.67%	4.242%	28.02	96.954%
NL332 - Agglomeratie 's-Gravenhage		26,103,329.73		4.86%	152	5.14%	4.215%	28.21	96.938%
NL333 - Delft en Westland		7,618,403.08		1.42%	41	1.39%	4.217%	27.09	92.053%
NL334 - Oost-Zuid-Holland		10,612,330.55		1.97%	58	1.96%	4.342%	27.64	95.145%
NL335 - Groot-Rijnmond		63,773,788.64		11.86%	367	12.42%	4.255%	27.47	95.685%
NL336 - Zuidoost-Zuid-Holland		20,714,137.21		3.85%	116	3.92%	4.255%	27.43	94.637%
NL341 - Zeeuw sch-Vlaanderen		7,433,455.21		1.38%	49	1.66%	4.212%	28.17	96.019%
NL342 - Overig Zeeland		7,609,549.20		1.42%	43	1.45%	4.397%	26.72	89.589%
NL411 - West-Noord-Brabant		28,510,975.59		5.30%	154	5.21%	4.212%	27.34	95.128%
NL412 - Midden-Noord-Brabant		14,524,537.84		2.70%	75	2.54%	4.179%	27.70	96.485%
NL413 - Noordoost-Noord-Brabant		21,463,761.16		3.99%	110	3.72%	4.303%	27.43	91.532%
NL414 - Zuidoost-Noord-Brabant		20,317,624.34		3.78%	103	3.48%	4.284%	27.46	92.561%
NL421 - Noord-Limburg		4,013,711.86		0.75%	21	0.71%	4.267%	26.52	93.147%
NL422 - Midden-Limburg		6,305,812.72		1.17%	38	1.29%	4.377%	26.57	92.834%
NL423 - Zuid-Limburg		12,027,388.02		2.24%	72	2.44%	4.254%	27.07	94.577%
Total		537,499,999.91		100.00%	2,956	100.00%	4.227%	27.61	94.823%

21. Construction Deposits (as percentage of net principal outstanding amount)						Hypenn RMBS II	
From (>)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity	
	Current	Notional Amount (EUR)				(yrs)	WA CLTOMV
No Construction Deposit		484,290,052.30		90.10%		27.55	94.554%
0 % - 10 %		51,261,715.91		9.54%		28.12	97.335%
10 % - 20 %		1,948,231.70		0.36%		28.88	95.650%
20 % - 30 %							
30 % - 40 %							
40 % - 50 %							
50 % - 60 %							
60 % >							
Not Applicable							
<b>Total</b>		<b>537,499,999.91</b>		<b>100.00%</b>		<b>27.61</b>	<b>94.823%</b>

22. Occupancy						Hypenn RMBS II	
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity	
	Current	Notional Amount (EUR)				(yrs)	WA CLTOMV
Ow ner Occupied		537,499,999.91		100.00%		27.61	94.823%
<b>Total</b>		<b>537,499,999.91</b>		<b>100.00%</b>		<b>27.61</b>	<b>94.823%</b>

23. Employment Status Borrower						Hypenn RMBS II	
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity	
	Current	Notional Amount (EUR)				(yrs)	WA CLTOMV
Employee		439,693,452.44		81.80%		27.45	94.460%
Self-Employed		16,904,707.02		3.15%		26.74	89.029%
Temporary Employment		80,901,840.45		15.05%		28.66	98.011%
<b>Total</b>		<b>537,499,999.91</b>		<b>100.00%</b>		<b>27.61</b>	<b>94.823%</b>

24. Loan to Income						Hypenn RMBS II	
From (>) Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity	
	Current	Notional Amount (EUR)				(yrs)	WA CLTOMV
Self Certified							
<= 0.5							
0.5 - 1.0							
1.0 - 1.5		2,529,126.67		0.47%		22.39	61.747%
1.5 - 2.0		8,782,724.27		1.63%		22.51	72.887%
2.0 - 2.5		27,316,802.21		5.08%		24.09	81.865%
2.5 - 3.0		60,511,569.48		11.26%		26.03	89.743%
3.0 - 3.5		92,423,556.17		17.20%		27.33	95.225%
3.5 - 4.0		128,396,054.15		23.89%		27.93	96.938%
4.0 - 4.5		139,353,562.82		25.93%		28.51	98.294%
4.5 - 5.0		77,867,904.28		14.49%		29.00	96.773%
5.0 - 5.5		318,699.86		0.06%		29.42	74.990%
5.5 - 6.0							
6.0 - 6.5							
6.5 - 7.0							
7.0 >							
Unknown							
<b>Total</b>		<b>537,499,999.91</b>		<b>100.00%</b>		<b>27.61</b>	<b>94.823%</b>

25. Debt Service to Income						Hypenn RMBS II		
From (>) Until (<=)	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon	WA Maturity	WA CLTOMV	
	Current	Notional Amount (EUR)			% of Total	(%)		(yrs)
<= 5 %								
5 % - 10 %		2,297,722.32	0.43%	16	0.54%	3.893%	27.4	69.346%
10 % - 15 %		30,118,050.94	5.60%	184	6.22%	4.045%	26.3	85.866%
15 % - 20 %		128,359,320.29	23.88%	707	23.92%	4.116%	27.3	94.024%
20 % - 25 %		219,160,840.28	40.77%	1,183	40.02%	4.237%	27.8	96.096%
25 % - 30 %		149,048,549.74	27.73%	818	27.67%	4.319%	28.1	96.476%
30 % - 35 %		7,130,547.52	1.33%	39	1.32%	4.773%	24.1	85.687%
35 % - 40 %		1,042,425.61	0.19%	7	0.24%	4.517%	22.5	72.481%
40 % - 45 %		342,543.21	0.06%	2	0.07%	4.430%	19.1	77.307%
45 % - 50 %								
50 % - 55 %								
55 % - 60 %								
60 % - 65 %								
65 % - 70 %								
70 % >								
Unknown								
Total		537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%

26. Loanpart Payment Frequency						Hypenn RMBS II		
Description	Aggregate Outstanding		Nr of Loanparts	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
	Current	Notional Amount (EUR)						
Monthly		537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%
Total		537,499,999.91	100.00%	5,252	100.00%	4.227%	27.61	94.823%

27. Guarantee Type (NHG / Non NHG)					Hypenn RMBS II			
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
	Current	Notional Amount (EUR)						
NHG Guarantee		537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%
Total		537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%

28. Originator					Hypenn RMBS II		
Description	Aggregate Outstanding Current Notional Amount (EUR)	% of Total	Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV
Nationale-Nederlanden Levensverzekering Mij N.V.	358,949,248.21	66.78%	1,942	65.70%	4.310%	27.02	93.454%
Nationale Nederlanden Bank N.V.	178,550,751.70	33.22%	1,014	34.30%	4.059%	28.79	97.575%
Total	537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%

29. Servicer						Hypenn RMBS II		
Description	Aggregate Outstanding		Nr of Loans	% of Total	WA Coupon (%)	WA Maturity (yrs)	WA CLTOMV	
	Current	Notional Amount (EUR)						
Nationale Nederlanden Bank N.V.		537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%
Total		537,499,999.91	100.00%	2,956	100.00%	4.227%	27.61	94.823%

## 6.2 DESCRIPTION OF MORTGAGE LOANS

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan part (*leningdelen*), the aggregate of such loan parts) are secured by a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgage right, evidenced by notarial mortgage deeds and some of the Mortgage Loans have the benefit of an NHG Guarantee (*Nationale Hypotheek Garantie*). The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising therefrom are governed by Dutch law.

### Mortgage Loan Types

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

- (a) Bank Savings Mortgage Loans ("*bankspaarhypotheken*");
- (b) Linear Mortgage Loans ("*lineaire hypotheken*");
- (c) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
- (d) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
- (e) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

Mortgage Loan Type	Description
<b>Bank Savings Mortgage Loans:</b>	<p>A portion of the Mortgage Loans (or parts thereof) will be in the form of Bank Savings Mortgage Loans. Under a Bank Savings Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead makes a deposit into the relevant blocked Bank Savings Account on a monthly basis. The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the relevant Originator at maturity of the Bank Savings Mortgage Loan. The Bank Savings Deposit is pledged to the relevant Originator as security for repayment of the relevant Bank Savings Mortgage Loan.</p> <p>Subject to the terms and conditions of the Bank Savings Mortgage Loans, on each of the "<i>Drempeldatums</i>" (as defined in the terms and conditions of the Bank Savings Mortgage Loans), the Borrower is entitled to a bonus amount, the aggregate of which is payable upon repayment of the Bank Savings Mortgage Loan.</p>
<b>Linear Mortgage Loans:</b>	<p>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.</p>
<b>Annuity Mortgage Loans:</b>	<p>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.</p>
<b>Interest-only Mortgage Loans:</b>	<p>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. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans from which NHG Mortgage Receivables result may have been granted up to an</p>

amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination.



## 6.3 ORIGINATION AND SERVICING

### Origination

#### *General*

Mortgage Loans have been originated, until 1 July 2013, by NN Leven (including former RVS (which entity merged with NN Leven on 1 January 2011)) and, as of 1 July 2013, by NN Bank, each currently a subsidiary of ING Group, which is supervised by the Dutch Central Bank. The Mortgage Loans are serviced – both regular and special servicing - by NN Bank, except for further advances under existing mortgages that have been originated by NN Leven, which are still being originated by NN Leven.

#### *Introduction*

The Mortgage Loans are distributed through independent intermediaries. This distribution process is managed by NN Bank. Mortgage Loans originated by former RVS were distributed through former RVS broker agents.

New mortgage loans are accepted on the basis of standard underwriting procedures. The principal items in the underwriting protocol are:

#### *Code of Conduct ("Gedragcode Hypothecaire Financieringen")*

The Code of Conduct has been a guideline since January 2007 for all Dutch financial institutions offering mortgage loans for the purchase, construction, refurbishment or refinancing of the borrower's property. Since 2011 the Code of Conduct has become obligatory. The Code of Conduct stipulates how to determine the maximum loan capacity of the borrower, and operates on a 'comply or explain' basis. This means that each mortgage loan provided needs to comply with the Code of Conduct or an appropriate explanation needs to be provided. The calculation of the maximum loan capacity is based on an annuity calculation (assuming an amortising notional schedule), an interest rate determined quarterly by the 'Contactorgaan Hypothecair Financiers (Dutch Association of Banks, NVB) and the maximum debt-to-income ratios (housing ratios), which depends on the income of the borrower. Currently, a minimum interest rate of 5.0 per cent applies to mortgage loans with a fixed rate of interest of up to a term of 10 years. For mortgage loans with longer fixed rate terms, the actual mortgage loan rates are to be used. Based on this interest rate and the duration of the loan a monthly payment is calculated. The total payments per year should be less than the maximum housing ratio.

#### *Income*

A vast majority of borrowers receives income from paid employment. For most other borrowers the income is generated from self-employed activity, pensions, social benefits or alimony. A check on the income is conducted by the relevant underwriter by requesting salary statements and a recent employer's declaration. Self-employed persons have to comply with predefined ratings from an internal rating model set forth in the standard underwriting procedures and/or have to submit full annual accounts (including an auditor's report or sign-off and definitive tax assessments) for the business over the past three years and forecast and orders for the current year. A director/majority shareholder is regarded as self-employed.

#### *National Credit Register (BKR)*

A check is completed on every borrower with the BKR. A negative credit registration on the borrower's name will, in principle, lead to a rejection of the mortgage loan request. However, such registration may be accepted in exceptional cases, when the cause of such registration proves to have been solved since more than two years and was of minimal importance.

#### *Collateral*

To determine the foreclosure / market value of the property securing the mortgage loan either a valuation report by an independent registered valuer or a WOZ value statement is used.

The independent registered valuer has to be known to the relevant intermediary of NN Bank and has to be a member of a selected organisation, being either the Dutch Association of Real Estate Brokers ("*Nederlandse Vereniging van Makelaars*"), "*VastgoedPro*" the dutch association for real estate professionals, the "*Vereniging Bemiddeling Onroerend Goed*" and the "NVR" the dutch association for land agents and is registered with either "*Stichting VastgoedCert, kamer Wonen*" or with "*Stichting Certificering VBO-Makelaars*". As of 1 January 2010 all valuation reports must be validated and as of 1 July 2011 all validating institutes must be certified by Stichting Taxaties en Validaties. As of 1 July 2013 all validation institutes must also have an agreement with Stichting Taxaties en Validaties.

The independent registered valuer must be independent and may therefore not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located. In general, the market value of a property is usually the purchase price (see below for market values derived from WOZ valuations). NN Leven and NN Bank do not grant a mortgage loan when the purchase price is lower than € 90,000. The maximum principal amount outstanding under a mortgage loan is 104 per cent. of the market value of the property. The applicable percentage will depend on the type of a borrower's employment, the type of property, the use of the property and the type of the mortgage loan. Exceptions are possible until 112,5 per cent. This is only possible in case of refinancing or in case of substantial lower loan costs.

Valuations are always subject to approval by an approved validating institute, for example the NWWI ("*Nederlands Woning Waarde Instituut*").

Note that (i) before January 2008, NN Leven did not accept the WOZ value statement and always requested a valuation report, (ii) since January 2008, NN Leven accepts the WOZ value statement with a market value being 100 per cent. of the WOZ, (iii) as of 11 November 2013 only a valuation report is accepted by NN Bank for new loans and (iv) since January 2013, NN Leven and NN Bank accept the WOZ value statement with a market value being 90 per cent. of the WOZ. The WOZ value statement has to meet the above mentioned criteria and is supplemented by a marketability declaration signed by the borrower. The WOZ value statement is only accepted in case of increases, conversions or divorces.

#### *Mortgage Analysis Program*

First checks are performed by the relevant underwriters (e.g. NN Leven and NN Bank) against the BKR and the SFH ("*Stichting Fraudebestrijding Hypotheken*") database verifying the amount of other outstanding credit lines in the name of the borrower and whether the borrower has been registered on a fraud list (including *Externe Verwijzings Applicatie* (EVA) and *Verificatie Informatie Systeem* (VIS)). The mortgage loan calculations are processed through a proprietary software mortgage analysis tool, which also calculates the maximum mortgage loan amounts that can be advanced. Once the mortgage loans have been approved, the software programme 'House' will generate the approved mortgage loan offer. Certain mortgage loans that are not approved in first instance (e.g. due to the loan amount requested or applications that do not comply with the standard protocols) can be approved manually at two levels by management or by Credit Risk Management (CRM), depending, among other things, on the amount of the mortgage loan requested. Periodically, internal audit checks are conducted to determine whether the mortgage loans are granted in conformity with the relevant underwriters's origination criteria. Approved and accepted mortgage loans are administered in the mortgage loan administration system Homes.

#### *Acceptance*

Before final acceptance of a mortgage loan by a borrower, a check is performed by the underwriter on whether or not the borrower has met all the pre-conditions stated in the mortgage loan offer. After acceptance, the final terms of the mortgage deed are sent to the civil law notary. The civil law notary can only make the relevant advances to the borrower after the mortgage deed has been signed.

#### *Insurance*

Depending on the mortgage loan type, the full mortgage loan amount or the mortgage loan amount above 80 per cent of the market value has to be covered by a life insurance of the borrower whose income was taken into account for the loan acceptance.

A borrower is required to take out insurance in respect of the property securing the mortgage loan against risk of fire and other accidental damage for the full restitution of the value thereof.

#### *Security*

Each mortgage loan is secured by a first priority right (*eerste in rang*) or a first and sequentially lower priority right of mortgage in the form of a notarial deed, which is duly registered at the land register (*Kadaster*). When a mortgage deed is first presented for registration an entry to this effect is made in the land register. The first entry in the land register establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property. Each of NN Leven and NN Bank accepts in principle a second mortgage right if the first entry of a mortgage right is made in its name.

## Servicing

### *Introduction*

Until November 2010, ING Service Center Hypotheken B.V. ("**ING SCH**") was responsible for the mortgage loan administration of the Dutch business units of ING Group, including the non-commercial contacts with the clients. ING SCH is a 100 per cent subsidiary of ING Support Holding B.V., which in turn is a 100 per cent subsidiary of ING Group. ING SCH started its activities on 1 January 2002.

Since November 2010 WestlandUtrecht Bank N.V. has been responsible for the servicing and administration of the mortgage loans originated by WestlandUtrecht Bank N.V. and NN Leven (RVS). As of 1 July 2013 NN Bank has taken over the role of servicing and arrears management. With this transfer, all servicing and special servicing related systems, staff and policies have moved to NN Bank.

### *Mortgage loan administration*

Following the granting of the loan and the creation of the mortgage loan, the regular administration of the mortgage loan in Homes commences. The portfolio administrative control is divided into collection procedure, administration, administrative control of Early & Late Stage arrears, technical administrative control, interest rate reviews and file creation.

### *Interest collection*

Interest is collected mainly by direct debit. Each month the collection ("*incasso*") system in Homes automatically calculates the amount of interest (and redemption) due. The interest on mortgage loans originated by the relevant Originator is collected in arrears on the first business day of each month. The interest received is recorded in each borrower's ledger account, held by ING Insurance Eurasia at ING Bank. From then on, all payments per borrower are automatically recorded under each operating entity. This automated process has a very low fail rate. Failure can be caused by a change in bank account of the borrower (i.e. return of payments) without NN Leven and NN Bank being notified or an insufficient balance on the bank account to satisfy the payment. The Originators have recollection facilities, i.e. the capability to retry to collect the amounts due with the client. In case of an insufficient balance on the bank account there will be a retrial of the automatic collection after the fifth business day. In all other cases the borrower will receive a first reminder on the ninth day following an unsuccessful automatic collection.

### *Special servicing / Arrears management*

If a borrower fails to meet his payment obligations, the file is transferred to the special servicing department of NN Bank. The special servicing activities globally consist of two phases. In the first phase, the goal is to re-instate the normal payment pattern and to retain the customer. In this phase, contact is made with the borrower and possibly with the employer of the borrower. The borrower receives personal attention by a team that has, on average, more than four years of experience in arrears management. The second phase consists of preventing losses and/or liquidation where the goal is to control risk, with the intent to maximise collections. A final effort can be made to re-instate the payment pattern. Thereafter, priority is given to urge customers to voluntarily sell the collateral (private sale), a process that is co-ordinated by arrears management and an estate agent to maximise the recoveries. Foreclosure only occurs if and when the borrower is unwilling or unable to sell the property voluntarily or the borrower cannot be located. In this case, active attention is given to the foreclosure procedure in order to maximize revenues. However, the procedure can be adjusted to reflect risk considerations. The special servicing/ arrears administrative control procedure is as follows:

- (i) The amount to be debited will be updated according to the payments due at that date; premium, penalty, interest and repayments. In this direct debit procedure the outstanding amounts to be collected are credited in the following order: first interest (and premium, insurance, investment and/or savings), second repayment and finally penalty payment.
- (ii) After seven (7), fifteen (15), twenty-three (23) and thirty-seven (37) days, the borrower receives an automatically produced letter with a payment form attached.
- (iii) If, forty-five (45) days after the due date, payment has still not been received, the file is transferred to the arrears management department. A notice is sent out to the debtor consisting of a status update that specifies the due amount (premium, interest and repayment) including the penalty payment. The borrower receives a first manually prepared letter which announces that he will be subjected to a test in BKR to check for other outstanding debts. Depending on the outcome of this test, arrears management

can decide to speed-up the process. At this stage an arrears management employee becomes directly involved and enters into telephone contact with the borrower.

- (iv) If, more than ninety (90) days after the due date payment still has not been received, the arrears management employee calls the borrower, request that a budget survey is completed, and considers to make an attachment of earnings.
- (v) If no payment has been received one hundred and ten (110) to one hundred and thirty (130) days after the due date, a stronger letter is sent, the borrower is reported to the BKR and the mortgage loan is accelerated seven (7) days after notification thereof.
- (vi) After one hundred and twenty-seven (127) days, further efforts will be made to return to normal payment behaviour of the client. The type and frequency of the contact can differ for each borrower. The file is transferred to a senior arrears management employee. Getting the borrower back to perform is not excluded at this stage, but the emphasis shifts to minimizing the credit losses. In specific more risky situations the file will be transferred to such employee at an earlier stage not to unnecessarily delay the (foreclosure) process.
- (vii) During the period in which arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrower and the relevant Originator.

#### *Foreclosure procedures*

If a borrower fails to comply with the agreed payment schemes, or if it is clear that there is no prospect of the interest, principal and/or premium arrears being paid in the near future, the borrower's file is handed over to the intensive arrears management department of NN Bank to initiate foreclosure. This does not take place later than fourteen months after the date of the first monthly payment in arrear; however foreclosure may be initiated as soon as 4 months after such date if the arrears management department determines an accelerated foreclosure is in the relevant underwriter's best interest. An effort is always undertaken to try to find an agreed solution with the borrower, so foreclosure on the property is only undertaken if the intensive arrears management department determines that there is no prospect of a foreseeable solution. Each of the Originators has the right to publicly sell (auction) the mortgaged property if the borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, the relevant Originator does not have to obtain court permission prior to foreclosing on the mortgaged property. However, after giving such notification, Dutch law requires that before a lender can foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and must be given reasonable time to comply with the lender's claims. Note that if the proceeds from the sale (auction) of the mortgaged property do not fully cover the claim of the relevant Originator, such Originator will outsource the collection of the remaining amount to a collection agency. In the case of a borrower's bankruptcy, the relevant Originator may foreclose on the borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time.

If NN Leven or NN Bank decides to sell the property, it is required to notify the parties directly involved, including the borrower as well as the person owning the property securing the mortgage loan (in the event that these are not the same parties). The notification must include the amount outstanding and the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale. Prior to foreclosure, the relevant Originator will request a new valuation report (or will index the most recent one when it is less than three months old). Based on this calculation, the relevant Originator may decide that the property should be sold either in a private sale or by public auction in order to maximise the sale value of the mortgaged property. A private sale where the borrower offers the property for sale through an estate agent is often conducted in preference to a foreclosure. Such action is undertaken in close coordination with arrears management department. In order to assist the borrowers in an increasing number of cases a power of attorney is given to NN Bank or NN Leven to act on behalf of the borrowers for the private sale. A foreclosure procedure usually takes on average four to six months. A public auction is envisaged as a last resort. In this case, when notification of foreclosure is made by the relevant Originator, formal instructions are given to a (dedicated) civil law notary. The date of the sale will be set by the civil law notary. Such procedure takes three months on average (depending on the region and the number of other foreclosures being handled by the relevant district court at the time). In the auction employees from arrears management are present. Their goal is to ensure that the beforehand determined minimum price is achieved. The distribution of the foreclosure proceeds depends on whether there is only one mortgage holder or whether there are several. If there is one mortgage holder, the proceeds will be distributed to the mortgage holder after deducting the costs of foreclosure. In the case of more than one mortgage holder, the distribution of

proceeds takes place according to the priority of the mortgage rights. In general, it takes on average two to four months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, the relevant Originator follows the requirements set forth in Dutch law and its manual.

#### *Outstanding amounts*

If a residual debt remains after foreclosure, the borrower concerned remains liable for this residual debt. A collection agency is brought in to determine whether the claim can be collected. In principle, a new payment scheme is arranged for the residual debt. If the borrower does not wish to agree to a payment scheme or does not comply with an agreed payment scheme, other measures can also be taken, including attachment of the borrower's salary.

#### *Fraud desk*

All banks in the Netherlands have a working relationship with respect to mortgage loan fraud through the Dutch Association of Banks ("*Nederlandse Vereniging voor Banken*"). A national fraud desk ("*Counter Hypotheken Fraude*") has been established through which all the banks notify each other of possible fraud cases. Within each of NN Leven and NN Bank, a fraud desk has been established for all mortgage loans. All known fraud cases are registered in an internal and external verification system that identifies fraudulent borrowers. Each new mortgage loan application is automatically run through this register. Additionally, new names added to the register are automatically cross checked within the existing mortgage loans.

The fraud desk actively manages mortgage fraud by giving anti-fraud presentations to all parties involved in the origination process. In addition, a fraud site has been created on the intranet within each of NN Leven and NN Bank. Employees are well trained on the different aspects of possible fraud. All suspicious applications are screened and if necessary sent to the special fraud desk.

In case of the detection of fraud in respect of an existing mortgage loan, the policy of NN Leven and NN Bank is to accelerate the mortgage loan concerned and report the borrower to the police.

## 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 stabilised. Recently, the low levels of mortgage production have resulted in a small decline of the aggregate mortgage loan amount in the Netherlands. 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* below).

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 Financial Markets Authority (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

<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)

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 per cent.-point from the main income tax rate of 52 per cent. 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).

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. Refinancing of residual debt resulting from the sale of a previous dwelling, is explicitly excluded from this LTV requirement.

The real estate transfer tax 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 10 years. This measure will be in place from 2013 up to and including 2023.

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

Existing house prices (PBK-index) stabilised in the fourth quarter of 2013. In line with previous quarters, sales numbers rose further. Compared to a year ago, however, prices have fallen (-6.1 per cent.), and by comparison with the peak in 2008, the price drop amounts to 20 per cent.

In the fourth quarter of 2013, more houses changed hands than in the third quarter. The Land Registry registered a total of 35,968 transactions, which was 24 per cent. more than in the previous quarter. The 12-month average rose to 112,000 transactions.

### **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 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.

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<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, February 2014

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

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 2,057 forced sales in 2013, which corresponds to a decrease of 17.3% compared to 2012. 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.

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

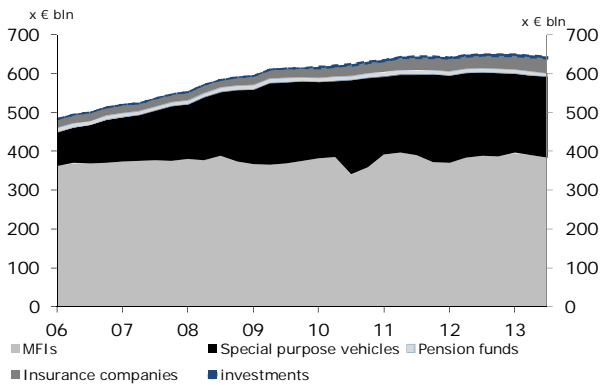


Chart 2: Transactions and prices

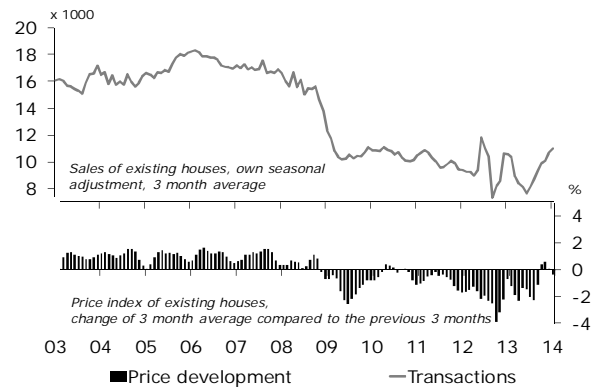


Chart 3: Price index development

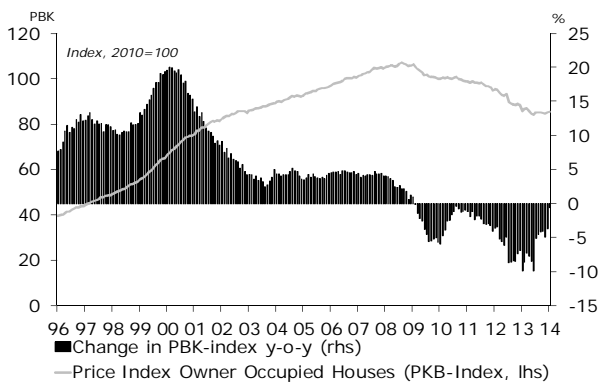


Chart 4: Interest rate on new mortgages

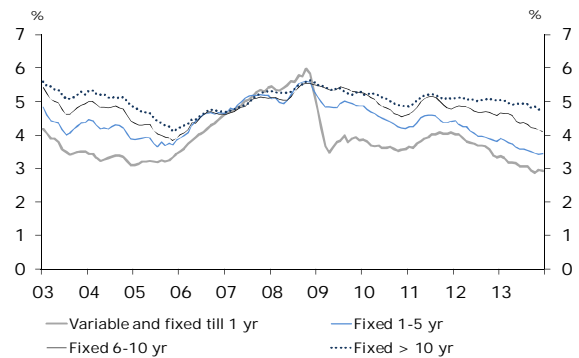
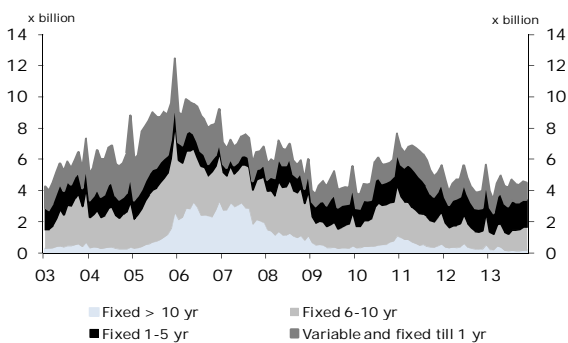


Chart 5: Volume of new mortgages by term



## 6.5 NHG GUARANTEE PROGRAMME

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

Since 1 January 1995 Stichting WEW, a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan (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. (0.85 per cent. until 31 January 2013 and 0.70 per cent. until 31 December 2012) 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 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 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 Guarantees

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

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

The NHG has specific rules for the level of credit risk that will be accepted. The creditworthiness 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 second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of

pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent of the value of the property.

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

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

When a borrower is in arrears with payments under a mortgage loan for a period of 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 private or forced sale amount of the property, the lender must make a formal request to Stichting WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, Stichting WEW must make payment within two months. If the payment is late, provided the request is valid, Stichting WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by Stichting WEW because of the lender's culpable negligence, 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") for 2014**

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

- The lender has to perform a BKR check. "A", "A1" and "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 Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*"). 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 2012, the maximum amount of the mortgage loan is €320,000. This amount is reduced to €290,000 as of 1 July 2013 and to €265,000 as of 1 July 2014. When relating to the improvement of an existing property the maximum loan amount is €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 January 2013:
  - 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) 5 per cent. (as of 1 January 2014: 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) 5 per cent. (as of 1 January 2014: 6 per cent.) of the amount under (i).
- 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 introduced which is applicable to claims under the NHG Guarantees. On any claim vis-à-vis Stichting WEW for a loss incurred, a deduction of 10% will be applied.

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase the NHG Mortgage Receivables and will accept the assignment of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a registered Deed of Assignment and Pledge as a result of which legal title to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. In addition, pursuant to the Mortgage Receivables Purchase Agreement, on each Notes Payment Date, the Seller may, subject to the Further Advance Purchase Conditions being met, assign Further Advance Receivables to the extent not previously assigned. This monthly (sale and) assignment will be effectuated by the Seller and the Issuer signing a Deed of Assignment and Pledge and by registering such deed (see Section 7.4 (*Portfolio Conditions*)). The assignment of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except 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 Originator. Each Originator will pay or procure payment to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the NHG Mortgage Receivables.

#### Purchase Price

The purchase price for the NHG Mortgage Receivables shall consist of the Initial Purchase Price which shall be payable on the Closing Date or, in case of Further Advance Receivables, on the relevant Notes Payment Date and the Deferred Purchase Price. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 550,401,634.22, which is equal to the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables at the Cut-Off Date. An amount equal to EUR 1,220,254.80, being the Aggregate Construction Amount at Closing, will be withheld by the Issuer and will be deposited on the Construction Deposit Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

#### Repurchase

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a NHG Mortgage Receivable and the Beneficiary Rights relating thereto on the immediately succeeding Notes Payment Date if:

- (i) any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the NHG Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the NHG Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect, provided that such matter is not being capable of being remedied or is not remedied within 14 days; or
- (ii) the Issuer does not purchase a Further Advance Receivable resulting from a Mortgage Loan in respect of which the relevant Originator has granted a Further Advance; or
- (iii) an Originator agrees with a Borrower to a Mortgage Loan Amendment, except if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan; or
- (iv) (a) a Mortgage Loan no longer has the benefit of an NHG Guarantee or (b) in respect of foreclosure of a Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable had the terms of the NHG Guarantee been met, each time as a result of an action taken or omitted to be taken by an Originator or the Servicer.

The purchase price for the NHG Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the NHG Mortgage Receivable, together with due and overdue interest accrued up to but excluding the date of sale and assignment of the NHG Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such sale and assignment), except that in the event of a repurchase set forth in item (iv)(b) above, the purchase price shall be equal to the amount that was not

reimbursed under the relevant NHG Guarantee.

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

If on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (in 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, the Seller has the option (but not the obligation) to repurchase the NHG Mortgage Receivables.

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

Under the terms of the Trust Deed, the Issuer may on each Optional Redemption Date offer for sale all (but not some) NHG Mortgage Receivables to a third party (which may also be the Seller), provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, subject to and in accordance with Condition 6(e) and Condition 9(a).

Pursuant to the Trust Deed, the Issuer has the right to sell all (but not some only) of the NHG Mortgage Receivables if the Tax Call Option (in accordance with Condition 6(f)) or the Regulatory Call Option (in accordance with Condition 6(g)) is exercised, provided that the Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, subject to Condition 9(a).

Pursuant to the Mortgage Receivables Purchase Agreement, if the Clean-Up Call Option is exercised by the Seller, the Issuer has the obligation to sell and assign all (but not some only) of the NHG Mortgage Receivables to the Seller or any third party appointed by the Seller at its sole discretion on or prior to the relevant Notes Payment Date. The Issuer shall apply the proceeds of such sale to fully redeem the Notes at their respective Principal Amount Outstanding, subject to and in accordance with 6(b) and Condition 9(a).

#### *Right of first refusal*

If the Issuer decides to offer for sale the NHG Mortgage Receivables on an Optional Redemption Date or following the exercise of the Tax Call Option or the Regulatory Call Option, as described above, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to first offer such NHG Mortgage Receivables to the Seller and if the Seller does not accept such offer within 14 Business Days, to instruct the Issuer Administrator to select within 30 calendar days one or more third parties to make a binding offer to purchase the NHG Mortgage Receivables.

#### *Purchase price*

The purchase price of each NHG Mortgage Receivable in the event of a sale by the Issuer shall be at least equal to (I) the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and, if the NHG Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to NHG Mortgage Receivables in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings with the Mortgage Assets, the purchase price shall be at least the lesser of (y) the sum of (a) an amount equal to (i) the Foreclosure Value of the Mortgaged Asset or (ii), if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and (b) the value of all other collateral and (c) the amount claimable under the NHG Guarantee and (z) the sum of the Outstanding Principal Amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable up to the relevant date of such sale or repurchase (II), increased by an amount equal to any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement, or as the case may be, reduced by any payment due by the Swap Counterparty to the Issuer in connection with the termination of the Swap Agreement.

#### **Assignment Notification Events**

if – *inter alia* –:

- (a) a default is made by an Originator in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any other 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 Seller; or
- (b) an Originator fails duly to perform or comply with any of its obligations under the Mortgage

Receivables Purchase Agreement or under any other Transaction Document (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 Seller; or

- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the NHG Mortgage Receivables, or under any of the Transaction Documents to which the Seller is a party or if 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) an Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of 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) an Originator has taken any corporate action or other steps have been taken or legal proceedings have been instituted 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) an Originator 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) 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 Seller shall, unless the Security Trustee delivers an Assignment Notification Stop Instruction, forthwith (*inter alia*):

- (i) notify or ensure that the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of the assignment of the NHG Mortgage Receivables and Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself; and
- (ii) 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 NHG Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller shall 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 Seller (copied to the Issuer) instructing the Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions.

## 7.2 REPRESENTATIONS AND WARRANTIES

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Loans, the NHG Mortgage Receivables resulting therefrom and the Beneficiary Rights relating thereto, *inter alia*:

- (a) the NHG 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 Further Advance Receivables, the relevant Notes Payment Date;
- (b) the NHG Mortgage Receivable was originated by the relevant Originator and the relevant Originator is entitled to collect ("*inningsbevoegd*") the NHG Mortgage Receivable;
- (c) the Seller has full right and title to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and it has power ("*is beschikkingsbevoegd*") to sell and assign the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and transfer of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the NHG Mortgage Receivables are capable of being transferred or pledged;
- (d) the Seller has not been notified and is not aware of anything affecting its title to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) the NHG Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option to acquire the NHG Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto;
- (f) each NHG Mortgage Receivable is secured by a first ranking or first and sequential lower ranking Mortgage 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;
- (g) each Mortgage Loan is denominated in euro;
- (h) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (i) each mortgage deed used by the relevant Originator in respect of a Mortgage Loan does not contain any specific wording to the extent that the Mortgage or Borrower Pledge will not follow the receivable if it is assigned to a third party;
- (j) each Mortgaged Asset concerned was, at the time of initial underwriting, valued (i) by an independent qualified valuer, whereby valuations are not older than six months prior to the date of the mortgage application by the Borrower, (ii) in case the valuation of the 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 100% of such valuation by the Netherlands tax authorities, or (iii) in case of newly built Mortgaged Assets, the foreclosure value is based upon the construction costs, i.e. the sum of (a) purchase price of the land + building costs (the so-called "*koop/aanneemovereenkomst*") and (b) 50% of the additional works ("*meerwerk*"). In case of Further Advances or renewals, the valuation assessment of the Mortgaged Asset for purposes of underwriting was performed not more than six months prior to the date of the application by the Borrower for a Further Advance or renewal. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction;
- (k) each NHG Mortgage Receivable and each Mortgage and Borrower Pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (l) all Mortgages and Borrower Pledges granted to secure the NHG Mortgage Receivables, except for pledges in respect of an *effectengiro*, (i) constitute valid mortgage rights ("*hypothekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of



the 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 Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium up to an amount equal to at least 40 per cent. of such Outstanding Principal Amount, therefore in total up to a maximum amount equal to 140 per cent. of the Outstanding Principal Amount of the NHG Mortgage Receivable;

- (m) each of the 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 Mortgage Loans and each of the Risk 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, and with the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") and the relevant Originator's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Dutch residential mortgages;
- (o) with respect to Bank Savings Mortgage Loans, the relevant Originator has the benefit of a valid right of pledge on the rights under the relevant Bank Savings Account;
- (p) 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;
- (q) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts ("*leningdelen*");
- (r) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (s) with respect to the NHG Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Originator provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (t) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of buildings insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*");
- (u) each Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (v) the particulars as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and the Escrow List of Loans relating to the Mortgage Loans are correct and complete in all material respects;
- (w) (i) each Mortgage Loan has the benefit of an NHG Guarantee, (ii) each NHG Guarantee connected to the Mortgage Loan was granted for the full Outstanding Principal Amount of the Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (iii) the NHG Guarantee was in compliance with all terms and conditions ("*voorwaarden en normen*") applicable to it at the time of origination of the Mortgage Loans or relevant loan part and (iv) the relevant Originator has not done anything or omitted to do anything which could compromise the enforceability of its claim nor is the relevant Originator aware of any reason why any claim under any NHG Guarantee granted by Stichting WEW in respect of the Mortgage Loan or relevant loan part should not be met in full and in a timely manner;
- (x) other than the Construction Deposit, the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary;

- (y) the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables on the Cut-Off Date is equal to the Initial Purchase Price;
- (z) interest payments in respect of the NHG Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
- (aa) 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;
- (bb) the Loan Files contain evidence of (i) the existence and ranking of the Mortgages, (ii) the principal sum for which the Mortgages were vested and (iii) the valuation of the Mortgage Assets;
- (cc) it can be determined in its administration which Beneficiary Rights relate to which NHG Mortgage Receivables;
- (dd) payments made under the NHG Mortgage Receivables are not subject to withholding tax;
- (ee) the Mortgage Conditions do not contain confidentiality provisions which restrict the Seller in exercising its rights under the Mortgage Loan; and
- (ff) to the best of its knowledge, the Mortgage Loan 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 terms or its enforceability or collectability.

### 7.3 MORTGAGE LOAN 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) Bank Savings Mortgage Loans ("*bankspaarhypotheken*");
  - b) Linear Mortgage Loans ("*lineaire hypotheken*");
  - c) Annuity Mortgage Loans ("*annuïteitenhypotheken*");
  - d) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"); or
  - e) 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 the Seller or any of its group companies;
- (iii) each Mortgage Loan is secured by a first ranking Mortgage or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking Mortgages;
- (iv) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (v) interest payments are scheduled to be made monthly;
- (vi) no Mortgage Loan or part thereof qualifies as a bridge loan ("*overbruggingshypotheek*") or as a revolving credit mortgage loan ("*krediethypotheek*");
- (vii) each Mortgaged Asset is located in the Netherlands;
- (viii) on the Cut-Off Date or, in the case of Further Advances, the first day of the month wherein the Issuer purchased the Further Advance Receivables resulting from such Further Advances, no amounts due under any of the Mortgage Loans acquired on such date were overdue and unpaid;
- (ix) each Mortgage Loan (or all Loan Parts in respect of a Mortgage Loan) has a fixed rate of interest;
- (x) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
- (xi) none of the Borrowers has a negative BKR registration ("*BKR codering*") upon origination;
- (xii) all Mortgage Loans have been executed on or after 1 January 2004;
- (xiii) each Mortgage Loan has a legal maturity of not more than thirty (30) years and one month;
- (xiv) the NHG Mortgage Receivable has not been based on a self-certified income statement or advisor-verified income statement of the Borrower;
- (xv) the Outstanding Principal Amount of Mortgage Loans per Borrower does not exceed EUR 320,000; and
- (xvi) each Mortgage Loan has a positive Outstanding Principal Amount.

## 7.4 PORTFOLIO CONDITIONS

### Further Advances

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment Date use the Further Advance Available Amount, subject to the satisfaction of the Further Advance Purchase Conditions, to purchase and accept the assignment of Further Advance Receivables from the Seller, if and to the extent offered by the Seller. On the first Notes Payment Date, the Further Advance Available Amount shall be increased with an amount equal to the aggregate amount of repayments and prepayments of principal under the NHG Mortgage Receivables received or to be received by the relevant Originator between the Cut-Off Date and the Closing Date (the "**Initial Purchase Price Overpaid Amount**").

The purchase price payable by the Issuer as consideration for any Further Advance Receivables shall be equal to (i) the Initial Purchase Price in respect of the Further Advance Receivables and (ii) a portion of the Deferred Purchase Price attributable to such Further Advance Receivables.

### Further Advance Purchase Conditions

The purchase by the Issuer of Further Advance Receivables will be subject to a number of conditions (the "**Further Advance Purchase Conditions**") which include, *inter alia*, the conditions that on the relevant Notes Payment Date:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the NHG Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables to be sold and assigned by the Seller to the Issuer;
- (b) no Notification Event has occurred and is continuing;
- (c) there has been no failure by the Seller to repurchase any NHG Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Further Advance Available Amount is sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables;
- (e) from the earlier of (i) the Notes Payment Date on which the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level for the first time or (ii) the Notes Payment Date falling in May 2016, the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
- (f) no drawing has been made or has been requested under the Cash Advance Facility Agreement;
- (g) there is no debit balance on the Class A Principal Deficiency Ledger;
- (h) the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables in respect of which one or more payments are in arrears for a period exceeding 60 days does not exceed 2.0 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables;
- (i) the aggregate Outstanding Principal Amount of Further Advance Receivables sold and assigned by the Seller to the Issuer during the immediately preceding 12 calendar months does not exceed 1.0 per cent. of the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables as at the Closing Date; and
- (j) the weighted average Current Loan to Original Foreclosure Value Ratio of all Mortgage Loans, including the Mortgage Loans from which the Further Advance Receivables to be purchased on such date result, does not exceed the weighted average Current Loan to Original Foreclosure Value Ratio of all Mortgage Loans as at the Closing Date.

## 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 NHG Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the NHG 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 NHG 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 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 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 and by the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Security Trustee, which approval may not be unreasonably withheld (ii) appointment of a substitute servicer and (iii) a 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. The Issuer has undertaken in the Trust Deed that it shall, upon the occurrence of a termination event, use its commercially reasonable efforts, or procure that the Issuer Administrator shall use its commercially reasonable efforts, to ensure (if necessary) that the relevant steps contemplated in the Servicing Agreement are taken which include, after terminating the Servicing Agreement, all steps reasonably required to find a substitute servicer.

## 7.6 SUB-PARTICIPATION AGREEMENT

Under the Bank Savings Participation Agreement the Issuer will grant to the Bank Savings Participant a Bank Savings Participation and a Bank Savings Bonus Amount Participation in the Bank Savings Mortgage Receivables.

### **Bank Savings Participation**

In the Bank Savings Participation Agreement the Bank Savings Participant will undertake to pay to the Issuer:

- (i) at the Closing Date the Initial Bank Savings Participation;
- (ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the Bank Savings Participant on the relevant Bank Savings Account in relation to the Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date,
- (iii) any Bank Savings Bonus Amount accrued during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date;

provided that in respect of each Bank Savings Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Bank Savings Participation and the Bank Savings Bonus Amount Participation in such NHG Mortgage Receivable would exceed the Outstanding Principal Amount of such NHG Mortgage Receivable;

As a consequence of such payments, the Bank Savings Participant will acquire (i) a Bank Savings Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation in respect of the Bank Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Bank Savings Participation Increase and (ii) a Bank Savings Bonus Amount Participation in each of the Bank Savings Mortgage Receivables, which is equal to the Bank Savings Bonus Amount, if applicable.

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

### **Reduction of Bank Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Bank Savings Mortgage Receivable or if, for whatever reason, the Bank Savings Participant does not pay the amounts due under the Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Bank Savings Mortgage Receivable, the sum of the Bank Savings Participation and the Bank Savings Bonus Amount Participation of the Bank Savings Participant in respect of such Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

### **Enforcement Notice**

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

- (i) declare that the obligations of the Bank Savings Participant under the Bank Savings Participation Agreement are terminated;

- (ii) declare the Bank Savings Participation and the Bank Savings Bonus Amount Participation in relation to the Bank Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Bank Savings Participation Redemption Available Amount or, as the case may be, the Bank Savings Participation Enforcement Available Amount received or recovered by the Issuer or, as the case may be, the Security Trustee in respect of the Bank Savings Mortgage Receivables, including the Bank Savings Bonus Amount.

**Termination**

If one or more of the Bank Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Bank Savings Participation and the Bank Savings Bonus Amount Participation in such Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount and the Bank Savings Bonus Amount in respect of the Bank Savings Mortgage Receivables will be paid by the Issuer to the Bank Savings Participant. If so requested by the Bank Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the Bank Savings Mortgage Receivables will enter into a bank savings participation agreement with the Bank Savings Participant in a form similar to the Bank Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Bank Savings Participant has received the Bank Savings Participation and the Bank Savings Bonus Amount Participation in respect of the Bank Savings Mortgage Receivables.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on or about 7 May 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 21,000.
3. The Class A1 Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 105620390 and ISIN NL0010739363.
4. The Class A2 Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 105620438 and ISIN NL0010739371.
5. The Class A3 Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 105620446 and ISIN NL0010739389.
6. The Class B Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 105620489 and ISIN NL0010739397.
7. The address of Euroclear Netherlands is: Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.
8. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 1 April 2014.
9. There are no legal, arbitration or governmental proceedings and neither the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, in the previous twelve months.
10. 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 Agreement;
  - (v) the Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Parallel Debt Agreement;
  - (viii) the Issuer Rights Pledge Agreement;
  - (ix) the Issuer Mortgage Receivables Pledge Agreement;
  - (x) the Servicing Agreement;
  - (xi) the Administration Agreement;
  - (xii) the Issuer Account Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Swap Agreement;
  - (xv) the Bank Savings Participation Agreement;
  - (xvi) the Cash Advance Facility Agreement;
  - (xvii) any Financial Collateral Agreement;
  - (xviii) the Interest Rate Reset Agreement.
11. 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.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).
12. 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.

13. 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'.

14. The Issuer, or the Issuer Administrator on its behalf, 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 Originator Group;
- (II) retained by a member of the Originator Group; and
- (III) publicly-placed with investors which are not in the Originator Group;

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

15. The Issuer, or the Issuer Administrator on its behalf, will provide the following post-issuance transaction information on the transaction described in this Prospectus, which information, once made available, will remain available until the Class A Notes are redeemed in full:

- a. on a monthly basis, a Portfolio and Performance Report, which includes information on the performance of the Mortgage Receivables, including the arrears and the losses, and which can be obtained at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) (or any other website as disclosed by the Issuer);
- b. on each Notes Payment Date, a Notes and Cash Report, which includes information on the Mortgage Receivables and on the Notes, which will contain a glossary of the defined terms, and which can be obtained at [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) (or any other website as disclosed by the Issuer); and
- c. prior to the issue date, loan-by-loan information, which information can be obtained (i) prior to the issue date upon request from NN Bank and (ii) after the issue date at the website of the European DataWarehouse <http://www.eurodw.eu/edwin.html> and will be updated within one month after each Notes Payment Date.

16. NN Bank, 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.

17. The accountants at Ernst & Young Accountants LLP are registered accountants ("*registeraccountants*") and are a member of the Netherlands Institute for Registered Accountants ("*NIVRA*").

18. ING Bank 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 Notes to the Official List of Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive.

19. 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 Seller is also responsible for the information contained in the following sections of this Prospectus: all paragraphs relating to retention and disclosure requirements under the CRR, paragraph *Portfolio Information* in Section 1.6 (*Overview*), Section 3.4. (*Seller / Originators*), Section 4.4 (*Regulatory and industry compliance*), Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of Mortgage Loans*), Section 6.3 (*Origination and servicing*), Section 6.4 (*Dutch residential mortgage market*) and Section 6.5 (*NHG Guarantee Programme*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller 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 (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:

+ **"Actual Collected Transfer Amount"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

**"Administration Agreement"** means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;

**"AFM"** means the Netherlands Authority for the Financial Markets ("*Stichting Autoriteit Financiële Markten*");

+ **"Aggregate Construction Amount"** means the aggregate of the Construction Deposits in relation to all Mortgage Loans;

+ **"Agreement to Assign"** means the mortgage receivables purchase agreement between the Seller and NN Leven dated 1 July 2013;

**"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 relevant 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 relevant Originator;

**"All Moneys Security Rights"** means any All Moneys Mortgages and All Moneys Pledges jointly;

**"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;

**"Arranger"** means ING Bank;

**"Arrears"** means an amount that is overdue exceeding EUR 1;

+ **"Assignment Actions"** means any of the actions specified as such in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

**"Assignment Notification Event"** means any of the events specified as such in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

+ **"Assignment Notification Stop Instruction"** has the meaning ascribed thereto in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

**"Available Principal Funds"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

**"Available Revenue Funds"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

+ **"Banking Regulations"** means the international, European or Dutch banking regulations, rules and instructions;

**"Bank Savings Account"** means in respect of a Bank Savings Mortgage Loan, a blocked savings account in the name of a Borrower held with the Bank Savings Participant;

+ **"Bank Savings Bonus Amount"** means each bonus amount in respect of a Bank Savings Mortgage Loan to which the Borrower becomes entitled on a *"Drempeldatum"* (as defined in the terms and conditions of the Bank Savings Mortgage Loans), during the Mortgage Calculation Period immediately preceding the Mortgage Collection Payment Date;

+ **"Bank Savings Bonus Amount Participation"** means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to aggregate Bank Savings Bonus Amount, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

+ **"Bank Savings Bonus Amount Participation Fraction"** means in respect of each Bank Savings Mortgage Receivable, an amount equal to the Bank Savings Bonus Amount Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;

**"Bank Savings Deposit"** means, in relation to a Bank Savings Mortgage Loan, the balance standing to the credit of relevant Bank Savings Account;

**"Bank Savings Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;

**"Bank Savings Mortgage Receivable"** means the NHG Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

**"Bank Savings Participant"** means the Seller;

**"Bank Savings Participation"** means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable increased with each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

**"Bank Savings Participation Agreement"** means the bank savings participation agreement between the Issuer, the Bank Savings Participant and the Security Trustee dated the Signing Date;

+ **"Bank Savings Participation Enforcement Available Amount"** means amounts corresponding to the sum of:

- (a) amounts equal to the Bank Savings Participation in each Bank Savings Mortgage Receivable, or if the amount recovered is less than the Bank Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; and,

- (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 under or in connection with the trustee indemnification, whereby the relevant part will be equal to a part *pro rata* to the proportion the aggregate Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG Mortgage Receivables:

in each case less the sum of (i) any amount paid by the Security Trustee to the Bank Savings Participant pursuant to the Parallel Debt Agreement and (ii) a part *pro rata* to the proportion the aggregate Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG 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;

**"Bank Savings Participation Increase"** means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:  $(P \times I) + S$ , whereby:

P = Participation Fraction;

S = the amount received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant; and

I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

**"Bank Savings Participation Redemption Available Amount"** has the meaning ascribed thereto in Section 7.6 (*Sub-Participation Agreement*) of this Prospectus;

+ **"Bank Savings Participation Rights"** means any and all rights of the Issuer vis-à-vis the Bank Savings Participant under or in connection with the Bank Savings Participation Agreement;

+ **"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"** 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 or principal 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, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, (vi) in the definition of Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) of Schedule 1 to the Trust Deed;

**"Beneficiary Rights"** means all claims which the relevant Originator has vis-à-vis the relevant Insurance Company in respect of a Risk Insurance Policy, under which the relevant Originator has been appointed by the Borrower as beneficiary (*"begunstigde"*) in connection with the relevant NHG Mortgage Receivable;

**"BKR"** means National Credit Register (*"Bureau Krediet Registratie"*);

+ **"BNG Bank"** means N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands;

**"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 Risk Insurance Policy securing the relevant NHG Mortgage Receivable;

**"Borrower Insurance Proceeds Instruction"** means the irrevocable instruction by the beneficiary under a Risk 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 Pledge"** means a right of pledge ("*pandrecht*") securing the relevant NHG Mortgage Receivable, including a Borrower Insurance Pledge;

\* **"Business Day"** means (i) when used in the definition of Notes Payment Date and in Condition 4(e) (*Euribor*), 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;

+ **"Capital Requirement Trigger Event"** means, the event upon which the Seller fails to meet the capital requirements under CRR in force at any date after the Closing Date, as evidenced by a certificate issued by the Seller to the Issuer and the Security Trustee two (2) Business Days prior to the Notes Payment Date falling in January and July of each year, for two consecutive dates on which a certificate is issued;

+ **"Cash Advance Facility"** means the cash advance facility under the Cash Advance Facility Agreement;

**"Cash Advance Facility Agreement"** means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;

**"Cash Advance Facility Maximum Amount"** means (a) as long as any of the Class A Notes is outstanding, an amount equal to 1.00 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date and (b) on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, zero;

**"Cash Advance Facility Provider"** means BNG Bank;

**"Cash Advance Facility Stand-by Drawing"** means the drawing by the Issuer of the entire undrawn portion under the Cash Advance Facility Agreement if a Cash Advance Facility Stand-by Drawing Event occurs;

**"Cash Advance Facility Stand-by Drawing Event"** means any of the events specified as such in Section 5.5 (*Liquidity support*) of this Prospectus;

\* **"Cash Advance Facility Stand-by Ledger"** means a ledger created for the purpose of recording any Cash Advance Facility Stand-by Drawing in accordance with the Administration Agreement;

**"Class A Notes"** means the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, collectively;

**"Class A1 Notes"** means the EUR 130,000,000 Class A1 Mortgage-Backed Notes 2014 due 2046;

**"Class A2 Notes"** means the EUR 270,000,000 Class A2 Mortgage-Backed Notes 2014 due 2046;

**"Class A3 Notes"** means the EUR 100,000,000 Class A3 Mortgage-Backed Notes 2014 due 2046;

**"Class B Notes"** means the EUR 37,500,000 Class B Mortgage-Backed Notes 2014 due 2046;

**"Clean-Up Call Option"** means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the NHG Mortgage Receivables outstanding which right may be exercised on any Notes Payment Date on which the aggregate Principal Amount Outstanding of the Notes (in 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;

**"Closing Date"** means 16 May 2014 or such later date as may be agreed between the Issuer and the Lead Managers;

\* **"Code of Conduct"** means the Mortgage Code of Conduct ("*Gedragscode Hypothecaire Financieringen*") introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*), as amended from time to time;

**"Conditions"** means the terms and conditions of the Notes set out in Schedule 5 to the Trust 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 Originator, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

+ **"Construction Deposit Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**"Coupons"** means the interest coupons appertaining to the Notes;

**"CPR"** means Constant Prepayment Rate;

+ **"CRA Regulation"** means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 462/2013 of 21 May 2013;

**"CRD"** means directive 2006/48/EC of the European Parliament and of the Council, as amended by directive 2009/111/EC;

+ **"CRD IV"** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;

**"Credit Rating Agency"** means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's;

**"Credit Rating Agency Confirmation"** means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a **"confirmation"**);
- (b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an **"indication"**); or
- (c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the 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;

\* "**Current Loan to Original Foreclosure Value Ratio**" means the ratio calculated by dividing the Outstanding Principal Amount of a NHG Mortgage Receivable by the Original Foreclosure Value;

\* "**Current Loan to Original Market Value Ratio**" means the ratio calculated by dividing the Outstanding Principal Amount of a NHG Mortgage Receivable by the Original Market Value;

"**Cut-Off Date**" means 31 March 2014;

"**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 90 days;

"**Deferred Purchase Price**" means part of the purchase price for the NHG 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;

+ "**DGS**" means the deposit guarantee scheme ("*depositogarantiestelsel*") within the meaning of the Wft;

\* "**Directors**" means the Issuer Director, the Shareholder Director and the Security Trustee Director, collectively;

"**DNB**" means the Dutch central bank (*De Nederlandsche Bank N.V.*);

"**DSA**" means the Dutch Securitisation Association;

+ "**Enforcement Available Amount**" means amounts corresponding to the sum of:

- (a) 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 Bank Savings Mortgage Receivables, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; plus (ii) on each Bank Savings Mortgage Receivable, including, without limitation, amounts recovered under or in connection with the trustee indemnification, but only to the extent such amounts exceed the Bank Savings Participation in such Bank Savings Mortgage Receivable; and, without double counting,
- (b) 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 Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG 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 Bank Savings Participant, pursuant to the Trust Deed and (ii) a part *pro rata* to the proportion the Outstanding Principal Amount of all NHG Mortgage Receivables minus the aggregate Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG 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;

+ **"Estimated Collected Transfer Amount"** has the meaning ascribed thereto in Section 5.1 (*Available Funds*) of this Prospectus;

**"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 (*Interest*);

+ **"Euribor Reference Banks"** has the meaning ascribed to it in Condition 4 (*Interest*);

**"Euroclear Netherlands"** means Nederlands Centraal Instituut voor Effectenverkeer B.V.;

**"Euronext Amsterdam"** means NYSE Euronext in Amsterdam;

**"Eurosysteem Eligible Collateral"** means collateral recognised as eligible collateral for Eurosysteem monetary policy and intra-day credit operations by the Eurosysteem;

**"Events of Default"** means any of the events specified as such in Condition 10 (*Events of Default*);

+ **"Excess Swap Collateral"** means, (x) in respect of the date such Swap Agreement is terminated, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the amounts owed by the Swap Counterparty (if any) to the Issuer (for the avoidance of doubt, calculated prior to any netting or set-off of an Unpaid Amount (as defined in the Swap Agreement) equal to the value of the collateral) and (y) in respect of any other valuation date under the Swap Agreement, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date;

**"Exchange Date"** means the date not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

\* **"Extraordinary Resolution"** means a resolution 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;

**"Final Maturity Date"** means the Notes Payment Date falling in February 2046;

+ **"Financial Cash Collateral Account"** means the account created for the purpose of recording amounts pursuant to the Financial Collateral Agreement comprising two ledgers, the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Collateral Agreement, in accordance with the Administration Agreement;

+ **"Financial Collateral Agreement"** means a financial collateral agreement between the Issuer, the Seller and the Security Trustee which may be entered into after the Closing Date;

**"First Optional Redemption Date"** means the Notes Payment Date falling in May 2019;

**"Fitch"** means Fitch Ratings Ltd., and includes any successor to its rating business;

+ **"Fixed Interest Amount"** means, in respect of an Interest Period, the amount of interest payable on each of the Class A3 Notes;

+ **"Floating Interest Amount"** means, in respect of an Interest Period, the amount of interest payable on each of the Class A1 Notes and the Class A2 Notes;

**"Foreclosure Value"** means the foreclosure value of the Mortgaged Asset;

\* **"Further Advance"** means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage, 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;

+ **"Further Advance Available Amount"** means, at any Notes Payment Date the Available Principal Funds, less item (xiv) plus, with respect to the first Notes Payment Date, the Initial Purchase Price Overpaid Amount;

+ **"Further Advance Purchase Conditions"** means the conditions specified as such in Section 7.4 (*Portfolio Conditions*) of this Prospectus;

**"Further Advance Receivable"** means the NHG Mortgage Receivable resulting from a Further Advance;

**"Global Note"** means any Temporary Global Note or Permanent Global Note;

+ **"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 Post-Enforcement Priority of Payments;

\* **"Indexed Foreclosure Value"** means, in respect of a sale of NHG Mortgage Receivables by the Issuer in accordance with 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;

+ **"ING Bank"** means ING Bank N.V., a public limited liability company organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"ING Group"** means ING Groep N.V. a public company incorporated under Dutch law and established in Amsterdam, the Netherlands;

+ **"ING Insurance"** means ING Verzekeringen N.V., a public company incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;

+ **"ING Insurance Eurasia"** means ING Insurance Eurasia N.V., a public company incorporated under Dutch law and established in Amsterdam, the Netherlands;

**"Initial Bank Savings Participation"** means an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the first day of the month immediately preceding the month in which the relevant NHG Mortgage Receivable is purchased or in which the relevant Mortgage Collection Payment Date falls;

\* **"Initial Purchase Price"** means, in respect of any NHG Mortgage Receivable, its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a Further Advance Receivable, the first day of the month immediately preceding the month wherein the relevant Further Advance Receivable is purchased;

+ **"Initial Purchase Price Overpaid Amount"** has the meaning ascribed thereto in Section 7.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

**"Insurance Company"** means any insurance company established in the Netherlands;

+ **"Interest Determination Date"** has the meaning ascribed thereto in Condition 4(e) (*Euribor*);

**"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 NHG 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 August 2014 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 the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, respectively, as determined in accordance with Condition 4 (*Interest*);

+ **"Interest Rate Reset Agreement"** means the interest rate reset agreement between the Issuer, the Seller, the Originators, the Servicer, the Issuer Administrator and the Swap Counterparty and the Security Trustee dated the Signing Date;

+ **"Interest Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;

+ **"Investor Report"** means any of the Notes and Cash Report and the Portfolio and Performance Report;

**"Issuer"** means Hypenn RMBS II B.V., a private company with limited liability 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 BNG Bank;

**"Issuer Accounts"** means any of the Issuer Transaction Accounts, the Construction Deposit Account, the Swap Cash Collateral Account and the Financial Cash Collateral Account;

**"Issuer Administrator"** means NN Bank or, as the case may be, Intertrust Administrative Services B.V.;

**"Issuer Collection Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

+ **"Issuer Director"** means Intertrust Management B.V.

**"Issuer Management Agreement"** means the issuer management agreement between the Issuer, Intertrust Management B.V. and the Security Trustee dated the Signing Date;

**"Issuer Mortgage Receivables Pledge Agreement"** means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Signing Date;

**"Issuer Rights"** means any and all rights of the Issuer 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 Bank Savings Participation Agreement, the Administration Agreement, the Cash Advance Facility Agreement and the Swap Agreement;

**"Issuer Rights Pledge Agreement"** means the pledge agreement between, among others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

+ **"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;

**"Issuer Transaction Account"** means any of the Issuer Collection Account and the Reserve Account;

+ **"Joint Security Right Arrangements"** has the meaning ascribed thereto in Section 2 (*Risk Factors*) of this Prospectus;

+ **"Lead Managers"** means ING Bank and NN Bank;

**"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 NHG Mortgage Receivable resulting from a Linear Mortgage Loan;

**"Listing Agent"** means ING Bank;

+ **"Loan Files"** means the file or files relating to each Mortgage Loan containing, *inter alia*, (i) all material correspondence relating to that Mortgage Loan; and (ii) a certified copy of the Mortgage Deed;

**"Loan Parts"** means one or more of the loan parts ("*leningdelen*") of which a Mortgage Loan consists;

+ **"Local Business Day"** has the meaning ascribed thereto in Condition 5(c) (*Payment*);

**"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 ("*marktwaaarde*") of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset;

**"Master Definitions Agreement"** means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**"Moody's"** means Moody's Investors Service Ltd., and includes any successor to its rating business;

**"Mortgage"** means a mortgage right ("*hypotheekrecht*") securing the relevant NHG 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 July 2014;

**"Mortgage Collection Payment Date"** means the 2nd 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 Interest Rates"** means the rate(s) of interest from time to time chargeable to Borrowers under the NHG Mortgage Receivables;

+ **"Mortgage Loan Amendment"** an amendment by the relevant Originator 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 7.3 (*Mortgage Loan Criteria*) of this Prospectus;

**"Mortgage Loan Services"** means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

**"Mortgage Loans"** means (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 Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

+ **"Mortgage Report"** means the report to be prepared by the Servicer for the purpose of determining the amounts to be paid on the next succeeding Mortgage Collection Payment Date in accordance with the Servicing Agreement;

+ **"Mortgage Report Date"** means the 10th Business Day following the end of each Mortgage Calculation Period;

**"Mortgaged Asset"** means (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpachtsrecht*") situated in the Netherlands on which a Mortgage is vested;

+ **"Most Senior Class"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Post-Enforcement Priority of Payments;

**"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 NHG Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant NHG Mortgage Receivable, including any fire insurance policy and any Risk 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 NHG Mortgage Receivable;

**"NHG Conditions"** means the terms and conditions ("*voorwaarden en normen*") of the NHG Guarantee as set by Stichting WEW as amended from time to time;

**"NHG Guarantee"** means a guarantee ("*borgtocht*") under the NHG Conditions granted by Stichting WEW;

**"NHG Mortgage Receivable"** means any and all rights of the relevant Originator (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 relevant Originator (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

+ **"NN Bank"** means Nationale-Nederlanden Bank N.V., a public company incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;

+ **"NN Leven"** means Nationale-Nederlanden Levensverzekering Maatschappij N.V., a public company incorporated under Dutch law and established in Rotterdam, the Netherlands;

**"Noteholders"** means the persons who for the time being are the holders of the Notes;

**"Notes"** means the Class A Notes and the Class B Notes;

+ **"Notes and Cash Report"** means the notes and cash report which will be published by the Issuer Administrator on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) and which report will comply with the standard created by the DSA;

**"Notes Calculation Date"** means, in relation to a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;

**"Notes Calculation Period"** means, in relation to a Notes Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and end on and include the last day of July 2014;

**"Notes Payment Date"** means the 17th day of August, November, February and May of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

\* **"Notes Purchase Agreement"** means the notes purchase agreement relating to the Notes between ING Bank, NN Bank and the Issuer dated the Signing Date;

**"Optional Redemption Date"** means any Notes Payment Date from (and including) the First Optional Redemption Date up to (but 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 Market Value"** means the Market Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

**"Originator"** means in respect of Mortgage Loans originated by NN Leven, NN Leven, and in respect of Mortgage Loans originated by NN Bank, the Seller;

+ **"Originator Group"** means any Originator together with (i) its holding company, (ii) its subsidiaries and (ii) any other affiliated company as set out in the published accounts of any such company, but excluding any entities that are in the business of investing in securities and whose investment decisions are taken independently of, and at arm's length from, such Originator;

**"Other Claim"** means any claim of the relevant Originator, as applicable, against the Borrower, other than a NHG Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

+ **"Other Claim Amount"** means an amount equal to 50 per cent. of the aggregate of all Other Claims in respect of the NHG Mortgage Receivables;

+ **"Other Claim Financial Cash Collateral Ledger"** means the ledger created for the purpose of crediting or debiting any Other Claim Amount in accordance with the Administration Agreement;

+ **"Other Claim Loss Amount"** means any Realised Loss as a result of a breach by an Originator of the Joint Security Right Arrangements;

**"Outstanding Principal Amount"** means, at any moment in time, (i) the outstanding principal amount of a NHG Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) of the definition in respect of such NHG Mortgage Receivable, zero;

**"Parallel Debt"** has the meaning ascribed thereto in Section 4.7 (*Security*) of this Prospectus;

**"Parallel Debt Agreement"** means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;

**"Participation Fraction"** means in respect of each Bank Savings Mortgage Receivable, an amount equal to the relevant Bank Savings Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Bank Savings 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, the Reference Agent and the Security Trustee dated the Signing Date;

\* **"Paying Agent"** means ING Bank;

+ **"PCS Label"** means the Prime Collateralised Securities label;

**"Permanent Global Note"** means a permanent global note in respect of a Class or Subclass, as the case may be, of Notes;

**"Pledge Agreements"** means the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

+ **"Pledged Assets"** means the NHG 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 portfolio and performance report which will be published by the Issuer Administrator on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl) 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 5.2 (*Priority of Payments*) of this Prospectus;

+ **"Potential Set-Off Amount"** means on any Notes Payment Date an amount equal to:

- (i) prior to the notification of the Borrowers of the assignment of the NHG Mortgage Receivables to the Issuer, the sum of all amounts in respect of the NHG Mortgage Receivables, which amounts are, in respect of each NHG Mortgage Receivable separately, the lower of:
  - (a) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by the Borrower of the NHG Mortgage Receivable(s) with the relevant Originator on the last day of the immediately preceding Notes Calculation Period; and
  - (b) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and
- (ii) after the notification of the Borrowers of the assignment of the NHG Mortgage Receivables to the Issuer, the sum of all amounts in respect of the NHG Mortgage Receivables, which amounts are, in respect of each NHG Mortgage Receivable separately, the lower of:
  - (a) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by such Borrower with the relevant Originator on the last day of the immediately preceding Notes Calculation Period;
  - (b) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and
  - (c) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by such Borrower with the relevant Originator on the date the relevant Borrower is notified of the assignment of the NHG Mortgage Receivable(s) to the Issuer;

**"Prepayment Penalties"** means any prepayment penalties ("*boeterente*") to be paid by a Borrower under a Mortgage Loan as a result of the NHG Mortgage Receivable being repaid (in whole or in part) prior to the maturity

date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

**"Principal Amount Outstanding"** has the meaning ascribed to it in Condition 6(c) (*Definitions*);

**"Principal Deficiency"** means the debit balance, if any, of the relevant Principal Deficiency Ledger;

**"Principal Deficiency Ledger"** means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

+ **"Principal Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with 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;

**"Prospectus"** means this prospectus dated 14 May 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;

**"Realised Loss"** has the meaning ascribed thereto in Section 5.3 (*Loss Allocation*) of this Prospectus;

+ **"Reconciliation Ledger"** means each of the Principal Reconciliation Ledger and the Interest Reconciliation Ledger;

**"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 5 (*Credit Structure*) in this Prospectus;

**"Reference Agent"** means ING Bank;

+ **"Reference Mortgage Lenders"** means five (5) leading mortgage lenders in the Dutch mortgage market selected by the Servicer in good faith;

**"Regulation S"** means Regulation S of the Securities Act;

+ **"Regulatory Call Option"** means the option of the Issuer, in accordance with Condition 6(g), to redeem the Notes 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 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 Fitch, fourteen (14) calendar days;

+ **"Reporting Services Agreement"** means the reporting services agreement between the Issuer and the Swap Counterparty dated on or about the Signing Date;

+ **"Reporting Services Provider"** means ING Bank N.V.;



**"Requisite Credit Rating"** means the rating of (i) 'Prime-1' (short-term) by Moody's and (ii) 'F1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch;

**"Reserve Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

\* **"Reserve Account Target Level"** means an amount equal to (a) on the Closing Date, zero, (b) as long as any Class A Notes are outstanding, on any Notes Calculation Date after the Closing Date, 1.00 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date and (c) on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, zero;

**"Revenue Priority of Payments"** means the priority of payments set out as such in Section 5.2 (*Priority of Payments*) 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;

**"Secured Creditors"** means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Reference Agent, (vi) the Cash Advance Facility Provider, (vii) the Issuer Account Bank, (viii) the Noteholders, (ix) the Seller, (x) the Swap Counterparty and (xi) the Bank Savings Participant;

**"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 Hypenn RMBS II, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"Security Trustee Director"** means SGG Securitisation Services B.V.;

**"Security Trustee Management Agreement"** means the security trustee management agreement between the Security Trustee, SGG Securitisation Services B.V. and the Issuer dated the Signing Date;

**"Seller"** means NN Bank;

**"Seller Collection Account"** means the bank account maintained by the Seller Collection Account Holder with the Seller Collection Account Bank to which payment made by the relevant Borrowers under or in connection with the NHG Mortgage Receivables will be paid;

**"Seller Collection Account Bank"** means ING Bank;

+ **"Seller Collection Account Holder"** means ING Insurance Eurasia;

**"Servicer"** means NN Bank;

+ **"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;

+ **"Set-Off Amount"** means, in respect of any NHG Mortgage Receivable, an amount equal to the full amount due in respect of such NHG Mortgage Receivable in respect of the Notes Calculation Period immediately preceding such Notes Payment Date, if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the relevant Originator to it and the relevant Originator has not reimbursed the Issuer for such amount on the relevant Notes Payment Date, has not received such amount in respect of the Notes Calculation Period immediately preceding such Notes Payment Date;

+ **"Set-Off Financial Cash Collateral Ledger"** means the ledger created for the purpose of crediting or debiting any Potential Set-Off Amount in accordance with the Administration Agreement;

**"Shareholder"** means Stichting Holding Hypenn RMBS II, a foundation ("*stichting*") organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"Shareholder Director"** means Intertrust Management B.V.;

**"Shareholder Management Agreement"** means the shareholder management agreement between the Shareholder, Intertrust Management B.V. and the Security Trustee dated the Signing Date;

**"Signing Date"** means 14 May 2014;

+ **"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;

**"Stichting WEW"** means Stichting Waarborgfonds Eigen Woningen;

+ **"Subclass"** means in respect of a Class of Notes a sub-class thereof;

\* **"Swap Agreement"** means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) and any transaction thereunder between the Issuer, the Swap Counterparty and the Security Trustee dated the Signing Date;

\* **"Swap Cash Collateral Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement and any further account opened to hold Swap Collateral in the form of cash;

**"Swap Collateral"** means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;

**"Swap Counterparty"** means ING Bank;

+ **"Swap Counterparty Subordinated Payment"** means any termination payment due and payable as a result of the occurrence of (i) a Swap Event of Default where the Swap Counterparty is the Defaulting Party or (ii) an Additional Termination Event arising pursuant to the occurrence of a Rating Event (all as defined in the Swap Agreement);

+ **"Swap Event of Default"** means an event of default as defined in the Swap Agreement;

+ **"Swap Notional Fraction"** means the quotient of (a) the aggregate Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on the close of business of the first day of the relevant Interest Period and (b) the Principal Amount Outstanding of all Notes on the close of business of the first day of the relevant Interest Period, in case of each of (a) and (b), less an amount equal to the balance standing on the relevant sub-ledger of the Principal Deficiency Ledger, if any (whereby such balance on the Class A Principal Deficiency Ledger will be subdivided between the Class A1 Notes and the Class A2 Notes and the Class A3 Notes *pro rata* by reference to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes and the Class A3 Notes);

**"Swap Transaction"** means any of the swap transactions entered into under the Swap Agreement;

**"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(f), 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 Condition 9(a);

+ "**Tax Credit**" means any tax credit obtained by the Issuer as further described in the Swap Agreement;

+ "**Tax Event**" means any change in tax law, after the date of the Swap Agreement, due to which the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax;

"**Temporary Global Note**" means a temporary global note in respect of a Class or Subclass, as the case may be, 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 Issuer Account Agreement, the Cash Advance Facility Agreement, the Swap Agreement, the Servicing Agreement, the Bank Savings Participation Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Interest Rate Reset Agreement, any Financial Collateral Agreement, the Reporting Services Agreement and the Trust Deed;

"**Trust Deed**" means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;

"**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*"); and

"**WOZ**" means the Valuation of Immovable Property Act ("*Wet waardering onroerende zaken*") as amended from time to time.

## 2. INTERPRETATION

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.

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 "**Class**" of Notes shall be construed as a reference to the Class A Notes or the Class B Notes, as applicable;

a "**Class A**", "**Class A1**", "**Class A2**", "**Class A3**" or "**Class B**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall, 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, Principal Shortfall or a Redemption pertaining to, as applicable, the relevant Class or, as the case may be, Subclass 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 Netherlands"** includes any additional or alternative 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 system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as Eurosystem Eligible Collateral;

the **"records of Euroclear Netherlands"** are to the records that each of Euroclear Netherlands 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 **"successor"** of any party shall be construed so as to include an assignee or successor in title (including after a novation) 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 under 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 transferees and any subsequent successors and transferees 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).

In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

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

**"Beneficiary Waiver Agreement"**

**"Borrower Investment Account"**

**"Life Insurance Policy"**

**"Life Mortgage Loan"**

**"Life Mortgage Receivable"**

**"Manager"**

**"Participation"**

**"Professional Market Party"**

**"Savings Investment Insurance Policy"**

**"Savings Premium"**

**"Sub-servicer"**

**"Unit-Linked Alternative"**

## **REGISTERED OFFICES**

### **THE ISSUER**

Hypenn RMBS II B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER, SERVICER AND ISSUER ADMINISTRATOR**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

### **ORIGINATORS**

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2595 AK 's Gravenhage  
The Netherlands

Nationale-Nederlanden Levensverzekering Maatschappij N.V.  
Weena 505  
3013 AL Rotterdam  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Hypenn RMBS II  
Claude Debussylaan 24  
1082 MD Amsterdam  
The Netherlands

### **SWAP COUNTERPARTY**

ING Bank N.V.  
Bijlmerplein 888  
1102 MG Amsterdam Zuidoost  
The Netherlands

### **CASH ADVANCE FACILITY PROVIDER AND ISSUER ACCOUNT BANK**

N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2  
2514 AA 's-Gravenhage  
The Netherlands

### **PAYING AGENT, REFERENCE AGENT AND LISTING AGENT**

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### **LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER**

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