

**PROSPECTUS DATED 21 OCTOBER 2020**

**Essence VIII B.V. as Issuer**

*(incorporated with limited liability in the Netherlands)*

The period of validity of this Prospectus is up to (and including) the admission to trading of the Notes on Euronext Amsterdam and shall expire on 21 October 2021, at the latest. The obligation to supplement this Prospectus, in the event of significant new factors, material mistakes or material inaccuracies only, shall cease to apply upon the expiry of the validity period of this Prospectus.

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
<b>Principal Amount</b>	EUR 583,000,000	EUR 54,000,000	EUR 5,600,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until (but excluding) the First Optional Redemption Date</b>	0.75 per cent. per annum	1.70 per cent. per annum	1.95 per cent. per annum
<b>Interest rate from (and including) the First Optional Redemption Date</b>	0.94 per cent. per annum	0 per cent. per annum	0 per cent. per annum
<b>First Notes Payment Date</b>	22 November 2020	22 November 2020	22 November 2020
<b>Expected ratings (Moody's / DBRS)</b>	'Aaa (sf)' / 'AAA (sf)'	NR / NR	NR / NR
<b>First Optional Redemption Date</b>	Notes Payment Date falling in October 2027	Notes Payment Date falling in October 2027	Notes Payment Date falling in October 2027
<b>Final Maturity Date</b>	Notes Payment Date falling in October 2058	Notes Payment Date falling in October 2058	Notes Payment Date falling in October 2058

**Hypinvest B.V. and NIBC Direct Hypotheken B.V. as Sellers**

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 23 October 2020 (or such later date as may be agreed between the Issuer and NIBC) (the " <b>Closing Date</b> ").
<b>Underlying Assets</b>	The Issuer will make payments on the Notes in accordance with the relevant Priority of Payments from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising buy-to-let and other mortgage loans originated by the Sellers and SRLEV and Goudse Levensverzekeringen N.V., ING Verzekeringen N.V., CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.) which products might be included and secured over residential, commercial and mixed-use real estate properties located in the Netherlands. Legal title to the Mortgage Receivables resulting from such mortgage loans will be assigned by the Sellers to the Issuer (i) on the Closing Date and, subject to certain conditions being met, on any Notes Payment Date during a period from the Closing Date until but excluding the Final Maturity Date and (ii) in respect of Further Advance Receivables and/or Ported Mortgage Receivables, subject to certain conditions being met, on any Notes Payment Date during the Additional Purchase Period. See section 7.2 ( <i>Description of Mortgage Loans</i> ) for more details.

<b>Security for the Notes</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, <i>inter alia</i> , the Mortgage Receivables and the Issuer Rights (see section 5.7 ( <i>Security</i> )).
<b>Denomination</b>	The Notes will be issued in denominations of EUR 100,000, subject to as stated in Condition 1 ( <i>Form, Denomination and Title</i> ).
<b>Form</b>	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest</b>	The Notes will carry fixed rates of interest as set out above, payable monthly in arrear on each Notes Payment Date. See further Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Payments of principal on the Notes will be made monthly in arrear on each Notes Payment Date in the circumstances set out in, subject to, and in accordance with the Conditions. The Notes will mature on the Final Maturity Date. On the First Optional Redemption Date and each Optional Redemption Date thereafter, and in certain other circumstances, the Issuer will have the option to redeem all (but not some only) of the Notes, other than the Class C Notes, and has undertaken to use its best efforts to sell the Mortgage Receivables on such date for the Sale Price. If the Issuer does not exercise its option to redeem all (but not some only) of the Notes, other than the Class C Notes, on the First Optional Redemption Date, the Issuer shall use its best efforts to sell the Mortgage Receivables for the Sale Price and redeem the Notes, other than the Class C Notes, every six (6) months thereafter. See further Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale</b>	The Lead Manager (or its affiliates) has agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Notes and the Lead Manager will be able to exercise the voting rights in respect of any such Notes.
<b>Credit Rating Agencies</b>	Each of Moody's and DBRS (together, the " <b>Credit Rating Agencies</b> ") is established in the European Union or is established outside the European Union, whereby (i) the laws of the European Union continue to apply for rating agencies established in the United Kingdom during the transition period following the United Kingdom's withdrawal from the European Union until 31 December 2020 and/or (ii) a relevant subsidiary is established in the European Union, and is registered under Regulation (EC) No. 1060/2009 (as amended) (the " <b>CRA Regulation</b> "). As such, each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (" <b>ESMA</b> ") on its website in accordance with the CRA Regulation.
<b>Ratings</b>	<p>Credit ratings will only be assigned to the Class A Notes, as set out above, on or before the Closing Date.</p> <p>The credit rating of the Class A Notes by Moody's addresses the expected loss posed to the Class A Noteholders by the Final Maturity Date and the likelihood of timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.</p> <p>The credit rating of the Class A Notes by DBRS addresses the assessment made by DBRS of the likelihood of timely payment of interest and ultimate payment of principal, but does not provide any certainty nor guarantee.</p> <p><b>The assignment of credit ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be reviewed, revised, suspended, or withdrawn at any time. Any such review, revision, suspension, or withdrawal could adversely affect the market value of the Notes.</b></p>
<b>Listing</b>	Application has been made to list the Class A Notes on Euronext Amsterdam. The Subordinated Notes will not be listed. The Class A Notes are expected to be listed on or about the Closing

	<p>Date.</p> <p>This prospectus (the "<b>Prospectus</b>") has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Regulation.</p>
<b>Eurosystem Eligibility</b>	<p>The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg, as common safekeeper, each of which is recognised as an International Central Securities Depository within the meaning of the Eurosystem monetary policy. It does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.</p>
<b>Limited recourse obligations</b>	<p>The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or the responsibility of, any other entity. The Issuer will have no or limited sources of funds available. See section 2 (<i>Risk Factors</i>).</p>
<b>Subordination</b>	<p>The right of payment of interest and principal on the Classes of Notes, other than the Class A Notes and, in respect of principal, the Class C Notes, are subordinated to the other Classes of Notes in reverse alphabetical order. See section 6 (<i>Credit Structure</i>).</p>
<b>No STS designation</b>	<p>Neither the Issuer, the Sellers, the Arranger nor the Lead Manager have any intention to notify ESMA or otherwise seek designation of the securitisation in connection with which the Notes are issued, as 'STS' or 'simple, transparent and standardised' as set out in chapter 4 of the Securitisation Regulation, or to seek compliance with all criteria and requirements for such designation set out therein.</p>
<b>Retention and Information Undertaking</b>	<p>NIBC, as originator within the meaning of article 6 of the Securitisation Regulation and as designated entity under article 7(2) of the Securitisation Regulation, has undertaken in the Notes Purchase Agreement to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6 of the Securitisation Regulation. As at the Closing Date, such material net economic interest is retained in accordance with Article 6(3)(d) of the Securitisation Regulation by the retention of the Subordinated Notes.</p> <p>In addition to the information set out herein and forming part of this Prospectus NIBC has undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it. NIBC (including as Issuer Administrator) will also on behalf of the Issuer and the Sellers, prepare Notes and Cash Reports on a monthly basis wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by NIBC. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation (see section 9 (<i>General</i>) for more details). See further section 5.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p> <p>The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules, other than the exemption under section 246.20 of the U.S. Risk Retention Rules.</p>

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

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 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 section 10.1 (*Definitions*) of the Glossary of Defined Terms set out in this Prospectus.

The principles of interpretation set out in section 10.2 (*Interpretation*) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.

*Arranger*  
**NIBC Bank N.V.**

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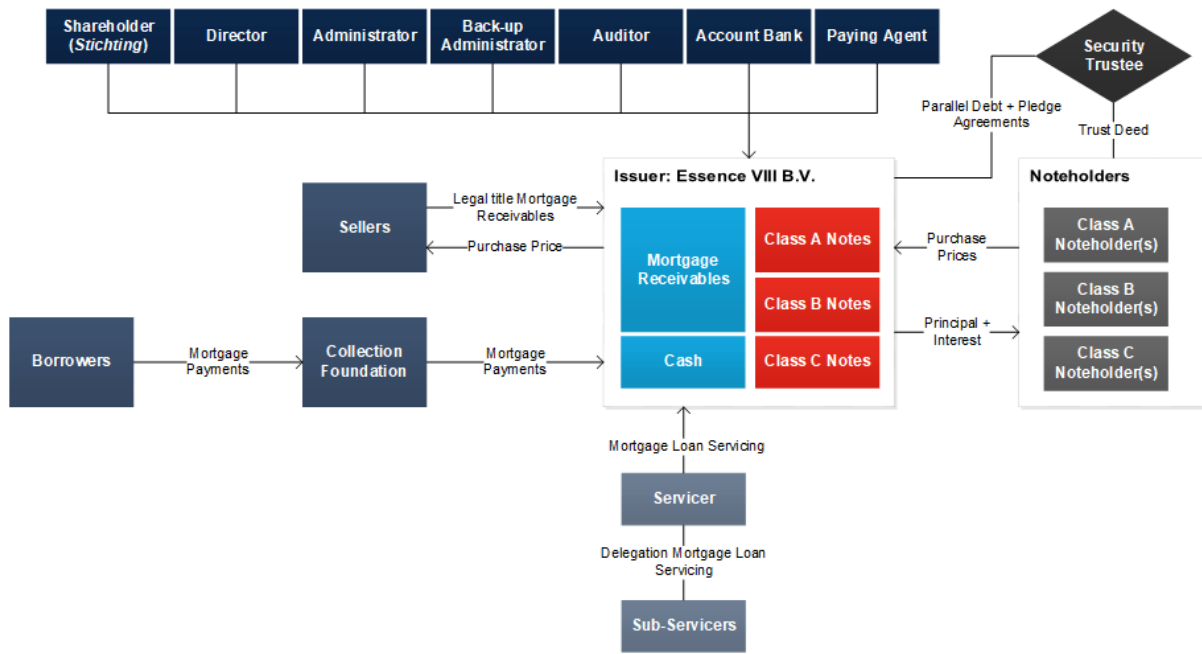
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## **1. TRANSACTION OVERVIEW**

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

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

The following categories and subcategories (if any) of risk factors are set out in section 2 (*Risk Factors*):

### **Risk factors regarding the Issuer**

- A. Risks factors regarding the financial position of the Issuer; and
- B. Regulatory risks regarding the Issuer.

### **Risk factors regarding the Notes**

- A. Risks factors regarding the Term and Conditions of the Notes;
- B. Market and liquidity risks related to the Notes;
- C. Risks related to Credit Ratings;
- D. Risks related to Counterparties;
- E. Regulatory risks regarding the Notes; and
- F. Tax risks regarding the Notes.

### **Risk factors regarding the Mortgage Receivables, Set-off and Security Rights**

- A. Risks regarding the payments under the Mortgage Receivables;
- B. Set-off risks and other defences that may affect the proceeds received under the Mortgage Receivables;
- C. Risks related to Beneficiary Rights under the Insurance Policies; and
- D. Risk regarding the Security.



### 1.3 PRINCIPAL PARTIES

*Certain parties set out below may be replaced in accordance with the terms of the Transaction Documents.*

<b>Issuer:</b>	Essence VIII 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, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 78706041. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Dutch MBS Holding, established under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 33305051.
<b>Security Trustee:</b>	Stichting Security Trustee Essence VIII, established under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 78708435.
<b>Sellers:</b>	<p>Hypinvest 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 The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 27169419.</p> <p>NIBC Direct Hypotheken 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 The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 53084179.</p> <p>All outstanding shares in the capital of each of the Sellers are indirectly held by NIBC Bank N.V. ("<b>NIBC</b>"), incorporated under Dutch law as a public company (<i>naamloze vennootschap</i>) having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 27032036.</p>
<b>Servicer:</b>	NIBC shall be the Servicer. In its capacity as the Servicer, NIBC will initially appoint Stater Nederland B.V. as the Sub-servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.
<b>Sub-servicer:</b>	Stater Nederland B.V. and certain other parties, each incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) (the " <b>Sub-servicer</b> ").
<b>Issuer Administrator:</b>	NIBC.
<b>Back-up Administrator:</b>	Intertrust Administrative Services B.V.
<b>Issuer Account Bank:</b>	Coöperatieve Rabobank U.A., incorporated under Dutch law as a cooperative with excluded liability ( <i>coöperatie met uitgesloten aansprakelijkheid</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 30046259.
<b>Collection Foundation:</b>	means Stichting Ontvangsten Hypotheek gelden, established under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of

Commerce under number 34293367.

<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee Essence VII, Stichting Security Trustee Essence VI, Stichting Security Trustee Essence V, Stichting, Stichting Security Trustee Dutch MBS XIX and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company.
<b>Previous Transaction SPVs:</b>	Essence VII B.V., Essence VI B.V., Essence V B.V., Dutch MBS XIX B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V. and certain other limited purpose companies.
<b>Directors:</b>	Intertrust Management B.V. as sole director of the Issuer, Intertrust (Netherlands) B.V. as sole director of the Shareholder, and Amsterdamsch Trustee's Kantoor B.V. as sole director of the Security Trustee.
<b>Paying Agent:</b>	Citibank N.A. London Branch.
<b>Listing Agent:</b>	NIBC.
<b>Arranger:</b>	NIBC.
<b>Lead Manager:</b>	NIBC.
<b>Common Safekeeper:</b>	In respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Subordinated Notes, Citibank Europe Plc.

## 1.4 NOTES

Certain features of the Notes are summarised below (see for a further description section 5(*The Notes*)):

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
<b>Principal Amount</b>	EUR 583,000,000	EUR 54,000,000	EUR 5,600,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until (but excluding) the First Optional Redemption Date</b>	0.75 per cent. per annum	1.70 per cent. per annum	1.95 per cent. per annum
<b>Interest rate from (and including) the First Optional Redemption Date</b>	0.94 per cent. per annum	0 per cent. per annum	0 per cent. per annum
<b>Interest accrual</b>	30/360	30/360	30/360
<b>Expected ratings (Moody's / DBRS)</b>	'Aaa (sf)' / 'AAA (sf)'	NR / NR	NR / NR
<b>First Notes Payment Date</b>	22 November 2020	22 November 2020	22 November 2020
<b>Notes Payment Date</b>	22 <sup>nd</sup> day of each calendar month, subject to adjustment in accordance with the Conditions	22 <sup>nd</sup> day of each calendar month, subject to adjustment in accordance with the Conditions	22 <sup>nd</sup> day of each calendar month, subject to adjustment in accordance with the Conditions
<b>First Optional Redemption Date</b>	Notes Payment Date falling in October 2027	Notes Payment Date falling in October 2027	Notes Payment Date falling in October 2027
<b>Final Maturity Date</b>	Notes Payment Date falling in October 2058	Notes Payment Date falling in October 2058	Notes Payment Date falling in October 2058

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

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

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

- (i) the Class A Notes 100 per cent.;
- (ii) the Class B Notes 100 per cent.; and
- (iii) the Class C Notes 100 per cent.

**Form:** The Notes will be represented by Global Notes in bearer form and in the case of Notes in definitive form, serially numbered without coupons attached. Interests in the Global Notes will only in exceptional circumstances be

exchangeable for Notes in definitive form, subject to applicable laws.

**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 (i) prior to the delivery of an Enforcement Notice, (a) payments of principal on the Class B Notes are after a Sequential Trigger Amortisation Event subordinated to, *inter alia*, payments of principal on the Class A Notes and payments of interest on the Class B Notes are subordinated to, *inter alia*, payments of interest on the Class A Notes and payments of principal on the Class A Notes (in the case of any shortfall reflected on the Class A Principal Deficiency Ledger) and (b) payments of principal on the Class C Notes are, in accordance with the Revenue Priority of Payments, subordinated to, *inter alia*, payments of principal on the Class A Notes and the Class B Notes (in the case of any shortfall reflected on the Principal Deficiency Ledger) and to payments of interest on the Class A Notes and the Class B Notes, and (ii) following delivery of an Enforcement Notice, (a) payments of principal and payments of interest in respect of the Class B Notes are subordinated to, *inter alia*, payments of principal and payments of interest on the Class A Notes and (b) payments of principal in respect the Class C Notes are subordinated to, *inter alia*, payments of principal and payments of interest on the Class A Notes and payments of principal and payments of interest in respect of the Class B Notes.

See further section 5.1 (*Terms and Conditions*).

The obligations of the Issuer in respect of the Notes will be subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments. See further section 6.2 (*Priorities of Payments*).

**Interest up to (but excluding) the First Optional Redemption Date:**

Interest on the Notes is payable by reference to the successive Interest Periods in respect of the Principal Amount Outstanding of each Class of Notes on the first day of such successive Interest Period and will be payable monthly in arrear on each Notes Payment Date. The interest will be calculated on the basis of 30 day month divided by 360 days.

Interest on the Notes for each Interest Period will accrue from the Closing Date at a fixed rate equal to:

- (i) for the Class A Notes, 0.75 per cent. per annum;
- (ii) for the Class B Notes, 1.70 per cent. per annum;
- (iii) for the Class C Notes, 1.95 per cent. per annum.

**Interest rate from (and including) the First Optional Redemption Date:**

If on the First Optional Redemption Date the relevant Class of Notes has not been redeemed in full, the rate of interest applicable for the Notes will accrue at a fixed rate equal to:

- (i) for the Class A Notes, 0.94 per cent. per annum;
- (ii) for the Class B Notes, 0 per cent. per annum; and
- (iii) for the Class C Notes, 0 per cent. per annum.

**Mandatory Redemption of the Notes:**

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), the Issuer shall on the first Notes Payment Date falling in November 2020 and each Notes Payment Date thereafter be

obliged to apply the Available Principal Redemption Funds to redeem or partially redeem the Notes, other than the Class C Notes, at their respective Principal Amount Outstanding, on a *pro rata* basis within each Class, in the following order:

- (a) if no Sequential Amortisation Trigger Event is applicable, in or towards satisfaction of principal amounts due under the Class A Notes and the Class B Notes on a *pro rata* basis; or
- (b) if a Sequential Amortisation Trigger Event is applicable:
  - i. first, in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed; and
  - ii. second, in or towards satisfaction of principal amounts due under the Class B Notes, until fully redeemed.

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), the Issuer will be obliged to apply the Class C Available Principal Funds to redeem or partially redeem the Class C Notes on a *pro rata* basis among themselves on each Notes Payment Date.

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

On each Optional Redemption Date the Issuer will have the option to redeem all (but not some only) of the Notes, other than the Class C Notes, at their Principal Amount Outstanding on such date and, in respect of the Class B Notes, subject to Condition 9(b) (*Principal*) and the Issuer has undertaken to use its best efforts to sell the Mortgage Receivables for the Sale Price. If the Issuer does not exercise this option on the First Optional Redemption Date, the Issuer has undertaken to use its best efforts to sell the Mortgage Receivables for the Sale Price and redeem the Notes, other than the Class C Notes, every six (6) months. The Subordinated Notes can be redeemed with a Principal Shortfall (see Conditions 6 (*Redemption*) and Condition 9(b) (*Principal*)).

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on the First Optional Redemption Date shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the sale price shall be at least the lesser of:

- (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets, (b) the value of all other collateral and (c) with respect to the NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee; and
- (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on each Notes Payment Date after the First Optional Redemption Date pursuant to Condition 6(e) (*Optional Redemption*), shall be at least equal to the Principal Amount Outstanding of the Class A Notes at such time, increased with interest due but not paid, and the amount required to meet any payment obligation of the Issuer ranking above the payment of principal and interest on the Class A Notes (taking into account the funds available on the Liquidity Reserve Account and the

Reserve Account).

For the avoidance of doubt, balances standing on the Reserve Account and the Liquidity Reserve Account can be used to redeem the Notes (prior to an Enforcement Notice being delivered, by means of crediting the relevant Principal Deficiency Ledger(s)), provided that all items ranking higher than the repayment of principal on the relevant Class of Notes in the applicable Priority of Payments (including the expenses of the Issuer and interest on the other Classes of Notes) have been paid in full.

**Final Maturity Date:**

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

**Average life:**

The estimated average life of the Notes on the Closing Date based on the assumption that the Issuer will redeem the Notes on the First Optional Redemption Date, will be as follows:

- (i) the Class A Notes 3.84 years;
- (ii) the Class B Notes 3.84 years; and
- (iii) the Class C Notes 7 years.

The average lives of the Notes given above should be viewed with caution; reference is made to the risk factor '*Risk of early redemption of the Notes*' in section 2 (*Risk Factors*). See also section 7.1 (*Stratification Tables*).

**Regulatory Call Option:**

In the event of the occurrence of a Regulatory Change, the Issuer may, if so directed by NIBC (the sole (indirect) shareholder of the Sellers), redeem all (but not some only) of the Notes, other than the Class C Notes, on any Notes Payment Date at their Principal Amount Outstanding on such date, together with interest accrued up to and including the date of redemption, subject to, in respect of the Class B Notes, Condition 9(b) (*Principal*). The Sellers have undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Mortgage Receivables, if the Issuer upon the direction of NIBC exercises the Regulatory Call Option, or alternatively, the Sellers may appoint a third party at their discretion and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party. The Sale Price of the Mortgage Receivables will be calculated as described in section 8.1 (*Purchase, Repurchase and Sale*) under '*Sale of Mortgage Receivables*'.

**Clean-Up Call Option:**

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

**Tax Call Option:**

If the Issuer (a) is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, assessments or charges of whatsoever nature from payments in respect of the Notes as a result of any change in, or amendment to, application of the laws or regulations of the Netherlands 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 change 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) will have sufficient funds

available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all its liabilities in respect of the Notes, other than the Class C Notes, and any amounts required to be paid in priority to or *pari passu* with the Notes, other than the Class C Notes, in accordance with the Trust Deed, the Issuer has the option to redeem all (but not some only) of the Notes, other than the Class C Notes, on any Notes Payment Date at their Principal Amount Outstanding subject to and in accordance with Condition 6(f) (*Redemption for tax reasons*).

The ability of the Issuer to exercise the Tax Call Option will depend upon whether the proceeds of the sale of the Mortgage Receivables and taking into account the balance standing to the credit of the Reserve Account, will be an amount which is at least sufficient to redeem the Class A Notes and the Class B Notes at their Principal Amount Outstanding plus accrued interest and costs.

The Class C Notes will subsequently be redeemed in accordance with and subject to Condition 6(i) (*Mandatory Redemption of Class C Notes*).

**No STS designation:**

Neither the Issuer, any Seller, the Arranger nor the Lead Manager has any intention to notify ESMA or otherwise seek designation of the securitisation in connection with which the Notes are issued, as 'STS' or 'simple, transparent and standardised' as set out in chapter 4 of the Securitisation Regulation, or to seek compliance with all criteria and requirements for such designation set out therein.

**Retention and disclosure requirements under the Securitisation Regulation:**

NIBC, as originator within the meaning of article 6 of the Securitisation Regulation and as designated entity under article 7(2) of the Securitisation Regulation, has undertaken in the Notes Purchase Agreement to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6 of the Securitisation Regulation. As at the Closing Date, such material net economic interest is retained in accordance with article 6(3)(d) of the Securitisation Regulation by the retention of randomly selected exposures, representing an amount of at least five (5) per cent. of the nominal value of the securitised exposures, where such non-securitised exposures would otherwise have been securitised in the securitisation.

In addition to the information set out herein and forming part of this Prospectus, NIBC has undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it. NIBC (including as Issuer Administrator) will also on behalf of the Issuer and the Sellers, prepare Notes and Cash Reports on a monthly basis wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by NIBC.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation (see section 9 (*General*) for more details). See further section 5.4 (*Regulatory and Industry Compliance*) for more details.

**Eurosystem eligibility and**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. The Class A Notes are intended upon issue to be

**loan-by-loan information:** deposited with one of the ICSDs as Common Safekeeper. 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 at the Eurosystem's discretion 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 or, following a three month transitional period when the final implementing technical standards pursuant to article 7(4) of the Securitisation Regulation became applicable and a repository has been designated pursuant to article 10 of the Securitisation Regulation, in accordance with the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards. It has been agreed in the Administration Agreement that the Issuer Administrator shall use its best efforts to make such loan-by-loan information available on a monthly basis within one month after each Notes Calculation Date, for as long as such requirement is effective and to the extent it has such information available.

The Subordinated Notes are not intended to be held in a manner which will allow their Eurosystem eligibility.

**Use of proceeds:** The Issuer will use the net proceeds from the issue of the Notes, other than the Class C Notes, to pay the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of the Mortgage Receivables Purchase Agreement made between the Sellers, the Issuer, the Security Trustee and NIBC.

The Issuer will deposit the net proceeds from the issue of the Class C Notes on the Liquidity Reserve Account and the Reserve Account.

**Withholding Tax:** All payments of principal or 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 whatever 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 respect of any such withholding or deduction. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes.

**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 the Paying Agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of such deduction or withholding.

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

**Security for the Notes:** The Notes will be secured by:

- (i) a first ranking right of pledge by the Issuer to the Security Trustee



over (a) the Mortgage Receivables, including all rights ancillary thereto, and (b) upon written notification thereof to the relevant Insurance Company, the Beneficiary Rights. See further section 5.7 (*Security*); and

- (ii) a first ranking disclosed right of pledge by the Issuer in favour of the Security Trustee over the Issuer Rights.

After delivery of an Enforcement Notice in accordance with Condition 10 (*Events of Default*), 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 section 6 (*Credit Structure*) and section 5.7 (*Security*).

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

**Parallel Debt Agreement:**

On the Signing Date, the Issuer and the Security Trustee will, among other things, 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 Security Trustee 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. It is anticipated that listing will take place on or about the Closing Date. There can be no assurance that any such listing will be maintained.

**Credit Ratings:**

It is a condition precedent to the issue of the Notes that the Class A Notes, on issue, be assigned an 'AAA (sf)' credit rating by DBRS and an 'Aaa (sf)' credit rating by Moody's.

The Subordinated Notes will not be assigned a credit rating.

Credit ratings included or referred to in this Prospectus have been issued by Moody's and DBRS, each of which is established in the European Union or is established outside the European Union, whereby (i) the laws of the European Union continue to apply for rating agencies established in the United Kingdom during the transition period following the United Kingdom's

withdrawal from the European Union until 31 December 2020 and/or (ii) has relevant a relevant subsidiary which is established in the European Union, and is registered under and is registered under the CRA Regulation.

<b>Settlement:</b>	Euroclear and/or Clearstream, Luxembourg.
<b>Governing Law:</b>	The Notes will be governed by and construed in accordance with Dutch law.
<b>Selling Restrictions:</b>	There are selling restrictions in relation to the European Economic Area, Italy, the United Kingdom, the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See section 5.3 ( <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 Mortgage Receivables, together with drawings from the Liquidity Reserve Account and from the Reserve Account and the amounts it receives on 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 6 ( <i>Credit Structure</i> )) and the right to payment of interest and principal on the Subordinated Notes (except principal in respect of the Class B Notes prior to a Sequential Amortisation Trigger Event) will be subordinated to payments of principal and interest on the Class A Notes and limited as more fully described in section 5.1 ( <i>Terms and Conditions</i> ) and section 6 ( <i>Credit Structure</i> ).
<b>Issuer Accounts:</b>	<p>The Issuer shall maintain with the Issuer Account Bank the following accounts:</p> <ul style="list-style-type: none"><li>(i) an account to which on or before each Mortgage Collection Payment Date, <i>inter alia</i>, all amounts received in respect of the Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement (the "<b>Issuer Collection Account</b>");</li><li>(ii) an account to which on the Closing Date part of the proceeds of the Class C Notes and on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred up to the Reserve Account Target Level (the "<b>Reserve Account</b>");</li><li>(iii) an account to which on the Closing Date part of the proceeds of the Class C Notes and on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments, will be transferred up to the Liquidity Reserve Account Target Level (the "<b>Liquidity Reserve Account</b>"); and</li><li>(iv) an account to which on the Closing Date and on each Notes Payment Date, an amount equal to the aggregate Deposits, if any, will be transferred in accordance with the Mortgage</li></ul>

Receivables Purchase Agreement (the "**Deposit Account**").

**Collection Foundation  
Accounts:**

All payments made by the Borrowers in respect of the Mortgage Loans will be paid into the Collection Foundation Accounts.

**Issuer Account Agreement:**

On the Signing Date, the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank and the Security Trustee, under which the Issuer Account Bank agrees to pay an interest rate equal to €STR minus a margin on the balance standing to the credit of each of the Issuer Accounts from time to time.

If at any time such interest rate equal to €STR minus a margin would result in a negative interest rate, the Issuer Account Bank has the right to charge such negative interest. See section 6.6 (*Issuer Accounts*).

**Administration Agreement:**

On the Signing Date, the Issuer will enter into the Administration Agreement with the Issuer Administrator and the Security Trustee, under which the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer on a day-to-day basis, including, *inter alia*, (i) the application of amounts received by the Issuer to the Issuer Accounts and the production of monthly reports in relation thereto, (ii) procuring that all payments to be made by the Issuer under any of the Transaction Documents are made (iii) 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, (iv) the maintaining of all required ledgers in connection with the amounts received by the Issuer to the Issuer Accounts, (v) all administrative actions in relation thereto, (vi) procuring that all calculations to be made in respect of the Notes pursuant to the Conditions are made and (viii) submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. See section 6.7 (*Administration Agreement*).

**Back-up Administration  
Agreement:**

On the Signing Date, the Issuer will enter into the Back-up Administration Agreement with the Back-up Administrator and the Security Trustee under which the Back-up Administrator will agree to provide the administration, calculation, and cash management services to the Issuer, substantially on the terms of the Administration Agreement in case the Administration Agreement is terminated or the appointment of the Issuer Administrator is terminated for whatever reason. See section 6.7 (*Administration Agreement*).

## 1.6 PORTFOLIO INFORMATION

### **Mortgage Loans:**

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

Part of the Mortgage Loans sold by Hypinvest have been originated by Originators other than Hypinvest and have been transferred to Hypinvest. See section 7.3 (*Origination and Servicing*).

The pool of Mortgage Loans purchased on the Signing Date (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) will consist of (a) Buy-to-Let Consumer Mortgage Loans (*investeringshypotheken*) and (b) Buy-to-Let Non-Consumer Mortgage Loans (*vastgoed hypotheken*). The pool of Mortgage Loans purchased after the Signing Date, in case of a purchase of Substitute Mortgage Receivables (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) may consist of (a) Buy-to-Let Consumer Mortgage Loans (*investeringshypotheken*), (b) Buy-to-Let Non-Consumer Mortgage Loans (*vastgoed hypotheken*) and (c) Owner Occupied Mortgage Loans with the redemption type: (i) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*), (ii) Investment Mortgage Loans (*beleggingshypotheken*), (iii) Life Mortgage Loans (*levenhypotheken*), (iv) Linear Mortgage Loans (*lineaire hypotheken*), (v) Annuity Mortgage Loans (*annuïteiten hypotheken*) and (vi) Mortgage Loans which combine any of the above mentioned types of Mortgage Loans. See section 7.2 (*Description of Mortgage Loans*).

Some of Mortgage Loans are Advisor-Verified Mortgage Loans and therefore be based on advisor-verified borrower information.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts. If a Mortgage Loan consists of one or more Loan Parts, the relevant Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some only, of the Loan Parts comprising such Mortgage Loan at the Closing Date or at the relevant Notes Payment Date, as the case may be. See section 7.2 (*Description of Mortgage Loans*).

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

### **NHG Guarantee:**

Certain Substitute Mortgage Loans or certain Loan Parts may be NHG Mortgage Loans. At the Signing Date, no NHG Mortgage Loan Receivables will be sold by the Sellers to the Issuer.

See further section 7.2 (*Description of Mortgage Loans*) and section 7.5 (*NHG Guarantee Programme*).

### **Buy-to-Let Consumer**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Buy-to-Let Consumer Mortgage Loans, i.e. Mortgage Loans or parts

**Mortgage Loans:** thereof granted to a Borrower who qualifies as a consumer and who invests in the Mortgaged Asset as an investment and not as a primary residence.

**Buy-to-Let Non-Consumer Mortgage Loans:** A portion of the Mortgage Loans (or parts thereof) will be in the form of Buy-to-Let Non-Consumer Mortgage Loans, i.e. Mortgage Loans or parts thereof granted to a Borrower who does not qualify as a consumer and is a legal entity or individual conducting an enterprise or profession (*handelen in beroep of bedrijf*) who invests in the Mortgaged Asset as an investment and not as a primary residence.

**Life Mortgage Loans:** A portion of the Substitute Mortgage Loans (or parts thereof) may be in the form of owner-occupied Life Mortgage Loans, i.e. Mortgage Loans or parts thereof which have the benefit of Life Insurance Policies taken out by Borrowers with an Insurance Company. In respect of a Life Mortgage Loan, the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company. The Life Insurance Policies are offered in the following alternatives by the Insurance Companies. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii) a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the guaranteed amount. **"Unit-Linked Alternative"** means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. The Life Insurance Policies are pledged to the relevant Seller as security for repayment of the relevant Life Mortgage Loan.

See section 2 (*Risk Factors*) and section 7.2 (*Description of Mortgage Loans*).

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

See section 2 (*Risk Factors*) and section 7.2 (*Description of Mortgage Loans*).

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

of the Mortgaged Asset.

See section 7.2 (*Description of Mortgage Loans*).

**Annuity Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) may be in the form of owner-occupied 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.

See section 7.2 (*Description of Mortgage Loans*).

**Linear Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) may be in the form of owner-occupied Linear Mortgage Loans. A Linear Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower pays on a monthly basis a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity, such that at maturity the entire mortgage loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Linear Mortgage Loan declines over time.

See section 7.2 (*Description of Mortgage Loans*).

**Deposits:**

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

In certain events, for example after an agreed period, the Deposits will no longer be paid out but will be set-off against the Mortgage Receivable, up to the amount of the remaining Deposit, in which case the Issuer shall have no further obligation towards the Sellers to pay the remaining relevant part of the Initial Purchase Price and an amount equal to such part of the Initial Purchase Price will be debited from the Deposit Account on the first following Notes Payment Day and will form part of the Available Principal Funds.

## 1.7 PORTFOLIO DOCUMENTATION

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

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

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

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

In the Mortgage Receivables Purchase Agreement, each of the Sellers has undertaken to repurchase a Mortgage Receivable and accept reassignment of such Mortgage Receivable and, if applicable, the Beneficiary Rights relating thereto for the Sale Price on the Mortgage Collection Payment Date immediately following:

- (i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet certain Mortgage Loan Criteria, are untrue or incorrect in any material respect; or
- (ii) after the Additional Purchase Period, the date on which the relevant Seller agrees with a Borrower to grant a Further Advance; or
- (iii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Mortgage Receivable vis-à-vis the relevant Borrower; or
- (iv) the date on which the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the 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 such Seller shall not repurchase such Mortgage Receivable; or
- (v) in respect of a Mortgage Loan with a fixed mortgage interest rate (or relevant Loan Part thereof), the date on which the relevant Seller agrees with the relevant Borrower to set the interest rate with respect to the Mortgage Loan (or relevant Loan Part thereof) for the next succeeding fixed interest rate period (*rente vaste période*) at a fixed interest rate lower than (i) 2.2 per cent. per annum for Buy-to-Let Mortgage Loans and (ii) 1 per cent. per annum for all other Mortgage Loans.

Furthermore, each of the Sellers has the option, but not the obligation,

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

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

**Substitution:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will, on each Notes Payment Date up to (but excluding) the Final Maturity Date, purchase from the relevant Seller(s) Substitute Mortgage Receivables subject to fulfilment of certain conditions and to the extent offered by such Seller. The Issuer will be entitled to all interest amounts (including Prepayment Penalties) and all principal amounts becoming due in respect of the Substitute Mortgage Receivables from (and including) the relevant Cut-Off Date.

The Issuer will apply towards the purchase of Substitute Mortgage Receivables solely amounts received as a result of the Mandatory Repurchase of Mortgage Receivables in accordance with the Mortgage Receivables Purchase Agreement (see '*Repurchase of Mortgage Receivables*') to the extent such amounts relate to principal, being the Substitution Available Amount.

In case the Substitution Available Amount is not applied towards the purchase of Substitute Mortgage Receivables on the relevant Notes Payment Date, such proceeds will form part of the Available Principal Redemption Funds. See section 8.4 (*Portfolio Conditions*).

**Purchase of Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will, on each Notes Payment during the Additional Purchase Period, use the Further Advance Available Amount, subject to the satisfaction of the Additional Purchase Conditions, to purchase and accept assignment of Further Advance Receivables from each Seller, if and to the extent offered by a Seller. The Issuer will be entitled to all interest amounts (including Prepayment Penalties) and all principal amounts becoming due in respect of the Further Advance Receivables from (and including) the relevant Cut-Off Date.

Any Further Advance Receivables purchased by the Issuer during the Additional Purchase Period may be Buy-to-Let Further Advance Receivables, which may include a further advance under an existing Buy-to-Let Mortgage Loan or a new mortgage loan with the same Borrower which new loan or further advance will either be secured by the same Mortgaged Asset or which will be secured by a different Mortgaged Asset or both.

If the Additional Purchase Conditions are not met and the Issuer does not purchase any such Further Advance Receivable, the relevant Seller has undertaken to repurchase the Mortgage Receivable which results



from the Mortgage Loan to which such Further Advance relates.

**Purchase of Ported Mortgage Receivables:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will, on each Notes Payment during the Additional Purchase Period, use the Ported Mortgage Receivable Available Amount, subject to the satisfaction of the Additional Purchase Conditions, to purchase and accept assignment of Ported Mortgage Receivables from each Seller, if and to the extent offered by a Seller. The Issuer will be entitled to all interest amounts (including Prepayment Penalties) and all principal amounts becoming due in respect of the Ported Mortgage Receivables from (and including) the relevant Cut-Off Date.

**Sellers Clean-Up Call Option:**

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

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers exercise the Sellers Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes subject to and in accordance with the Conditions and Condition 9(b) (*Principal*). The Sale Price will be as described in *Sale of Mortgage Receivables* below.

**Regulatory Call Option:**

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

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

**Sale of Mortgage Receivables:**

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

The Sale Price for each Mortgage Receivable in the event of an optional redemption of the Notes on the First Optional Redemption Date (and also in the event of each Sellers Clean-Up Call Option, Clean-Up Call Option, the Regulatory Call Option or the Tax Call Option) shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an

instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the sale price shall be at least the lesser of:

- (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) with respect to the NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee; and
- (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

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

**Servicing Agreement:**

Under the Servicing Agreement, the Servicer will, *inter alia*, agree to provide to the Issuer:

- (i) mortgage payment transactions and other services as agreed in the Servicing Agreement in relation to the Mortgage Receivables on a day-to-day basis, including, without limitation, the collection of payments of principal, interest, and all other amounts in respect of the Mortgage Receivables;
- (ii) the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section 6.3 (*Origination and Servicing*)); and
- (iii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities.

In accordance with the Servicing Agreement, the Servicer will initially appoint Stater Nederland B.V. as the Sub-servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans.

## **1.8 GENERAL**

### **Management Agreements:**

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

## **2. RISK FACTORS**

*Any investment in the Notes is subject to a number of risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below.*

*This section 2 (Risk Factors) only contains material and specific risks based on the probability of their occurrence and the expected magnitude of their negative impact. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.*

*The Issuer believes that the factors described below represent material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material. 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. Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's own circumstances and financial condition.*

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

#### **A. RISK FACTORS REGARDING THE FINANCIAL POSITION OF THE ISSUER**

##### **1. The Notes will be solely the payment obligations of the Issuer**

The payment obligations under 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, acting in whatever capacity, including, without limitation, the Secured Creditors, the Arranger, the Lead Manager, the Insurance Companies, the Collection Foundation, the Sub-servicer, the Security Trustee, and the Listing Agent acting in whatever capacity. Furthermore, none of the Secured Creditors, the Arranger, the Lead Manager, the Insurance Companies, the Collection Foundation, the Sub-servicer, the Security Trustee or the Listing Agent, nor any other person acting in whatever capacity, 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 Secured Creditors, the Arranger, the Lead Manager, the Insurance Companies, the Collection Foundation, the Sub-servicer, the Security Trustee, and the Listing Agent will be under any obligation whatsoever to provide additional funds to the Issuer.

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

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

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent solely on (i) the receipt by it of funds under the Mortgage Receivables, (ii) the proceeds of the sale of any Mortgage Receivables, (iii) drawings under the Reserve Account and/or the Liquidity Reserve Account and (iv) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts, if any (see section 6 (*Credit Structure*)) and the Issuer is for the performance of its obligations fully dependent on its

counterparties and director (see the risk factor section D '*Risks related to Counterparties*' for a more detailed description of the risk relating to specific counterparties of the Issuer). If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to and in accordance with the applicable Priority of Payments and the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts. As a result, the Noteholders may not receive payments or these payments may not cover all amounts the Noteholders may expect to receive.

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

The Issuer Account Agreement provides that in the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank. This payment obligation to the Issuer Account Bank is subject to the Revenue Priority of Payments. If the Issuer has the obligation to pay interest accruing on the balances standing to the credit of any of the Issuer Accounts to the Issuer Account Bank instead of receiving interest thereon, this will reduce the income of the Issuer and its possibility to generate further income on the assets held in the form of cash in the Issuer Accounts. This risk increases if the amount deposited on the Issuer Accounts becomes (more) substantial and/or if €STR becomes more negative. Consequently, the Issuer may have insufficient funds left to fully and/or timely fulfil its payment obligations under the Notes. This may therefore result in losses under the Notes.

## **B. REGULATORY RISKS REGARDING THE ISSUER**

### **4. Risks related to licence requirement under the Wft**

Under the Wft a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers in the Netherlands, such as the Issuer, must have a licence under the Wft. An exemption from the licence requirement is available if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Servicer. The Servicer is licensed as a bank and therefore licensed to act as intermediary (*bemiddelaar*) and offeror of credit (*aanbieder van krediet*) under the Wft and the Issuer thus benefits from the exemption. If the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, in such case, it will not hold a licence itself, the Issuer will have to terminate its activities and settle (*afwickelen*) its existing agreements, which may ultimately result in the Issuer being required to sell the Mortgage Receivables. There is a risk that proceeds of such sale will not be sufficient for the Issuer to fulfil its payment obligations under the Notes and could therefore lead to losses under the Notes. Similar risks apply in case that future changes to the (conditions of the) exemption would result in the Issuer no longer being able to rely on the exemption. In this respect, we note that an amendment to the exemption is pending, proposing, *inter alia*, a clarification of the definition of 'offeror of credit'. The draft proposal seems to broaden the scope of the exemption, however this is not certain. The amendment is yet to be published in final form and might limit the exemption. The Issuer is not yet able to assess the impact, if any, this amendment may have.

## **RISK FACTORS REGARDING THE NOTES**

### **A. RISK FACTORS REGARDING THE TERMS AND CONDITIONS OF THE NOTES**

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

The Issuer will undertake in the Trust Deed vis-à-vis the Security Trustee to use its best efforts to sell and assign the Mortgage Receivables for the Sale Price on the First Optional Redemption Date and, as the case may be, any Optional Redemption Date thereafter. Notwithstanding the increase of the interest due in respect of the Class A 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. If the Issuer does not exercise its option to redeem all (but not some only) of the Notes, other than the Class C Notes, on the First Optional Redemption Date, the Issuer shall use its best efforts to sell the Mortgage Receivables and apply the proceeds to redeem the Notes, other than the Class C Notes, every six (6) months for the Sale Price. In such case, the Sale Price must be sufficient to repay the Class A Notes in full, but does not take into account the Principal Amount Outstanding of the Class B Notes (such repurchase may lead to another risk as described in '*Risk of redemption of the Class B Notes with a Principal Shortfall*'). If the Issuer is not able to

sell the Mortgage Receivables for such price the Notes will not be redeemed on an Optional Redemption Date and therefore the Noteholders may be redeemed at a later date than envisaged by them, which may have a negative effect on their interest.

No guarantee can be given that the Issuer will actually exercise such right and whether it is able to sell the Mortgage Receivables for the Sale Price. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes and on the ability of the Sellers or third parties to pay the Sale Price. The optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes on or after the First Optional Redemption Date, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the First Optional Redemption Date.

## **2. Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owed by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features, which are described in section 6 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class of Notes against all risks of losses and therefore a risk remains that the Issuer will not have sufficient funds available to fulfil its payment obligations under the Notes.

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

## **3. Subordination of the Subordinated Notes**

To the extent set forth in Condition 6 (*Redemption*) and Condition 9 (*Subordination*), the Class B Notes are subordinated in right of payment to the Class A Notes and the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes. With respect to any such Class, such subordination is designed to provide credit enhancement to any Class with a higher payment priority than such Class.

The Noteholders of any Class with a lower payment priority bear a greater risk of non-payment than any Class with a higher payment priority than such Class. See section 5.1 (*Terms and Conditions*) and section 6 (*Credit Structure*). Hence, if the Issuer will not have sufficient funds available to fulfil its payment obligations under the Notes, the Noteholders of any Class of Notes subordinated to any Class of Notes with a higher payment priority will sustain a higher loss than the Noteholders of such Class of Notes with a higher payment priority.

In particular, Noteholders should be aware that on each Optional Redemption Date and the Final Maturity Date the Subordinated Notes may be redeemed by the Issuer at an amount less than their Principal Amount Outstanding in certain cases, which amount may even be zero, including, *inter alia*, in the case that losses under the Mortgage Receivables have occurred (see Conditions 6 (*Redemption*) and 9(b) (*Subordination*)).

The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the proceeds of the Mortgage Receivables are sufficient to redeem the Notes (upon any sale of Mortgage Receivables or otherwise).

The Notes may therefore not be redeemed on an Optional Redemption Date and/or if the Notes are redeemed on an Optional Redemption Date or the Final Maturity Date, the Subordinated Notes may be redeemed at an amount less than their Principal Amount Outstanding, which may even be zero.

## **4. Risk of redemption of the Class B Notes with a Principal Shortfall**

Pursuant to Condition 9(b) (*Principal*), a Class B Note may be redeemed in part subject to a Class B Principal Shortfall. Consequently, a holder of a Class B Note may not receive the full Principal Amount Outstanding of such

Class B Note upon redemption in accordance with and subject to Condition 6 (*Redemption*). This applies not only to redemption of the Class B Notes on the Final Maturity Date, but also to redemption in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class C Notes*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*), Condition 6(g) (*Redemption for regulatory reasons*) and Condition 6(h) (*Clean-Up Call Option*). The Class A Notes may not be redeemed with a principal shortfall. In relation hereto, it should be noted that in case the Issuer sells the Mortgage Receivables on a Notes Payment Date after the First Optional Redemption Date for the purpose of an optional redemption, the minimum Sale Price should be sufficient to redeem the Class A Notes in full only (reference is made to the paragraph '*Sale of Mortgage Receivables*' in section 8.1 (*Purchase, Repurchase and Sale*)). Hence, the risk of the Class B Notes being redeemed with a Principal Shortfall increases after the First Optional Redemption Date. If the Mortgage Receivables are sold for a Sale Price which is only sufficient to redeem the Class A Notes this will result in a full write-down of the Class B Notes. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

## 5. Risk of early redemption of the Notes

The yield to maturity and weighted average life of each Class of Notes will depend on, *inter alia*, the amount and timing of repayments of principal by the Borrowers under the Mortgage Receivables, the Substitute Mortgage Receivables, the Further Advance Receivables and the Ported Mortgage Receivables offered by the Sellers, the amount and timing of prepayments (including, *inter alia*, full and partial prepayments), any exercise of the Tax Call Option by the Issuer, any exercise of the Clean-up Call Option or the Regulatory Call Option, Net Foreclosure Proceeds upon enforcement of a Mortgage Loan and a repurchase by the relevant Seller of Mortgage Receivables (should such amount received in connection with the repurchase not be applied towards replenishment or substitution). The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

In addition, the rate of prepayment on the Mortgage Receivables may be 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 changes in the Dutch tax treatment of interest on Mortgage Loans as further described under '*Changes to Dutch tax treatment of interest on Mortgage Loans may impose various risks*'), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility), see the risk factors '*Risks related to COVID-19*' and '*Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks*' for a description of specific circumstances which may lead to a higher chance of early redemption of the Notes and which may also have other negative consequences than early redemption as described therein. No guarantee can be given as to the level of prepayments (in part or in full) that the Mortgage Receivables may experience, and variation in the rate of prepayments of principal of the Mortgage Loans may affect each Class of Notes differently.

Faster than expected rates of principal repayments and/or prepayments on the Mortgage Receivables or any repurchases of Mortgage Receivables by any Seller pursuant to the Mortgage Receivables Purchase Agreement or a sale (upon exercise of the Tax Call Option, the Clean-Up Call Option or the Regulatory Call Option) of all (but not some) of the Mortgage Receivables will cause the Issuer to make payments of principal on each Class of Notes earlier than expected and will shorten the maturity of such Class.

If principal is repaid on any Class of Notes earlier than expected, Noteholders may not be able to reinvest the principal in a comparable security with an effective interest rate equivalent to the interest rate on the relevant Class of Notes. Similarly, if principal is repaid on any Class of Notes later than expected due to lower rates of principal repayments and/or prepayments than expected on certain Mortgage Receivables, Noteholders may lose reinvestment opportunities. Noteholders will bear all reinvestment risk resulting from receiving payments of principal on the relevant Class of Notes earlier or later than expected.

## 6. Risk of early redemption of the Notes, other than the Class C Notes, in case of exercise of the Clean-Up Call Option, Regulatory Call Option, Tax Call Option or Sellers Clean-Up Call Option

Should the Issuer exercise the Clean-Up Call Option, the Regulatory Call Option or the Tax Call Option it will redeem all the Notes, other than the Class C Notes, in accordance with Condition 6(h) (*Clean-Up Call Option*), Condition 6(g) (*Redemption for regulatory reasons*) and Condition 6(f) (*Redemption for tax reasons*), respectively and in each case subject to, in respect of the Class B Notes, Condition 9(b) (*Principal*). The Sale Price of the

Mortgage Receivables will be calculated as described in section 8.1 (*Purchase, Repurchase and Sale*) under '*Sale of Mortgage Receivables*'.

Should the Sellers exercise the Sellers Clean-Up Call Option, the Issuer shall sell and assign the Mortgage Receivables to the relevant Seller(s), or any third party appointed by the relevant Seller and shall apply the proceeds of such sale towards redemption of the Notes subject to and in accordance with the Conditions, including for the avoidance of doubt, Condition 9(b) (*Principal*).

If the Clean-Up Call Option, the Regulatory Call Option or the Tax Call Option is exercised by the Issuer or the Sellers Clean-Up Call Option is exercised by the Sellers, this may lead to the Notes being redeemed prematurely. Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

#### **7. Risk of early redemption of the Notes in case of Optional Repurchase by the Sellers**

Each of the Sellers has the option, but not the obligation (other than in case of a Mandatory Repurchase), to repurchase and accept reassignment of a Mortgage Receivable on a Mortgage Collection Payment Date and the Issuer shall accept such repurchase and shall reassign such Mortgage Receivable to the relevant Seller, provided that relevant Seller has notified the Issuer thereof five (5) business days in advance and further provided that the Sellers jointly may not repurchase more than five (5) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables per calendar year (as calculated on the first day of such calendar year). In addition and separate to such general repurchase option, in the first twelve (12) months from the Closing Date the Sellers may also repurchase Mixed Use Mortgage Receivables up to ten (10) per cent. of the aggregate Outstanding Principal Amount of the Notes on such date. Any amounts received by the Issuer as a result of such repurchase of a Mortgage Receivable shall be part of the Available Principal Funds. Such funds will be available for the redemption of the Notes, other than the Class C Notes. Consequently, the Notes may be redeemed in full on a Notes Payment Date prior to an Optional Redemption Date or the Final Maturity Date, or the rate of repayment may be accelerated and the Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

#### **8. Notes in global form**

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form. Each Temporary Global Note will be held with the relevant Common Safekeeper on behalf of Euroclear and Clearstream, Luxembourg. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in the relevant Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances as more fully described in section 5.2 (*Form*). Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as applicable. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

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 or Clearstream, Luxembourg, as applicable. Thus, the Noteholders will



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

## **B. MARKET AND LIQUIDITY RISKS RELATED TO THE NOTES**

### **9. Risks related to the limited liquidity of the Notes**

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

Limited liquidity in the secondary market for mortgage-backed securities has had and may continue to have an adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may 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 experiencing funding difficulties could adversely affect an investor's ability to sell the Notes and/or the price an investor receives for the Notes in the secondary market. 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 and should therefore be aware that they may suffer loss if they intend to sell any of the Notes on the secondary market for such Notes.

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

Global markets and economic conditions have been negatively impacted by the banking and sovereign debt crisis in the EU and globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the "**Eurozone**").

The market's anticipation of these (potential) impacts could have a material adverse effect on the business, financial condition and liquidity of NIBC, the Sellers and the Issuer Account Bank. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations.

Furthermore, the full impact of the United Kingdom's exit from the European Union, other elections held or to be held in Europe, an exit of one or more additional Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States is impossible to predict.

In the event of continued or increasing market disruptions and volatility (including as may be demonstrated by any default or restructuring of indebtedness by one or more Member States or institutions within those Member States and/or any changes to, including any break up of, the Eurozone or exit from the European Union) and/or as a consequence of the outbreak of COVID-19 (see the risk factor '*Risks related to COVID-19*'), NIBC, the Sellers and the Issuer Account Bank may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and

revenues, which may affect their ability to perform their respective obligations under the relevant Transaction Documents. Failure to perform obligations under the relevant Transaction Documents may adversely affect the performance of the Notes. These factors could result in the Issuer having insufficient funds to fulfil its obligations under the Notes in full and as a result could adversely affect the performance of the Notes and lead to losses under the Notes. Noteholders should also be aware that these factors could have an adverse effect on the value of the Notes if they intend to sell such Notes.

#### **11. Risks related to COVID-19**

The outbreak of coronavirus named COVID-19 ("**COVID-19**") has a severe impact on the Dutch, European and global economic prospects. Various countries across the world have introduced measures aimed at preventing the further spread of COVID-19, such as a ban on public events above a certain number of attendees, temporary closure of places where larger groups of people gather such as schools, sport facilities and bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have disrupted the normal flow of business operations in those countries and regions, have affected global supply chains and resulted in uncertainty across the global economy and financial markets.

The outbreak of COVID-19 and the (economic) consequences thereof (e.g. higher unemployment) will directly or indirectly result in increases of defaults under mortgage loans, but also under other loans granted to small and medium enterprises and consumers. Payment holidays have been requested and granted to borrowers under mortgage loans of the Sellers and may be requested by Borrowers in distress due to the Coronavirus, pursuant to which Borrowers are allowed to defer making payments under the Mortgage Receivables (see also the risk factor '*Risks related to COVID-19 forbearances*' where this part of this risk is included for a further description of the specific risks related to payment holidays in relation to the payment behaviour of Borrowers). This may result in payment disruptions and possibly higher losses under the Mortgage Receivables. In addition, the outbreak of COVID-19 may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

The exact ramifications of the COVID-19 outbreak are highly uncertain and it is difficult to predict the duration of the pandemic and the economic effects thereof, or the effect of current or any future measures aimed at preventing a further spread of COVID-19 and mitigating the negative impact of COVID-19 on the economy and financial markets, in general, but also in respect of the Sellers and other counterparties of the Issuer and in particular, the Borrowers (see also '*The Issuer has counterparty risk exposure*'), whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads. These factors could result in the Issuer having insufficient funds to fulfil its obligations under the Notes in full and as a result could adversely affect the performance of the Notes and lead to losses under the Notes.

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

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme commenced in March 2015 and encompasses the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. On 12 September 2019, the Governing Council of the ECB announced that net purchases under asset purchase programme will be restarted at a monthly pace of EUR 20 billion as from 1 November 2019. Furthermore, the Governing Council announced on 12 September 2019 that reinvestments of the principal payments from maturing securities purchased under the asset purchase programme will continue in full for an extended period of time past the date when the Governing Council starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

On 18 March 2020, the Governing Council of the ECB decided to launch a new temporary asset purchase programme of private and public sector securities to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the outbreak and escalating diffusion of COVID-19 (see further '*Risks related to COVID-19*'). This new Pandemic Emergency Purchase Programme will have an overall envelope of EUR 750 billion. Initially it was announced that purchases will be conducted until the end of 2020 and will include all the asset categories eligible under the existing asset purchase programme. In addition, on 4 June 2020 it was announced that the ECB will make available an additional EUR 600 billion for the Pandemic Emergency Purchase Programme and that purchases will be conducted until at least the end of June 2021. It

remains to be seen what the effect of this restart of the purchase programmes and the new Pandemic Emergency Purchase Programme will be on the volatility in the financial markets and the overall economy in the Eurozone and the wider European Union. In addition, the restart and/or a termination of the asset purchase programme and the new Pandemic Emergency Purchase Programme could have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes. The Noteholders should be aware that they may suffer loss if they intend to sell any of the Notes on the secondary market for such Notes as a result of the impact of the (re)start of the asset purchase programme and/or a potential termination of the asset purchase programme may have on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.

### **13. Class A Notes may not be recognised as Eurosystem Eligible Collateral**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life.

Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to listing on or about the Closing Date. However, there is no assurance that the Class A Notes will be admitted to listing on Euronext Amsterdam. If the Class A Notes will not be admitted to listing, they will not be recognised as Eurosystem Eligible Collateral (as marketable instruments). If the Class A Notes do not fulfil all the Eurosystem eligibility criteria, they will not be recognised as Eurosystem Eligible Collateral and this is likely to have a negative impact on the liquidity and/or value of the Class A Notes. Noteholders should therefore be aware that they may not be able to sell the Class A Notes and/or they may suffer loss if they intend to sell any of the Class A Notes. See also '*Risk related to the Class A Notes no longer being listed*'.

The Subordinated Notes are not intended to be held in a manner which allows their Eurosystem eligibility.

### **14. Risk related to the Class A Notes no longer being listed**

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. Once admitted to the official list and trading on Euronext Amsterdam, there is a risk that any of such Notes will no longer be listed on Euronext Amsterdam. Consequently, investors may not be able to sell their Notes readily. The market values of the Class A Notes may therefore decrease. This could adversely affect a Noteholder's ability to sell the Class A Notes and/or the price an investor receives for the Class A Notes in the secondary market. As a result, the Noteholders should be aware that they may not be able to sell or suffer loss, if they intend to sell any of the Class A Notes on the secondary market for such Class A Notes and such Class A Notes are no longer listed.

## **C. RISKS RELATED TO CREDIT RATINGS**

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

The credit ratings assigned to the Class A Notes address the assessments made by the Credit Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee. The Subordinated Notes will not be rated.

Any decline in the credit ratings of the Class A Notes or changes in credit rating methodologies may affect the market value of the Class A Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above and other factors that may affect the value of the Class A Notes. Any downgrade of the credit ratings may have a negative effect on the value of the Class A 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 judgement, the circumstances (including a reduction in, or withdrawal of, the credit rating of the Issuer Account Bank) in the future so require. Noteholders should be aware that if they intend to sell any Class A Notes, 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 Class A Notes.

### **16. Risk related to unsolicited credit ratings on the Notes**

The Credit Rating Agencies have not been requested to assign a rating to the Subordinated Notes and other credit rating agencies that have not been engaged by the Issuer to rate the Notes may issue unsolicited credit ratings on the Notes at any time. Any unsolicited credit ratings in respect of the Class A Notes may differ from the credit ratings expected to be assigned by the Credit Rating Agencies and may not be reflected in this Prospectus. Issuance of an unsolicited rating which is lower than the credit ratings assigned by the Credit Rating Agencies in respect of the Class A Notes may adversely affect the market value and/or the liquidity of the Class A Notes.

#### **17. Risk that the credit ratings of the Class A Notes change**

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

#### **18. No Recourse against the Credit Rating Agencies**

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

A confirmation from a Credit Rating Agency regarding any action proposed to be taken by the Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Class A 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 Class A 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 Class A Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Class A Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

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

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

Furthermore, it is noted that the defined term "Credit Rating Agency Confirmation" as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation that the Security Trustee has received a confirmation from each Credit Rating Agency that its then current credit 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 credit ratings of the Class A Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see section 10.1 (*Definitions*)).

Thus, Class A Noteholders incur the risk of losses under the Class A Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current credit ratings of the Class A Notes will not be adversely affected by or withdrawn as a result of the relevant matter. Furthermore, if no confirmation or indication is forthcoming from any Credit Rating Agency and confirmation of the Credit Rating Agencies is implied in accordance with the definition of Credit Rating Agency Confirmation, the Credit Rating Agencies may nevertheless downgrade the credit ratings assigned to the Class A Notes, which could lead to losses under the Class A Notes.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Class A 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 Class A Notes.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties (including a reduction in the credit rating of NIBC or the Issuer Account Bank) may have an adverse effect on the credit rating of the Class A Notes. Any downgrade of the credit ratings may have a negative effect on the value of the Class A Notes.

#### **19. CRA Regulation**

The Credit Rating Agencies are, at the date of this Prospectus, included in the register of certified rating agencies as maintained by ESMA in accordance with the CRA Regulation. The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Should any of the Credit Rating Agencies not be registered or endorsed under the CRA Regulation or should such registration or endorsement be withdrawn or suspended, this may result in the Notes no longer being rated. If a Noteholders intends to sell its Notes, this may have a negative impact on the price and liquidity of the Notes in the secondary market.

#### **D. RISKS RELATED TO COUNTERPARTIES**

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

The Issuer enters into agreements with other parties that under such agreements may owe moneys, be required to transfer securities or other assets or have agreed to perform certain services and such parties may not pay or perform under their obligations. These parties may include, *inter alia*, the Transaction Parties. Such non-performance may result in the Issuer not being able to meet its obligations under the Notes, including any payments under the Notes. This may lead to losses under the Notes, as the Issuer may have incorrect information, insufficient funds available to fulfil its obligations under the Notes or available funds may not be applied in accordance with the Transaction Documents.

There is for example a risk that the Sellers will not perform their obligations under the Transaction Documents, such as the obligation of the Sellers under certain limited circumstances to repurchase Mortgage Receivables from the Issuer that, *inter alia*, are in breach of the representations and warranties made by the Sellers in the Mortgage Receivables Purchase Agreement. If the relevant Seller is unable to repurchase the Mortgage Receivables for instance because it has insufficient funds available as a result of COVID-19 or otherwise, or unable to or perform its ongoing obligations under the transactions described in this Prospectus, the performance of the Notes may be adversely affected and this may lead to losses under the Notes.

The outbreak of COVID-19 may deteriorate the credit position and have an impact on the ability of the counterparties to the Issuer to perform their respective obligations under the Transaction Documents, see also the risk factor '*Risks related to COVID-19*'.

**21. Risk that the credit ratings of the counterparties change and risk of compulsory replacement of counterparties and/or termination of the relevant Transaction Document**

Certain counterparties of the Issuer, such as the Issuer Account Bank, 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 replacement of such counterparty and/or eventually the termination of such Transaction Document. 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. This may lead to losses under the Notes. Moreover, Noteholders should be aware that if they intend to sell any Notes, 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.

The outbreak of COVID-19 may have an impact on the credit ratings of the counterparties of the Issuer, see also the risk factor '*Risks related to COVID-19*'.

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

The Security Trustee may agree without the consent of the Noteholders to (i) any modification or waiver of any of the provisions of the Notes and the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, (ii) which is required under the Securitisation Regulation and (iii), provided that the Security Trustee has received a Credit Rating Agency Confirmation, any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes and the Transaction Documents, and any consent, including to the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders and the other Secured Creditors. Any such changes will be binding on the Noteholders. Therefore Noteholders may be bound by changes to which they have not agreed. Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents without their knowledge or consent which may be against the interest of such Noteholder and this may have an adverse effect on the (value of the) Notes. Moreover, Noteholders should be aware that if they intend to sell any of the Notes, the fact that changes may be made to the Transaction Documents without their knowledge or consent, could have an adverse effect on the value of such Notes.

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

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the Most Senior Class of Notes, if, in the Security Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class of Notes on the one hand and the holders of junior ranking Notes on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that, in the event of a conflict of interests between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured 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. In addition, Noteholders should be aware that there is a risk that actions of the Security Trustee (in conflicting circumstances having regard only to the interests of the holders of the Most Senior Class of Notes) may not be in the interest of a Noteholder (other than the holders of the Most Senior Class of Notes) and this may lead to losses under its Notes and/or (if it intends to sell such Notes) could have an adverse effect on (the value of) such Notes

Considering that NIBC, and/or any of its subsidiaries, has the intention to purchase all Notes as a part of the

initial issuance and to retain all Notes, it will be able to exercise the voting rights in respect of the Notes purchased by it and, in doing so, may take into account factors specific to it. Should NIBC sell part of the Notes in the secondary market after the Closing Date, the purchaser of such Notes should be aware that NIBC will remain able to exercise its voting rights in respect of the Notes it has retained. In case NIBC retains the majority of the Notes after such purchase, this means that NIBC could have the effective control when resolutions are taken by the meeting of Noteholders. It should further be noted that in exercising its voting rights NIBC may take into account factors specific to it. In this respect NIBC may, *inter alia*, take into account its relationship with the Sellers and its different roles in the transaction, including its role as Lead Manager and Servicer, when exercising its voting rights with respect to such Notes.

**24. A resolution adopted at a meeting of the holders of the Most Senior Class is binding on all Noteholders and a resolution adopted by a Noteholders' meeting of another relevant Class is binding on all Noteholders of that relevant Class**

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

**25. Conflict of interest**

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

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

If for whatever reason any such parties would not comply with any of its obligations under the Transaction Documents and act contrary to the interest of the party it represents (e.g. non-payment or fraudulent payments), this may lead to the Issuer having insufficient funds available to it to fulfil its payment obligations under the Notes and as a result, this may lead to losses under the Notes.

**26. 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 on which the Portfolio and Performance Report is based with respect to a Mortgage Calculation Period, then the Issuer (or the Issuer Administrator on its behalf) may use the three (3) most recent Mortgage Reports received from the Servicer for the purposes of the calculation of the amounts of principal and interest, respectively, available to the Issuer to make payments, as further set out in the Administration Agreement.

When the Issuer Administrator receives the Mortgage Report from the Servicer on which the Portfolio and

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

## **E. REGULATORY RISKS REGARDING THE NOTES**

### **27. Securitisation Regulation**

On 12 December 2017, the European Parliament adopted the Securitisation Regulation, which lays down common rules on securitisation and which applies from 1 January 2019 and fully applies to the Notes. The securitisation transaction described in this Prospectus is not intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation and consequently does not meet the requirements of articles 19 to 22 of the Securitisation Regulation and will not be notified by any of the Sellers to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation.

Any changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, if a Noteholder intends to sell its Notes, this may have a negative impact on the price and liquidity of the Notes in the secondary market.

Various parties to the securitisation transaction described in this Prospectus are subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements, including in particular with regard to the Draft RTS Risk Retention in relation to article 6 of the Securitisation Regulation (see section 5.4 (*Regulatory and Industry Compliance*) and section 7.1 (*Stratification tables*) for further detail on this) in relation to article 20(8) of the Securitisation Regulation. The Draft RTS Risk Retention is in final draft adopted by the EBA and submitted to the European Commission for adoption. Therefore, the final scope of the application and impact of the conformity of risk retention and the Mortgage Loans to the final regulatory technical standards is not assured (and such non-conformity may adversely and materially impact the value, liquidity of, and the amount payable under the Notes). Prospective investors must make their own decisions in this regard.

### **28. Reporting requirements under the Securitisation Regulation**

Pursuant to article 7(2) of the Securitisation Regulation, the seller, the sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements set out in points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1), which includes making available the prospectus and the transaction documents, to a regulated securitisation repository. In accordance with article 7(2) of the Securitisation Regulation, in the Mortgage Receivables Purchase Agreement, the Issuer and NIBC have designated NIBC as the entity responsible for fulfilling the information requirements of article 7 of the Securitisation Regulation in respect of the transaction described in this Prospectus and will either fulfil such requirements itself or shall procure that such requirements are fulfilled on its behalf. The securitisation repository, which needs to comply with the authorisation requirements set out in chapter 3 of the Securitisation Regulation



and the regulatory technical standards applicable in relation thereto, will in turn disclose information on securitisation transactions to the public.

For a description of the undertakings and representations and warranties of NIBC relating to the above, see section 5.4 (*Regulatory and Industry Compliance*) and section 9 (*General*). Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with the risk retention and due diligence requirements described above and none of the Issuer, the Security Trustee, the Sellers, the Arranger nor the Lead Manager makes any representation that the information described above in relation to the EU risk retention and due diligence requirements is sufficient in all circumstances for such purposes.

## **29. Regulatory treatment STS securitisations and other securitisation positions**

The securitisation transaction described in this Prospectus is not intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation and consequently does not meet the requirements of articles 19 to 22 of the Securitisation Regulation. CRR and Solvency II affect the risk weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, prospective investors should consult their own advisers as to the consequences of and the effect on them of the application of CRR and Solvency II, as implemented by their own regulator, to their holding of any Notes. It cannot be excluded that further amendments will be proposed and will have to be implemented in the legislation of the relevant EU Member States which may have a further impact on, among other things, the risk weighting, liquidity and value of the Notes.

## **30. Investor compliance with due diligence requirements under the Securitisation Regulation**

Investors should be aware of the due diligence requirements under article 5 of the Securitisation Regulation that apply to institutional investors with an EU nexus (including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision and UCITS funds). Depending on the approach in the relevant EU Member State, failure to comply with one or more of the due diligence requirements may result in penalties including fines, other administrative sanctions and possibly criminal sanctions. In the case of those institutional investors subject to regulatory capital requirements, penal capital charges may also be imposed on the securitisation position (i.e., notes) acquired by the relevant institutional investor.

The institutional investor due diligence requirements described above apply in respect of the Notes. With respect to the commitment of NIBC to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer, Seller or another relevant party, please see the statements set out in section 5.4 (*Regulatory and industry compliance*) and section 9 (*General*). Relevant institutional investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant to investors.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Prospective investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of the non-compliance should seek guidance from their regulator.

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

Regulatory capital requirements are subject to ongoing change, and are expected to become more stringent. This is especially due to the implementation and entry into force of the changes to CRD IV included in the EU banking package adopted on 14 May 2019 (the "**EU Banking Reforms**") and the finalised Basel III reforms as published on 7 December 2017 (the "**Basel III Reforms**") (informally referred to as Basel IV). In addition, pursuant to Solvency II, more stringent rules apply to European insurance companies in respect of instruments such as the Notes in order to qualify as regulatory capital that may impact certain investors. Solvency II is currently under review on an EU level.

Any changes to the prudential framework applicable to banks, insurance companies or other institutions investing in the Notes, may affect the risk-weighting of the Notes for these investors. 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 CRD IV,

the EU Banking Reforms and the Basel III Reforms, and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee, any Seller, the Arranger nor the Lead Manager is 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 CRD IV, the EU Banking Reforms, the Basel III Reforms or Solvency II (whether or not implemented by them in its current form or otherwise) nor do they make any representation regarding the regulatory capital treatment of their investment.

### **32. No Representation as to compliance with liquidity coverage ratio, CRR or Solvency II requirements**

The securitisation transaction described in this Prospectus is not intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation and consequently does not meet the requirements of articles 19 to 22 of the Securitisation Regulation. Therefore, the capital requirements as set forth in the CRR Amendment Regulation for certain securitisation positions of qualifying STS securitisations and the additional requirements on calibration for STS securitisations set forth in Commission Delegated Regulation (EU) 2018/1221 of 1 June 2018, do not apply to the Notes. In addition, the securitisation transaction described in this Prospectus cannot be qualified as Level 2B high quality liquid assets ("**HQLA**") within the meaning of Commission Delegated Regulation amending Delegated Regulation (EU) 2018/1620 of 13 July 2018 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions (the "**LCR Delegated Regulation**").

Neither the Issuer nor any Seller, nor the Servicer, nor the Lead Manager makes any representation to any prospective investor or purchaser of the Notes as to these matters on the Closing Date or at any time in the future and none of them are responsible for informing any Noteholders of the effects on the changes to risk-weighting of the Notes.

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

### **33. Transaction Parties may be subject to recovery, resolution and intervention frameworks, whereby the application of any measures thereunder could result in losses under the Notes**

The BRRD and the SRM Regulation have introduced a harmonised European framework for the recovery and resolution of banks and large investment firms (and certain affiliated entities) which are failing or likely to fail. If such an institution would be deemed to fail or likely to fail and the other resolution conditions would also be met, the resolution authority may decide to place the institution under resolution. It may decide to apply certain resolution tools. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the BRRD and the SRM Regulation provide for the bail-in tool, which may result in the write-down or conversion into shares of capital instrument and eligible liabilities. The resolution authority may decide to terminate or amend any agreement (including a debt instrument, such as the Notes or a derivative transaction) to which the Issuer is a party or replace the Issuer as a party thereto. Furthermore, subject to certain conditions, the resolution authority may suspend the exercise of certain rights of counterparties *vis-à-vis* the institution under resolution or suspend the performance of payment or delivery obligations of that institution. In addition, pursuant to Dutch law, certain counterparty rights may be excluded.

In addition to the BRRD and SRM Regulation, the Wft enables the Dutch Minister of Finance to intervene with a financial undertaking or parent undertaking thereof established in the Netherlands, if the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the institution is in. The powers of the Minister of Finance consist of (i) the expropriation of assets and/ or liabilities (*onteigening van vermogensbestanddelen*) of the institution, claims against the institution and securities issued by or with the cooperation of the institution and (ii) immediate measures (*onmiddellijke voorzieningen*), such as temporarily depriving the institution's shareholders from exercising their voting rights and suspending a board member or a supervisory board member.

Certain Transaction Parties may be subject to the BRRD, the SRM Regulation or similar intervention, recovery or resolution frameworks in their local jurisdiction. There is a risk that (the enforceability of) the rights and obligations of the parties to the Transaction Documents, including, without limitation the Servicer, the Issuer Administrator

and the Issuer Account Bank, may be affected on the basis of the application of any intervention, recovery or resolution tools or powers. This may lead to losses under the Notes.

## F. TAX RISKS REGARDING THE NOTES

### 34. Changes to Dutch tax treatment of interest on Mortgage Loans may impose various risks

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of thirty (30) years.

For the year 2020, the maximum tax rate against which mortgage interest may be deducted for Dutch income tax purposes (the 'maximum deductibility rate') is set at 46 per cent. As per 1 January 2020, the maximum deductibility rate will decrease with 3 per cent. (instead of 0.5 per cent.) per annum (i.e., 43 per cent. in 2021) down to 37.10 per cent. in 2023.

This accelerated reduction of the maximum deductibility rate ultimately may have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans and may lead to different prepayment behaviour by Borrowers on their Mortgage Loans. This may result in higher or lower prepayment rates of such Mortgage Loans and thus may adversely affect the Issuer's return on the Mortgage Loans. Finally, changes in tax treatment of mortgage interest may have an adverse effect on the value of the Mortgaged Assets (see '*Risks of Losses associated with Declining Values of Mortgaged Assets*'). As a result, this may lead to the Issuer having insufficient funds available to fulfil its obligations under the Notes.

### 35. If the Notes would become subject to withholding or deduction, including but not limited to FATCA Withholding, the Issuer will make the required withholding or deduction for the account of the Noteholders and shall not be obliged to pay additional amounts to the Noteholders in respect thereof

The Netherlands is introducing a new withholding tax on interest payments as of 1 January 2021 pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). The new withholding tax will generally apply to interest payments made by an entity tax resident in the Netherlands, like the Issuer, to a *related entity* (as described below) tax resident in a Listed Jurisdiction (as defined below).

For these purposes, a jurisdiction is considered a listed jurisdiction (a "**Listed Jurisdiction**"), if it is listed in the yearly updated Dutch Regulation on low-taxing jurisdictions and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*) which (i) includes jurisdictions with a corporation tax on business profits with a general statutory rate of less than 9% and (ii) jurisdictions that are included in the EU list of non-cooperative jurisdictions.

For the fiscal year 2020, the following 21 jurisdictions are Listed Jurisdictions: American Samoa, Anguilla, the Bahamas, Bahrain, Barbados, Bermuda, the British Virgin Islands, the Cayman Islands, Fiji, Guam, Guernsey, Isle of Man, Jersey, Oman, Samoa, Trinidad and Tobago, Turkmenistan, Turks and Caicos Islands, Vanuatu, the United Arab Emirates, and the U.S. Virgin Islands.

Generally, an entity is considered a *related entity* if (i) such entity has a Qualifying Interest (as defined below) in the Issuer, (ii) the Issuer has a Qualifying Interest in such entity, or (iii) a third party has a Qualifying Interest in both the Issuer and such entity.

The term "**Qualifying Interest**" means a directly or indirectly held interest – either individually or jointly as part of a collaborating group (*samenwerkende groep*) – that enables the holder of such interest to exercise a decisive influence on the decisions that can determine the activities of the entity in which the interest is held.

The new withholding tax may also apply in situations where artificial structures are put in place with the main purpose or one of the main purposes to avoid the Dutch withholding tax, e.g., where an interest payment to a Listed Jurisdiction is artificially routed via an intermediate entity in a non-Listed Jurisdiction.

In practice, the Issuer may not always be able to assess whether a holder of Notes is a related entity with respect to the Issuer or located in a Listed Jurisdiction. The parliamentary history is unclear on the Issuer's responsibilities to determine the absence of affiliation in respect of notes issued in the market, like the Notes.

In addition, payments in respect of the Notes may in certain circumstances become subject to any FATCA Withholding.

As provided in Condition 7 (*Taxation*), if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax (or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, or on the basis of FATCA), the Issuer or the Paying Agent (as the case may be) 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 respect of the withholding or deduction.

Prospective investors are advised to seek their own professional advice in relation to the new withholding tax in the Netherlands and FATCA.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES, SET-OFF AND SECURITY RIGHTS**

### **A. RISKS REGARDING THE PAYMENTS UNDER THE MORTGAGE RECEIVABLES**

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

The legal title of the Mortgage Receivables will be assigned on the Closing Date and, in respect of the Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables, on the Notes Payment Date whereon the Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables are purchased, by the relevant Seller to the Issuer through a Deed of Assignment and Pledge and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required (*stille cessie*). The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the relevant Seller to the Issuer will not be notified by the relevant Seller or, as the case may be, the Issuer to the Borrowers except upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to section 8.1 (*Purchase, Repurchase and Sale*).

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the relevant Seller in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. The relevant Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay prior to each Mortgage Collection Payment Date to the Issuer any amounts received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the relevant Seller actually making such payments. If the relevant Seller is declared bankrupt prior to making such payments, the Issuer has no right of any preference in respect of such amounts and thus has a credit risk against the relevant Seller in respect of such amounts.

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

#### **2. Risks relating to the Collection Foundation**

The Sellers will undertake or procure that the Sub-servicer undertakes to direct debit all amounts of principal and interest to the relevant Collection Foundation Accounts maintained by the Collection Foundation. In addition each Seller has represented that it has given and will give instructions to the relevant Insurance Companies to pay any amounts in respect of the Beneficiary Rights into the Collection Foundation Accounts.

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

Upon receipt of such amounts, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the relevant Collection Foundation Account, in accordance with the relevant provisions of the Receivables Proceeds

## Distribution Agreement.

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

Furthermore, the balance standing to the credit of each Collection Foundation Account will be pledged to the Issuer and the Previous Transaction SPVs, and the Issuer and the Previous Transactions SPVs by way of repledge create a first ranking right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees in view of the (remote) bankruptcy risk of the Collection Foundation, in accordance with the Collection Foundation Account Pledge Agreement. The pledge will be shared with other beneficiaries, most of which are set up as bankruptcy remote securitisation special purpose vehicles. Each beneficiary will have a certain *pari passu* ranking undivided interest, or "share" (*aandeel*) in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over that Collection Foundation Account. As a consequence, the rules applicable to co-ownership (*gemeenschap*) apply to the joint right of pledge. The share of the Security Trustee will be equal to the amounts in the Collection Foundation Account relating to the Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code in respect of the balance of each Collection Foundation Account from time to time is equal to the sum of the amounts standing to the credit of such Collection Foundation Account which relate to the mortgage receivables owned and/or pledged to them from time to time. In case of foreclosure of the co-owned right of pledge on a Collection Foundation Account (i.e. if the Collection Foundation defaults in forwarding the amounts received by it as agreed), the proceeds will be divided according to each beneficiary's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. If such sharing arrangement is not enforceable, the Issuer may have insufficient funds available to fulfil its payment obligations under the Notes and this may result in losses under the Notes.

### **3. Reduced value of investments may affect the proceeds under Investment Mortgage Loans or Life Insurance Policies**

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity, which could lead, depending on the value of the Mortgaged Assets and other financial assets of such Borrower, if any, to a loss in respect of such Mortgage Receivables and/or the Issuer having insufficient funds to pay its liabilities in full. This may lead to losses under the Notes.

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

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in 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 in the event the leaseholder has not paid the remuneration (*canon*) due for a period exceeding two (2) consecutive years or seriously breaches (*in ernstige mate tekortschieten*) other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for

such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease. In addition, after the expiration of the long lease term, the remuneration (*canon*) due may be increased unless the remuneration due has been fixed. Such increase may be material and could increase the risk of non-payment by the Borrower.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease the Sellers will take into consideration certain conditions, including the term, of the long lease. The acceptance conditions used by the Sellers provide that in certain events the Mortgage Loan shall have a maturity that is 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 Sellers provide that certain provisions should be met as would in such case be required by a reasonable lender. The Mortgage Conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, the long lease is terminated for whatever reason.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease due to a leaseholder's default or for other reasons. In such event there is a risk that the Issuer will upon enforcement of such mortgage right receive less than the market value of the long lease, which subsequently could result in the Issuer receiving less than the Outstanding Principal Amount of the relevant Mortgage Receivable, which in turn could lead to losses under the Notes.

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

The interest rate of each of the Mortgage Loans is to be reset from time to time. The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee. This view is supported by a judgment of the Dutch Supreme Court of 10 July 2020. If, however, the interest reset right remains with the relevant Seller, the co-operation of the bankruptcy trustee would be required to reset the interest rates who will be bound by the contractual provisions relating to the rest of interest rates and any applicable law (including, without limitation, applicable principles for reasonableness and fairness) and regulation. To the extent that the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will also be bound by the contractual provisions relating to the reset of interest rates and any applicable law (including, without limitation, applicable principles of reasonableness and fairness and any defences of the Borrower against the relevant Originator) and regulations. If the interest rates are set lower than anticipated or the Issuer or the Security Trustee does not reset the interest rate accordingly, this may lead to losses under the Notes.

#### **6. Risk related to increase of prepayments and downward effect of interest received in case of interest rate averaging**

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including but not limited to amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including but not limited to home owner mobility). Currently the market interest rates are low compared to the historic average mortgage interest rates, this may lead to an increase in the rate of prepayments of the Mortgage Loans.

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

No assurance can be given as to the level of prepayment that the Mortgage Loans granted may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect the timing of the payments of the Issuer under the Notes.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors (with regard to Buy-to-Let Mortgage Loans specifically see also '*Risk of losses associated with Buy-to-Let Mortgage Loans*'). 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 Mortgage Receivables. There is therefore a risk that in respect of such payments the Issuer will not receive the proceeds under the Mortgage Receivables on time and in full or it will not receive the proceeds at all, thus causing temporary liquidity problems to the Issuer. There can be no assurance that this mitigation will protect the Noteholders in full against this risk. The liability of the Issuer to pay the interest on the Notes is not hedged against the variations in the interest received on the Mortgage Receivables. 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 Notes. As a result thereof, the Issuer may have insufficient funds available to fulfil its payment obligations under the Notes and this may result in losses under the Notes.

#### **8. Risk of losses associated with Buy-to-Let Mortgage Loans**

The pool of Mortgage Loans purchased on the Signing Date (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) will consist of Buy-to-Let Consumer Mortgage Loans (*investeringshypotheken*) and Buy-to-Let Non-Consumer Mortgage Loans (*vastgoed hypotheken*). The Borrower's ability to make payments in respect of Buy-to-Let Mortgage Loans is partly or fully dependent on the Borrower's ability to let the relevant Mortgaged Asset on appropriate terms. It is intended that the Mortgaged Assets which secure such Buy-to-Let Mortgage Loans will be let by the relevant Borrower to tenants but there can be no guarantee that each such Mortgaged Asset will be the subject of an existing tenancy when the relevant Buy-to-Let Mortgage Loans is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Buy-to-Let Mortgage Loan and/or the rental income achievable from tenancies of the relevant Mortgaged Asset over time will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Buy-to-Let Mortgage Loan.

Consequently, the security for the Notes may be affected by the condition of the rental market in the Netherlands. The condition of the market will influence both the ability of the Borrower to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the Buy-to-Let Mortgage Loan are unconditional without regard to whether the Mortgaged Asset is let or the amount of rent received by the Borrower from the relevant tenant. Upon enforcement of a Buy-to-Let Mortgage Loan in respect of a Mortgaged Asset which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of that Mortgaged Asset until the end of the tenancy. If the Servicer enforces while the tenancy is continuing and sells the Mortgaged Asset as an investment property with one or more tenants in situ, this may affect the amount which may be realised in the sale although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation.

Furthermore the Sellers may have the benefit of a right of pledge on the rights of the Borrower vis-à-vis any lessees in respect of rental payment due under lease agreements. The obligation to pay rent under a lease agreement arises when such payments become due from time to time and consequently pursuant to case law, a lease receivable is regarded as a future asset. If such future assets come into existence after Dutch insolvency proceedings have taken effect in respect of the Borrower, such assets are no longer capable of being effectively pledged by the Borrower to the Sellers i.e. the pledge is not effective vis-à-vis the bankrupt estate.

#### **9. Risk related to Foreclosure Value**

The appraisal foreclosure value (*executiewaarde*) of the Mortgaged Assets on which a mortgage right is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant Mortgaged Assets. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Receivable can be recovered from the proceeds of the foreclosure on the relevant Mortgaged Asset or that the proceeds upon foreclosure will be at least equal to the estimated foreclosure value of such Mortgaged Asset. There is therefore a risk that Issuer will not receive the proceeds under the Mortgage Receivables in full or it will not receive the proceeds at all. As a result thereof, the Issuer may have insufficient funds available to fulfil its payment obligations under the Notes and this may result in losses under the Notes.

#### **10. Risk that the valuations may not accurately reflect the value or condition of the Mortgaged Assets**

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

The valuations obtained in connection with the origination of the Mortgage Loans sought to establish the amount a typically motivated buyer would pay a typically motivated seller at the time they were prepared. Such amount could be significantly higher than the amount obtained from the sale of a Mortgaged Asset under a distressed or liquidation sale. In addition, in many real estate markets, including in the Netherlands, property values may have declined since the time the valuations were obtained, and therefore the valuations may not be an accurate reflection of the current Market Value of the Mortgaged Assets. The current market value of the Mortgaged Assets could be lower than the values indicated in the appraisals obtained at the origination of the Mortgage Loans. In addition, differences exist between valuations due to the subjective nature of valuations and appraisals, particularly between different appraisers performing valuations at different points in time. If the foreclosure values realised in respect of a Mortgage Asset is lower than those reflected in the valuations, this could affect receipts on a foreclosure sale and subsequently on the Mortgage Loans if the relevant security rights on the Mortgaged Assets are required to be enforced. This may lead to the Issuer having insufficient funds available to it to fulfil its payment obligations under the Notes and as a result, this may lead to losses under the Notes.

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

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. Investors should be aware that Dutch house prices have declined significantly between 2008 and 2013 and as of 2013 the Dutch house prices have been rising again and there are regional differences. A decline in value can be caused by many different circumstances, including but not limited to individual circumstance relating to the Borrower (e.g. neglect of the property) or events that affect all Borrowers, such as catastrophic events, or a general or regional decline in value. To the extent that specific geographic regions within the Netherlands have experienced or may in the future experience weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within the Netherlands is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon the sale of the Mortgaged Assets. These circumstances could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables, this could affect receipts on the Mortgage Loans and may lead to the Issuer having insufficient funds available to it to fulfil its payment obligations under the Notes and as a result, this may lead to losses under the Notes.

#### **12. Risk relating to Further Advances**

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

#### **13. Risks related to COVID-19 forbearances**

Governments in various countries have introduced measures aimed at preventing the further spread of COVID-19 and at mitigating the economic consequences of the outbreak. The Dutch government has announced and implemented economic measures aimed at protecting jobs, households' wages and companies, such as tax payment holidays, guarantee schemes and a compensation scheme for heavily affected sectors in the economy. Some Borrowers which are in distress due to COVID-19 may request payment holidays and be granted forbearances by the Sellers. The Sellers allow, subject to certain conditions being met and on a borrower per



borrower basis, borrowers to defer making payments under the receivables for a limited period. The amount deferred will not accrue interest and will be separately accounted for in the administration of the Seller. For this reason the Issuer will not include the amount deferred in the Outstanding Principal Amount of the Mortgage Receivables. The amount deferred as a result of the payment holidays will, until payment of such amount deferred, be reported separately and will result in a limited increase of the debt of the Borrower, a disruption in the scheduled payment of interest and principal and could result in higher losses under the Mortgage Receivables (albeit that the amounts are not included in the Outstanding Principal Amount of the Mortgage Receivables) and higher delinquencies in the future as a result of the increased payment obligations when the deferred payments are due. The Issuer will report the Mortgage Loans which have been granted forbearance in the report on the performance of the Mortgage Receivables on an aggregate basis. As a result, if the amounts collected are disrupted by a significant number of payment holidays, or the delinquencies increase, this may possibly result in higher losses under the Mortgage Receivables and as a result the Issuer may not be able to pay all amounts due under the Notes timely.

#### **14. Risks related to NHG Guarantee**

At the Signing Date no NHG Mortgage Loan Receivables will be sold by the Sellers to the Issuer. However, certain Substitute Mortgage Loans or certain Loan Parts may be NHG Mortgage Loans and will have the benefit of an NHG Guarantee. Pursuant to the terms and conditions (*voorwaarden en normen*) applicable to the NHG Guarantee, 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 terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee will terminate upon expiry of a period of thirty (30) years after the establishment of the NHG Guarantee. Since part of the Mortgage Loans will have a maturity date which falls after the expiry date of the relevant NHG Guarantee, this will result in the Issuer not being able to claim for payment with Stichting WEW of a loss incurred after the term of the NHG Guarantee has expired. In respect of mortgage loans offered from 1 January 2014, the amount the offeror of mortgage loans can recover from Stichting WEW in case of losses under a NHG mortgage loan will be 90 per cent. (instead of 100 per cent.) of the total loss under the relevant NHG mortgage loan. Therefore, the Issuer may not be able to claim for payment with Stichting WEW the full loss incurred under such NHG mortgage loan. This may consequently lead to the Issuer having insufficient funds available to it to fulfil its payment obligations under the Notes and as a result, this may lead to losses under the Notes.

Finally, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of thirty (30) years. This may result in the Issuer not being able to fully recover a loss incurred with 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.

### **B. SET-OFF RISKS AND OTHER DEFENCES THAT MAY AFFECT THE PROCEEDS RECEIVED UNDER THE MORTGAGE RECEIVABLES**

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

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

Borrowers could thus affect the proceeds under the Mortgage Receivables and could lead to losses under the Notes.

In respect of the Mortgage Receivables sold by each Seller (other than NIBC Direct Hypotheken), reference is made to the representation made by it that none of the Borrowers holds a savings account, current account, term deposit or another account relationship with the Sellers or its subsidiaries (other than Deposits). NIBC offers savings accounts and term deposits to its customers, which may include Borrowers. Such savings account or term deposit is a contract between NIBC and the customer, which may also be a Borrower, whereas the Mortgage Loan is a contract between the relevant Seller and the Borrower. In these circumstances one of the requirements for set-off, i.e. that the Borrower must have a claim which corresponds to his debt to the same counterparty, is not met. The Issuer has been advised that, in view of the representations by each Seller (other than NIBC Direct Hypotheken) that any savings account of the Borrower held with NIBC and the Mortgage Loan are offered in such manner that a reasonable borrower should understand that (i) such savings account is held with NIBC, (ii) the Mortgage Loan is granted by the relevant Originator and (iii) NIBC and the relevant Originator are different legal entities, in principle the Borrower will not have a right of set-off. However the Borrower may possibly establish that set-off is allowed, if the savings account or the term deposit and the Mortgage Loan are to be regarded as one inter-related legal relationship. In view of the representation by each Seller (other than NIBC Direct Hypotheken) that (i) neither NIBC nor any intermediary offers any savings accounts or the term deposits as products which are in any way connected with the Mortgage Loans, (ii) the Mortgage Loan is not connected to any savings account or any term deposit with NIBC, for example by means of set-off provisions, (iii) the Mortgage Loans are not offered directly or indirectly in combination with a savings account or the term deposit with NIBC and (iv) no rights under a savings account or term deposit with NIBC will be pledged to the relevant Seller as security for the Mortgage Loan, the Issuer has been advised that the Mortgage Loan (other than with respect to NIBC Direct Hypotheken) and the savings account will not be regarded as one inter-related legal relationship and based upon these representations, and subject to what is stated otherwise in this paragraph, the Borrower will likely not have the right to set off the balance on a savings account or term deposit with NIBC with amounts due under a Mortgage Loan.

Furthermore, the conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without set-off. Although such provision is intended as a waiver by the relevant Borrowers of their set-off rights vis-à-vis the relevant Seller, under Dutch law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this section. A provision in general conditions (such as the applicable mortgage conditions) is voidable (*vernietigbaar*) if the provision is deemed to be unreasonably onerous (*onredelijk bezwarend*) for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party, against which the general conditions are used, does not act in the conduct of its profession or trade (i.e. a consumer). However, the fact that in the relationship with a consumer a provision (such as a waiver of set-off) is presumed to be unreasonably onerous may be relevant when determining whether such provision is also unreasonably onerous vis-à-vis a counterparty which is not a consumer, particularly when this counterparty resembles a consumer.

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

notification, notwithstanding that amounts may have been credited after receipt of such notification. The above applies, *mutatis mutandis*, to the pledge of the Mortgage Receivables envisaged in the Issuer Mortgage Receivables Pledge Agreement.

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

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

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

For more specific set-off issues relating to the Life Insurance Policies, Investment Mortgage Loans or Deposits, reference is made to '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*', '*Risks related to offering of Investment Mortgage Loans and or Life Mortgage Loans*' and '*Risk related to the Deposits being set-off with the Mortgage Receivable*' where essentially the same set-off risk as the risk described herein is set out in relation to specific Mortgage Receivables which do not apply to all Mortgage Receivables and which circumscribed may increase this risk occurring.

Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Notes.

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

The Borrowers may maintain a Deposit with a Seller. Such amount will be paid out in case certain conditions are met. Although the Issuer and the Sellers will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Deposits as per the Closing Date or, in case of a purchase and assignment of Substitute Mortgage Receivables, on the relevant purchase date, which amount will be deposited by the Issuer on the Deposit Account, the relevant Seller could be unable to pay the relevant amount to the relevant Borrower, and such Borrower may invoke defences or set-off such amounts with its payment obligations under the relevant Mortgage Loan. In view hereof, on each Notes Payment Date, the Issuer will release from the Deposit Account such part of the remaining part of the Initial Purchase Price which equals the difference between the aggregate Deposits relating to the relevant Mortgage Receivables and the balance standing to the credit of the Deposit Account and pay such amount to the relevant Seller, except if and to the extent that the Borrower has invoked his right of set-off or other defences.

In certain circumstances, for example after an agreed period, the Deposits will no longer be paid out but will be set-off against the Mortgage Receivable, up to the amount of the remaining Deposit, in which case the Issuer shall have no further obligation towards the Sellers to pay the remaining relevant part of the Initial Purchase Price and an amount equal to such part of the Initial Purchase Price will be debited from the Deposit Account on such

Notes Payment Day and will form part of the Available Principal Funds.

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

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

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

As set out in '*Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables*', the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver described above is not effective, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the relevant Seller and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Furthermore, the Borrowers should have a counterclaim that is due and payable. If the relevant Insurance Company is declared bankrupt, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment (*afkoopsom*). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. However, the Borrower may, as an alternative to the contractual right to terminate the Insurance Policy, possibly rescind the Insurance Policy and may invoke a right of set-off vis-à-vis the relevant Seller or, as the case may be, the Issuer for its claim for restitution of amounts paid under the Insurance Policy and/or supplementary damages. It is uncertain whether such claim for restitution and/or supplementary damages would be pledged under the Borrower Insurance Pledge and, if not, the Borrower Insurance Pledge would not obstruct a right of set-off with such damage claim by a relevant Borrower.

Set-off vis-à-vis the Issuer and/or the Security Trustee after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see '*Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables*').

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the relevant Seller, the Issuer and/or the Security Trustee, as the case may be. The Borrowers will naturally have all defences afforded by Dutch law to debtors in general. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the relevant Seller and the relevant Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness

(*redelijkheid en billijkheid*) in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" (*dwalings*), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds a Mortgage Receivable. This could lead to losses under the Notes.

#### *Life Mortgage Loans*

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

In respect of the Life Mortgage Loans associated with a Life Insurance Policy entered into with (i) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Nationale Nederlanden Levensverzekering N.V.), (ii) SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Generali Levensverzekeringen N.V., Reaal Levensverzekering N.V., Zürich Lebensversicherungs-Gesellschaft or DBV Levensverzekeringmaatschappij N.V., or (iii) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), (iv) Achmea Pensioen- en Levensverzekeringen N.V., to the extent originated by Hypinvest, or (v) Allianz Nederland Levensverzekering N.V., to the extent originated by Hypinvest (to the extent it is the successor of Estate Hypotheken B.V. and Royal Residentie Hypotheken B.V.), or (vi) SRLEV to the extent originated by Hypinvest (to the extent it is the successor of Seyst Hypotheken B.V., the Issuer has been informed that the Life Mortgage Loans have also been marketed in the relevant brochures under the name of the relevant Life Insurance Company as one product with the associated Life Insurance Policy, under the trade name of the relevant Life Insurance Company on behalf of the relevant Seller (which is not a group company of any of the relevant Life Insurance Companies). In respect of these Mortgage Loans, the Issuer has been advised that, given the commercial connection, the possibility can certainly not be excluded (*de mogelijkheid kan zeker niet worden uitgesloten*) that in the event that the Borrowers cannot recover their claims under these Life Insurance Policies from the relevant Life Insurance Company, the courts will honour set-off or defences invoked by Borrowers, as described above.

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

#### **18. Risk of set-off and defences in respect of investments under Investment Mortgage Loans**

The Sellers will represent that with respect to the Investment Mortgage Loans that may be assigned after the Closing Date, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Seller and the securities are purchased for investment on behalf of the relevant Borrower by an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, such as a securities broker or a portfolio manager, or by a bank, each of which is by law obliged to make adequate arrangements to safeguard the clients' rights to such securities. The Issuer has been advised that on the basis of this

representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect.

However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under '*Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables*' and '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*'. Set-off by Borrowers could affect the proceeds under the Mortgage Receivables and as a result lead to losses under the Notes.

#### **19. Risks related to offering of Investment Mortgage Loans and Life Mortgage Loans**

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans and Life Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified (*vernietigd*) or a Borrower may claim set-off or defences against the relevant Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans or Life Insurance Policies is not sufficient to redeem the relevant Mortgage Loans.

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

If Life Insurance Policies related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/policy holder may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation of insolvency of the insurer (see '*Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*'), except if the relevant Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/policy holder. In this situation, which may depend on the involvement of the relevant Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer may be invoked, which will probably only become relevant if the insurer and/or the relevant Seller will not indemnify the Borrower. Any such set-off or defences could thus affect the proceeds under the Mortgage Receivables and may lead to losses under the Notes.

### **C. RISKS RELATED TO BENEFICIARY RIGHTS UNDER THE INSURANCE POLICIES**

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

In respect of Life Mortgage Receivables that may be assigned after the Closing Date, the relevant Seller has been appointed as beneficiary under the relevant Insurance Policy, except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Seller, provided that, *inter alia*, the relevant beneficiary has given a Borrower Insurance Proceeds Instruction. The appointment of a beneficiary must be accepted to become binding. The Issuer has been advised that it is unlikely that the appointment of the relevant Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee.

The Beneficiary Rights will be assigned by the relevant Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see section 5.7 (*Security*)). The assignment and pledge of the Beneficiary Rights must be notified in writing to the relevant insurance company before becoming effective, which is obligatory, subject to certain exceptions upon an Assignment Notification Event. However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

Each Seller will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event relating to it to terminate the appointment of the relevant Seller as beneficiary under the Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. In the event that a Borrower Insurance Proceeds Instruction has been given, the relevant Seller, will undertake to use its best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition (*ontbindende voorwaarde*) of a Pledge Notification Event relating to it and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a Pledge Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment, pledge or the waiver of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Seller, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Seller and the relevant Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the relevant Seller or another beneficiary, as the case may be. This could lead the Issuer having insufficient funds to pay any amounts due under the Notes, which in turn could lead to losses under the Notes. However, the Issuer has been advised that payments by the Insurance Companies into the Collection Foundation Accounts will fall outside the estate of the relevant Seller. The Collection Foundation will be obliged to forward such amount to the Issuer, as agreed between the Issuer and the Seller. In case of insolvency of the Seller, a liquidator would be bound by such agreement.

## **21. Risks relating to Insurance Policies**

Life Mortgage Loans have the benefit of Life Insurance Policies. Investors should be aware that (i) the Issuer may not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to collect the Mortgage Receivable, whether in part or in full, in case the relevant Insurance Company defaults in its obligations as further described in this section. As a consequence thereof, the Issuer may not have a claim on the Borrower and the rights of the Security Trustee may be similarly affected. This could lead to the Issuer or the Security Trustee having insufficient funds to pay any amounts due under the Notes, which may result in losses under the Notes.

## **D. RISK REGARDING THE SECURITY**

### **22. 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 of any bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle, most creditors (including the parties to the Transaction Documents) of which have agreed to limited recourse and non-petition provisions, and therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee, and after bankruptcy or suspension of payments of the Issuer will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four (4) months may apply in case of bankruptcy or suspension of

payments involving the Issuer, which, if applicable would delay the exercise (*uitwinnen*) of the right of pledge on the Mortgage Receivables, but not the collection (*innen*) thereof 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 any such future receivable comes into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that certain assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Issuer Accounts following the Issuer's bankruptcy or suspension of payments. With respect to Beneficiary Rights and Deposits, reference is made to '*Risks relating to Beneficiary Rights under the Insurance Policies*' and '*Risk related to the Deposits being set-off with the Mortgage Receivables*', respectively.

#### **23. The risk that the WHOA when applied to the Issuer could affect the rights of the Security Trustee under the Security and therefore the Noteholders under the Notes**

The Dutch legislator approved a bill for the implementation of a composition outside bankruptcy or moratorium of payments proceedings and is referred to as the Act on Confirmation of Extrajudicial Restructuring Plans ("**CERP**" or "**WHOA**"). It is expected to enter into force on 1 January 2021. Under the WHOA, a proceeding somewhat similar to the chapter 11 proceedings under United States bankruptcy law and the scheme of arrangement under English bankruptcy laws, will become available for companies in financial distress, where the debtor stays in possession and can offer a composition plan to its creditors (including secured creditors and shareholders) which is binding on them and changes their rights provided all conditions are met. The WHOA will not be applicable to banks and insurers. A judge can, *inter alia*, refuse to accept a composition plan if an affected creditor who did not vote in favour of such composition plan and who will be worse off than in case of an insolvency so requests. If a proposal has been made or will be made within two (2) months, a judge may during such proceedings grant a stay on enforcement of a maximum of four (4) months, with a possible extension of four (4) months. During such period, *inter alia*, a pledgee of claims may not collect nor notify the borrowers in case of an undisclosed pledge. The new legislation also allows that group companies providing guarantees for the debtor's obligations are included in the plan, if (i) the relevant group companies are reasonably expected to be unable to pay their debts as they fall due, (ii) they have agreed to the proposed restructuring plan insofar as it concerns their obligations and (iii) the court has jurisdiction over the relevant group companies. Once this legislation comes into force, a debtor may offer its creditors a composition plan which may also entail changes to the rights of any of its creditor. As a result thereof, it may well be that claims of creditors against the Issuer can be compromised as a result of a composition if the relevant majority of creditors within a class vote in favour of such a composition. The WHOA can provide for restructurings that stretch beyond Dutch borders. Although the WHOA is not applicable to banks and insurers and seems inappropriate to be applied for the Issuer with a view to the structure of the transaction and the security created under the Security, the WHOA when applied to the Issuer could affect the rights of the Security Trustee under the Security and the Noteholders under the Notes.

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and the question arises whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also section 5.7 (*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. If, in spite of the above, the Parallel Debt does not constitute a valid basis for the creation of security rights as included in the Pledge Agreements, the proceeds of the pledges under the Pledge Agreements will not be available for distribution by the Security Trustee to the Secured Creditors (including the Noteholders) and therefore the Security Trustee may have insufficient funds available to it to fulfil the Issuer's payment obligations under the Notes. This may lead to insufficient funds being available to cover amounts due under the Notes.

The Security Trustee is a special purpose vehicle and is unlikely to become insolvent, *inter alia*, as a result of



non-petition and limited recourse covenants and obligations. However, any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Creditors therefore have a credit risk on the Security Trustee, which may lead to losses under the Notes. Should the Security Trustee become insolvent, the Secured Creditors will have an unsecured claim on the bankrupt estate of the Security Trustee.

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

The mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide for All Money Mortgages, meaning that the mortgage rights created pursuant to such mortgage deeds not only secure the loan granted by the relevant Seller 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 relevant Seller. The Mortgage Loans also provide for rights of pledge granted in favour of the relevant Seller, which are All Moneys Pledges.

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

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by 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.

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

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

The Mortgage Conditions applicable to some of the Mortgage Loans stipulate that in case of assignment of the Mortgage Receivable, the all moneys security right or the all money mortgage, as applicable, will follow the Mortgage Receivable upon its assignment or, in respect of part of the Mortgage Conditions, pledge. These stipulations are a clear indication of the intentions of the parties in this respect. The Issuer has been advised that, in the absence of circumstances giving an indication to the contrary, the inclusion of these provisions in some of the Mortgage Loans makes it clear that the all moneys security right should (partially) follow the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

In case the Mortgage Conditions applicable to the other Mortgage Loans do not contain any explicit provision on the issue whether the all moneys security right or the all moneys pledge, as applicable, follow the Mortgage Receivable upon its assignment or pledge. In these cases there is no clear indication of the intention of the parties. The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, also in such case the all moneys security right should (partially) follow the receivable as accessory and ancillary

right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Dutch 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.

If an All Moneys Mortgage has not (partially) followed the Mortgage Receivable upon its assignment, the Issuer and/or the Security Trustee will not have the benefit of such security right. This will materially affect the ability of the Issuer to take recourse on the Mortgaged Asset and the Borrower in case the Borrower defaults under the Mortgage Loans and may affect the ability of the Issuer to meet its payment obligations under the Notes. Furthermore, with respect to the NHG Mortgage Loan Receivables it is noted that if the Issuer or the Security Trustee, as the case may be, does not have the benefit of the All Moneys Mortgage, it also will not be entitled to claim under any NHG Guarantee. This may lead to losses under the Notes.

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

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

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

Where the All Moneys Security Rights are jointly-held by both the Issuer or the Security Trustee and the relevant Seller, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement each Seller, the Issuer, the Security Trustee and NIBC have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management (*beheer*) of the jointly-held rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the All Moneys Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the relevant Seller, the relevant Seller's bankruptcy trustee (curator) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of (preliminary) suspension of payments), as the case may be, may be required for such foreclosure. Each Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Rights of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Seller will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the relevant Seller or, in case of its bankruptcy, its bankruptcy trustee, this is not certain. Furthermore, it is noted that this arrangement may not be effective against the Borrower.

If (a bankruptcy trustee or administrator of) the relevant Seller would, notwithstanding the arrangement set out above, enforce the jointly-held All Moneys Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the relevant Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred, which may lead to losses under the Notes.

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

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller under a Borrower Insurance Pledge. The Issuer has been advised that it is probable that the right to receive payment, including but not limited to, the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective if the Borrower is declared bankrupt, granted a suspension of payments or is subject to a debt restructuring scheme (*schuldsanering natuurlijke personen*), prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective if the Borrower is declared bankrupt, granted a suspension of payments or

is subject to a debt restructuring scheme (*schuldsanering natuurlijke personen*) prior to the moment such right comes into existence. The same applies to any Borrower Investment Pledges to the extent the rights of the Borrower qualify as future claims, such as options (*opties*). If such pledges are not effective, this may affect the ability of the Issuer to take recourse on the rights under the Insurance Policy and may affect the ability of the Issuer to meet its payment obligations under the Notes. This may lead to losses under the Notes.

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

## **28. Risk relating to Advisor-Verified Mortgage Loans**

An Advisor-Verified Mortgage Loan is a Mortgage Loan in respect of which the information on the financial position of the Borrower is verified by the advisor (*tussenpersoon*) on the basis of written information provided by the Borrower. Information on the financial position is provided to the relevant Seller in the form of a joint written declaration of the advisor and the Borrower. On the basis of the Wft an offeror of credit must, inter alia, assess the financial position of a prospective borrower based on sufficient written information. As a result of the advisor verifying the financial position of the Borrower and not the relevant Originator, such Originator relies on the relevant advisor to obtain sufficient information and such Originator may not be certain whether sufficient information was provided. Should the information provided to the relevant advisor and Originator be insufficient, the Originator will not have acted in compliance with the applicable legal requirements. This may lead to claims for damages suffered by the Borrower for which such Borrower may invoke set-off rights and other defences against the Issuer. In this respect it is noted that the relevant Seller will have an obligation to repurchase the Mortgage Receivable if the relevant Advisor-Verified Mortgage Loan has been offered in violation of the applicable legal requirements prevailing at the time of origination. However, this is not a guarantee that the Seller will actually repurchase such Mortgage Receivables which, if such Mortgage Receivable is not repurchased, could result in the Issuer not receiving sufficient proceeds under the Mortgage Receivables to make the payments due under the Notes and consequently this could lead to losses under the Notes.

### 3. RESPONSIBILITY STATEMENTS AND IMPORTANT INFORMATION

#### Responsibility statement

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge 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.

In addition to the Issuer, the Sellers are also responsible for the information contained in the following sections of this Prospectus: all paragraphs dealing with articles 5, 6 and 7 of the Securitisation Regulation and section 1.6 (*Portfolio Information*), 4.4 (*Sellers*), 4.5 (*Service*), section 7 (*Portfolio Information*), sub-section '*Stater Nederland B.V.*' under section 8.4 (*Servicing Agreement*) and the paragraph '*Average life*' in section 1.4 (*Notes*). To the best of their knowledge and belief, the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers and NIBC accepts responsibility accordingly.

Neither the Arranger nor the Lead Manager has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger or the Lead Manager as to (i) the accuracy or completeness of the information set forth in this Prospectus or any other information provided by the Issuer, the Sellers or any other party or compliance of the securitisation transaction described in this Prospectus with the requirements of the Securitisation Regulation. To the fullest extent permitted by law, none of the Arranger or the Lead Manager accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made, by the Sellers or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arranger and the Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Each of the Arranger and the Lead Manager is acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein. The information in these sections and any other information from third parties set forth in and explicitly specified as such in this Prospectus (the sources of which are identified in the relevant sections) 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.

#### Notice

This Prospectus has been approved by the AFM as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of any Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

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

None of the Issuer, the Sellers, the Arranger, the Lead Manager, the Security Trustee or any other person makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors or purchasers should consult their legal advisers to determine whether and to what extent the investment in the Notes constitute a legal investment for them.

In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, an investment in the Notes and the impact the Notes will have on his overall investment portfolio;
- (iii) 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) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices in the financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in section 2 (*Risk Factors*)).

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

Neither this Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes, including in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in section 5.3 (*Subscription and Sale*). No one is authorised by the Issuer or any Seller to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

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

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

The Issuer, the Sellers, the Arranger and the Lead Manager 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.

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.

### **Important Information**

The Notes have not been and will not be registered under the Securities Act, the securities laws of any state of the United States or any other relevant jurisdiction. The Notes are 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 (a) United States persons as defined in Regulation S under the Securities Act, or (b) United States persons as defined in the U.S. Risk Retention Rules, except in certain transactions permitted by or exempted from the Securities Act and, where applicable, permitted by or exempted from U.S. tax regulations and Regulation S under the Securities Act (see section 5.3 (*Subscription and Sale*)). The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing

authorities passed upon or endorsed the merits of this offering on accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

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

**Prohibition of sales to EEA and UK retail investors:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**") where in both instances (i) and this (ii) that client or customer, as applicable, would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

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

## 4. PRINCIPAL PARTIES

### 4.1 ISSUER

Essence VIII B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 29 July 2020. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 20 5214777. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 78706041. The Legal Entity Identifier (LEI) of the Issuer is 7245004VYUU08LCWCP29. The Issuer operates under Dutch law.

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

The Issuer has an issued share capital of EUR 1, which is fully paid. All shares of the Issuer are held by Stichting Dutch MBS Holding (see section 4.2 (*Shareholder*)).

#### Statement by the Issuer Director

Since its incorporation, there has been no material adverse change in the financial position or prospects of the Issuer, and the Issuer has not: (i) commenced operations, (ii) made or incurred profits or losses, (iii) declared or paid any dividends, (iv) made any distributions save for the activities related to its establishment and the securitisation transaction included in this Prospectus or (v) prepared any financial statements. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have, or have had during the twelve (12) months prior to the date of this Prospectus, a significant effect on the Issuer's financial position or profitability.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents (see section 5.1 (*Terms and Conditions*)).

#### The Issuer Director

The sole managing director of the Issuer is Intertrust Management B.V. The managing directors of Intertrust Management B.V. are E.M. van Ankeren, D.H. Schornagel, T.T.B. Leenders and J. Hardeveld. 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. belongs to the same group of companies as Intertrust Administrative Services B.V., which is appointed as the Back-up Administrator. The sole shareholder of Intertrust Management B.V., and Intertrust Administrative Services B.V. is Intertrust (Netherlands) B.V., which is also the sole managing director of the Shareholder. Therefore, a conflict of interest may arise.

The objectives of Intertrust Management B.V. are (a) to represent financial, economic and administrative interests domestically and abroad, (b) to act as trust office, (c) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises, (d) to provide advice and other services; (e) to acquire, use and/or assign industrial and intellectual property rights, as well as real property, (f) to provide security for the debts of legal entities or of other companies with which the company is affiliated, or for the debts of third parties, (g) to invest funds and (h) to undertake all actions that are deemed to be necessary to the foregoing, or in furtherance thereof, all in the widest sense of the words.

The Issuer Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee pursuant to which 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, whether held for its own account or for the account of third parties and in such manner as to not adversely affect the then current credit ratings assigned to the Class A Notes and (ii) refrain from taking any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents. In addition, the Issuer Director agrees in the Issuer Management Agreement that it shall not as director of the Issuer agree to any modification of any agreement including, but not limited to, the Transaction Documents, or enter into any other agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

The Issuer Management Agreement may be terminated by the Issuer or the Security Trustee on behalf of the Issuer 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, subject to Credit Rating Agency Confirmation. Furthermore, the Issuer Management Agreement can be terminated by the Issuer Director or, subject to Credit Rating Agency Confirmation, by the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice. The Issuer Director shall resign upon termination of the Issuer Management Agreement, provided that such resignation shall only be effective as from the moment (i) a new director reasonably acceptable to the Security Trustee has been appointed and (ii) that the Security Trustee has confirmed to the Issuer Director that it (a) has notified the Credit Rating Agencies of such resignation and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available.

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2021.

### **Capitalisation**

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

#### **Share Capital**

Authorised Share Capital	EUR 1
Issued Share Capital	EUR 1

#### **Borrowings**

Class A Notes	EUR 583,000,000
Class B Notes	EUR 54,000,000
Class C Notes	EUR 5,600,000



## 4.2 SHAREHOLDER

Stichting Dutch MBS Holding is a foundation (*stichting*) incorporated under Dutch law on 23 July 1998. The corporate seat (*statutaire zetel*) of the Shareholder is in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 20 5214 777. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 33305051.

The objectives of the Shareholder are (i) to incorporate, acquire and to hold shares in the share capital of the entities such as the Issuer and to exercise all rights attached to such shares for the benefit of such entities and third parties, including its creditors.

The Shareholder is also the sole shareholder of Essence V B.V. and Essence VII B.V. The sole managing director of the Shareholder is Intertrust (Netherlands) B.V., which is also the sole shareholder of Intertrust Management B.V., which is appointed as the Issuer Director and Intertrust Administrative Services B.V., which is appointed as Back-up Administrator.

The Shareholder Director has entered into the Shareholder Management Agreement pursuant to which the Shareholder Director agrees and undertakes, *inter alia*, to (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 accounting practice and (ii) refrain from any action detrimental to the obligations under the Transaction Documents. Pursuant to a letter to the Shareholder Management Agreement, the Shareholder Director will confirm to the Issuer and the Security Trustee that it will continue to act as a managing director of the Shareholder on the terms and conditions as set forth in the Shareholder Management Agreement and will represent and warrant to the Issuer and the Security Trustee that the representations and warranties as set forth in the Shareholder Management Agreement are true and correct on the Signing Date.

### 4.3 SECURITY TRUSTEE

Stichting Security Trustee Essence VIII is a foundation (*stichting*) incorporated under Dutch law on 29 July 2020. The corporate seat (*statutaire zetel*) of the Security Trustee is in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its telephone number is +31 20 5214 777. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 78708435.

The objectives of the Security Trustee are (i) to act as security trustee for the benefit of the creditors of the Issuer, including the holders of the notes to be issued by the Issuer; (ii) to acquire, hold, and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the acquiring and holding of the abovementioned security rights; (iii) to borrow money; (iv) to make donations; and (v) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above.

The sole managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are M.W. Hogeterp and E.F. Coomans-Piscaer. The sole shareholder of Amsterdamsch Trustee's Kantoor B.V. is Intertrust (Netherlands) B.V., which entity is also the Shareholder Director.

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 misconduct (*opzet*), negligence (*nalatigheid*), fraud (*fraude*), or bad faith (*kwade trouw*), 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 Dutch accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters, whether held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the Security Trustee's ability to meet any of its obligations under any of the Transaction Documents. In addition, the Security Trustee Director agrees in the Security Trustee Management Agreement that it will not agree to any modification of any agreement, including, but not limited to, the Transaction Documents, or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

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

However, the Noteholders of the Most Senior Class can resolve to dismiss the Security Trustee Director as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and clause 4.4 of the deed of incorporation including the articles of association of the Security Trustee. The Security Trustee Management Agreement may be terminated by the Security Trustee or the Issuer on behalf of the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments, subject to Credit Rating Agency Confirmation and after consultation with the Secured Creditors, other than the Noteholders. Moreover, 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) day's prior written notice, subject to Credit Rating Agency Confirmation and after consultation with the Secured Creditors, other than the Noteholders. The Security Trustee Director shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Creditors, other than the Noteholders, has been appointed to act as director of the Security Trustee and provided that the Security Trustee has received Credit Rating Agency Confirmation.

## 4.4 SELLERS

### Sellers

The Mortgage Loans involved are originated by the Sellers (all 100 per cent. subsidiaries of NIBC) including their legal predecessors.

The only business activity of the Sellers is originating mortgage loans. The registered address of the Sellers is Carnegieplein 4, 2517 KJ The Hague, the Netherlands.

### History and development of NIBC

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

In 1999, DNIB was acquired by way of a public offer made through a joint venture company, NIB Capital, owned by two of Europe's largest pension funds, ABP and PGGM. NIB Capital acquired 85 per cent. of the shares in DNIB. The remaining shares remained owned by the Dutch government and were acquired by NIB Capital in 2004. The acquisition by NIB Capital in 1999 marked the beginning of DNIB's evolution from a long-term lending bank to a bank offering advisory, financing and investment services.

In 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co., a U.S. based private investment firm, purchased all the outstanding equity interests of NIB Capital. In connection with this acquisition, NIBC Holding N.V. was incorporated and NIB Capital, which was renamed NIBC N.V., became its wholly-owned subsidiary. Subsequently, NIBC N.V. (as the non-surviving entity) merged into NIBC Holding N.V. and NIB Capital Bank N.V. became a direct subsidiary of NIBC Holding N.V. NIB Capital Bank N.V. subsequently changed its name to NIBC Bank N.V.

As of 23 March 2018, NIBC Holding N.V. is a listed entity on Euronext Amsterdam, majority-owned by a consortium of international financial institutions organised by J.C. Flowers and Co.

NIBC is a Dutch public limited liability company incorporated on 31 October 1945, with corporate seat in The Hague, the Netherlands and is registered at the Dutch Chamber of Commerce under number 27032036. The Legal Entity Identifier (LEI) of NIBC is B64D6Y3LBJS4ANNPCU93.

### Business overview

NIBC uses the following segmentation: *Corporate Client Offering*, *Retail Client Offering* and *Treasury and Group Functions*.

The *Corporate Client Offering* segment offers its mid-market corporate clients specific products across a broad spectrum of advising, structuring, financing and co-investing across debt and equity through a dedicated sector approach, with a focus on chosen sub-sectors and products in Northwest Europe.

The *Retail Client Offering* segment services retail clients in the Netherlands, Germany and Belgium and offers a product range consisting of owner-occupied mortgages, buy-to-let mortgages and an originate-to-manage mortgage offering and online savings accounts. Retail Client Offering products are mainly offered through NIBC Direct.

*Treasury and Group Functions* supports and controls all business activities for NIBC. The main focus areas include the realisation of NIBC's treasury functions, asset and liability management and risk management. Group Functions consists of: Treasury & Asset Liability Management, Risk Management, HR & Corporate Communications, Internal Audit, Legal, Compliance & Regulatory Affairs, Sustainability, Operations & Facilities, IT, Finance & Tax and Strategy & Development.

### Statutory Management

The managing board of NIBC consists of the following persons:

- Mr. P.A.M. de Wilt (Chairman, Chief Executive Officer);
- Mr. H.H.J. Dijkhuizen (Vice-chairman, Chief Financial Officer); and

- Mr. R.D.J. van Riel (Chief Risk Officer).

The members of the managing board may be contacted at the registered address of NIBC, at Carnegieplein 4, 2517 KJ The Hague, The Netherlands, telephone number +31 (0) 70 342 5425.

The supervisory board of NIBC consists of the following persons:

- Mr. D.M. Sluimers (Chairman);
- Mrs. A.G.Z. Kemna (Vice-chairman);
- Mr. R.L. Carrión;
- Mr. M.J. Christner;
- Mr. J.C. Flowers;
- Mr. J.J.M. Kremers; and
- Mrs. S.M. Zijdeveld.

The members of the Supervisory Board may be contacted at the registered address of NIBC, at Carnegieplein 4, 2517 KJ The Hague, The Netherlands, telephone number +31 (0) 70 342 5425.

### Mortgage Activities

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

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

In May 2013, NIBC commenced the origination of mortgage loans under its own private label: NIBC Direct. NIBC Direct mortgages are targeted primarily at first- and second-time home buyers. Distribution of NIBC Direct mortgages is facilitated by selected intermediaries, mortgage advisers, and a compliance framework that meets AFM requirements. In addition, in January 2015 NIBC started offering a new type of buy-to-let mortgage loan directed at parties that do not qualify as consumers under the Wft, called the NIBC Vastgoed Hypotheek.

Starting 2016 NIBC further diversified its mortgage business by offering mortgages from Originate-to-Manage (OTM) mandates from institutional investors.

### Key figures

in EUR millions	IFRS 9 H1 2020	IFRS 9 H1 2019	IFRS 9 2019
<b>Operating income</b>	<b>215</b>	<b>251</b>	<b>537</b>
<b>Operating expenses</b>	<b>117</b>	<b>116</b>	<b>237</b>
<b>Net operating income</b>	<b>98</b>	<b>135</b>	<b>300</b>
Impairments of financial and non financial assets	84	21	49
Tax	5	25	45

<b>Profit after tax</b>	<b>9</b>	<b>89</b>	<b>206</b>
Profit attributable to non-controlling shareholders (AT-1)	6	6	12
<b>Profit after tax attributable to shareholders</b>	<b>3</b>	<b>83</b>	<b>194</b>

#### **4.5      SERVICER**

The Issuer has appointed NIBC to act as its Servicer in accordance with the terms of the Servicing Agreement. The Servicer will initially appoint Stater Nederland B.V. as the Sub-servicer to provide certain of the Mortgage Loan Services in respect of the Mortgage Loans.

For further information regarding NIBC see section 4.4 (*Sellers*).

#### 4.6 ISSUER ADMINISTRATOR

The Issuer has appointed NIBC to act as its Issuer Administrator in accordance with the terms of the Administration Agreement. For further information regarding NIBC see section 4.4 (*Sellers*).

##### **Back-up Administrator**

The Issuer has appointed Intertrust Administrative Services B.V. to act as its Back-up Administrator in accordance with the terms of the Back-up Administration Agreement. For further information regarding Intertrust Administrative Services B.V. see section 6.7 (*Administration Agreement*).

The objectives of the Back-up Administrator are, *inter alia*, (a) to represent financial, economic and administrative interests in the Netherlands and other countries, (b) to act as trust office, as well as to participate in, manage and administer other enterprises, companies and legal entities and (c) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services, (d) to acquire, use and/or assign industrial and intellectual property rights and real property, (e) to invest funds, (f) to provide security for the debts of legal persons, of other companies with which the company is affiliated in a group or for the debts of third parties, (g) to undertake all that which is connected to the foregoing or in furtherance thereof, all in the widest sense of the words.

The managing directors of the Back-up Administrator are E.M. van Ankeren and T.T.B. Leenders. The sole shareholder of the Back-up Administrator is Intertrust (Netherlands) B.V., which entity is also the Shareholder Director. Intertrust Administrative Services B.V. belongs to the same group of companies as Intertrust Management B.V., which is the Issuer Director.

Intertrust Administrative Services B.V. is under supervision of and licensed by the Dutch Central Bank as a trustkantoor (trust office).

#### 4.7 OTHER PARTIES

<b>Issuer Account Bank:</b>	Coöperatieve Rabobank U.A.
<b>Collection Foundation:</b>	means Stichting Ontvangsten Hypotheek gelden, established under Dutch law as a foundation ( <i>stichting</i> ), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34293367.
<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee Essence VII, Stichting Security Trustee Essence VI, Stichting Security Trustee Essence V, Stichting Security Trustee Dutch MBS XIX and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company.
<b>Previous Transaction SPVs:</b>	Essence VII B.V., Essence VI B.V., Essence V B.V., Dutch MBS XIX B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V. and certain other limited purpose companies.
<b>Directors:</b>	Intertrust Management B.V. as sole director of the Issuer, Intertrust (Netherlands) B.V. as sole director of the Shareholder, and Amsterdamsch Trustee's Kantoor B.V. as sole director of the Security Trustee.
<b>Paying Agent:</b>	Citibank.
<b>Listing Agent:</b>	NIBC.
<b>Arranger:</b>	NIBC.
<b>Lead Manager:</b>	NIBC.
<b>Common Safekeeper:</b>	In respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Subordinated Notes, Citibank Europe Plc.



## 5. THE NOTES

### 5.1 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 5.2 (Form).*

The issue of the EUR 583,000,000 class A mortgage-backed notes 20207 due 2058 (the "**Class A Notes**"), the EUR 54,000,000 class B mortgage-backed notes 2020 due 2058 (the "**Class B Notes**"), and the EUR 5,600,000 class C notes 2020 due 2058 (the "**Class C Notes**" and together with the Class A Notes and the Class B Notes, the "**Notes**") was authorised by a resolution of the Issuer Director passed on 20 October 2020. The Notes are or will be issued under the Trust Deed, as amended from time to time, on or about 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; (v) the Pledge Agreements and (vi) the Mortgage Receivables Purchase Agreement.

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

Copies of the Paying Agency Agreement, the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements, the Servicing Agreement, the Mortgage Receivables Purchase Agreement and the Master Definitions Agreement and certain other Transaction Documents (see section 9 (*General*)) are available for inspection, free of charge, by Noteholders and prospective noteholders at the specified office of the Security Trustee, being at the date hereof: Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. Any reference to a Transaction Document shall be a reference to such Transaction Document as amended from time to time. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, the Servicing Agreement, the Mortgage Receivables Purchase Agreement and the Master Definitions Agreement.

#### 1. Form, Denomination and Title

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

For as long as the Notes are represented by a Global Note and Euroclear and/or Clearstream, Luxembourg so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000. 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 *pro rata* and *pari passu* without any preference or priority among Notes of the same Class.
- (b) In accordance with the provisions of Conditions 4 (*Interest*), 6 (*Redemption*) and 9 (*Subordination*) and the Trust Deed (i) payments of principal (after the occurrence of a Sequential Amortisation Trigger Event) and

interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes.

- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create, *inter alia*, the following security rights:
  - (i) a first ranking right of pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables, including all rights ancillary thereto, and (b) upon written notification thereof to the relevant Insurance Company, the Beneficiary Rights; and
  - (ii) a first ranking right of pledge by the Issuer to the Security Trustee over the Issuer Rights.
- (d) The obligations under the Notes are secured (directly and/or indirectly) by the Security. The obligations under the Class A Notes will rank in priority to the Subordinated Notes and the Class B Notes will rank in priority to the Class C Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Noteholders of a Class and not to consequences of such exercise upon individual Noteholder 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 of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Most Senior Class. In this respect, the order of priority is as follows: first, the Class A Noteholders, second, the Class B Noteholders and third, the Class C Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors, 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 Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in this Prospectus, relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien, or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights on any part of its assets, except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (e) permit the validity or effectiveness of the Transaction Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed, or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; and
- (g) have an interest in any bank account other than the Issuer Accounts unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii) (*Status, Priority and Security*).

### **4. Interest**

(a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(c) (*Definitions*)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the earlier of:

- (i) the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made; or
- (ii) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13 (*Notices*)) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of a month of 30 days and a 360 day year.

(b) *Interest Periods and Notes Payment Dates*

Interest on the Notes is payable by reference to the successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the first Notes Payment Date falling in November 2020.

Interest on each of the Notes shall be payable monthly in arrear in EUR in respect of the Principal Amount Outstanding (as defined in Condition 6(c) (*Definitions*)) of each Class of Notes on each Notes Payment Date, which is the 22<sup>nd</sup> day of each calendar month of each year or, if such day is not a Business Day, the immediately succeeding Business Day.

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

Up to (but excluding) the First Optional Redemption Date, interest on the Notes for each Interest Period will accrue from the Closing Date at an annual fixed rate equal to:

- (i) for the Class A Notes, 0.75 per cent. per annum;
- (ii) for the Class B Notes, 1.70 per cent. per annum; and
- (iii) for the Class C Notes, 1.95 per cent. per annum.

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

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

- (i) for the Class A Notes, 0.94 per cent. per annum;
- (ii) for the Class B Notes, 0 per cent. per annum; and
- (iii) for the Class C Notes, 0 per cent. per annum.

(e) *Calculation of Interest Amounts*

The Paying Agent will, as soon as practicable after 11.00 am (Central European Time) on the day that is two (2) Business Days preceding the first day of each Interest Period (the "**Interest Determination Date**") calculate the amount of interest payable on each of the Notes for the following Interest Period (the "**Interest Amount**") by applying the relevant Interest Rate to the Principal Amount Outstanding of each Class of Notes respectively. The determination of each Interest Amount by the Paying Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Determination or Calculation by Security Trustee*

If the Paying Agent at any time for any reason fails to calculate the relevant Interest Amount in accordance with Condition 4(e) (*Calculation of Interest Amounts*), the Security Trustee, or a party so appointed by the Security Trustee on behalf of the Security Trustee, shall calculate the Interest Amount in accordance with Condition 4(e) (*Calculation of Interest Amounts*) and each such determination or calculation shall (in the

absence of manifest error) be final and binding on all parties.

## 5. Payment

- (a) Payment of principal and interest in respect of the Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent by transfer to a euro account maintained by the payee with a bank in the Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment and any FATCA Withholding.
- (b) At the Final Maturity Date, or such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five (5) years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8 (*Prescription*)).
- (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 Local Business Day 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 this 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 and that the Issuer will at all times maintain a paying agent having a specified office in the European Union or the United Kingdom. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13 (*Notices*).

## 6. Redemption

- (a) *Final redemption*  
If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding and, in respect of the Subordinated Notes, subject to Condition 9(b) (*Principal*), on the Final Maturity Date, being the Notes Payment Date falling in October 2058.
- (b) *Mandatory redemption of the Notes, other than the Class C Notes*  
Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Events of Default*), and without prejudice to the obligations in Condition 6(e) (*Optional Redemption*), the Issuer shall on the first Notes Payment Date falling in November 2020 and each Notes Payment Date thereafter be obliged to apply the Available Principal Redemption Funds to redeem or partially redeem the Notes, other than the Class C Notes, at their respective Principal Amount Outstanding, on a *pro rata* basis within each Class, in the following order:
  - (c) if no Sequential Amortisation Trigger Event is applicable, in or towards satisfaction of principal amounts due under the Class A Notes and the Class B Notes on a *pro rata* basis; or
  - (d) if a Sequential Amortisation Trigger Event is applicable:
    - iii. first, in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed; and
    - iv. second, in or towards satisfaction of principal amounts due under the Class B Notes, until fully redeemed.

The principal amount so redeemable in respect of each relevant Note, other than the Class C Notes, (each a "**Redemption Amount**") on the relevant Notes Payment Date shall be the aggregate amount (if any) of the

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

(c) *Definitions*

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

**"Available Principal Funds"** shall mean the sum of the following amounts calculated on each Notes Calculation Date as being received during (or in respect of) the Notes Calculation Period preceding such Notes Calculation Date:

- (i) as repayment and prepayment of principal in part under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Notes Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Notes Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Notes Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundation during such Notes Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, in each case excluding Prepayment Penalties;
- (ii) as repayment and prepayment of principal in full under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Notes Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Notes Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Notes Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundation during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, in each case excluding Prepayment Penalties;
- (iii) as Net Principal Foreclosure Proceeds on any Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, in each case to the extent such amounts relate to principal;
- (v) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
- (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) any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date to the extent relating to principal, (c), in respect of the first Notes Payment Date following the Closing Date only, an amount equal to the positive difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class C Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date;
- (viii) as amounts received on the Issuer Collection Account on such Notes Payment Date from the credit balance of the Deposit Account in cases where the relevant Deposit to the extent relating to Mortgage

Receivables is disbursed to the relevant Borrower by means of set-off with the Mortgage Receivables;

less:

- (ix) any part of the Available Principal Funds required to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement.

**"Available Principal Redemption Funds"** shall mean on any Notes Calculation Date an amount equal to the Available Principal Funds plus the amount to be applied towards item (g) of the Revenue Priority of Payments less the amounts paid pursuant to item (a), (b), (c) and (d) of the Redemption Priority of Payments.

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

**"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 (*Interest*), 6 (*Redemption*) and 10 (*Events of Default*) all Redemption Amounts that have become due and not been paid shall not be so deducted.

**"Substitution Available Amount"** shall mean, at any Notes Calculation Date up to, but excluding, the Notes Calculation Date immediately preceding the Final Maturity Date, any amounts received by the Issuer as a result of a Mandatory Repurchase of Mortgage Receivables by the relevant Seller or the Sellers, as the case may be, to the extent such amounts relate to principal during the immediately preceding Mortgage Calculation Period, other than in case of a purchase of all Mortgage Receivables.

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

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

- (ii) The Issuer will on each Notes Calculation Date cause each determination of (a) the Available Principal Funds, (b) the Available Principal Redemption Funds, (c) the Class C Redemption Amount, (d) the amount of the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (e) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, Euroclear and Clearstream, Luxembourg and to the holders of Notes in accordance with Condition 13 (*Notices*). 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 (*Notices*).

- (iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with Condition 6(a), (b), (c) and (i) (but based upon the information in its possession as to the relevant amounts and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

- (e) *Optional Redemption*

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

No Class of Notes may be redeemed under such circumstances unless all other Classes of Notes (or such of

them as are then outstanding), other than the Class C Notes, are also redeemed in full subject to, in respect of the Class B Notes, Condition 9(b) (*Principal*), at the same time.

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

(f) *Redemption for tax reasons*

All (but not some only) of the Notes, other than the Class C Notes, may be redeemed at the option of the Issuer on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, and, in respect of the Class B Notes, subject to Condition 9(b) (*Principal*), 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, assessments or charges of whatsoever nature from payments in respect of the Notes as a result of any change in, or amendment to, application of the laws or regulations of the Netherlands 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 change 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 its liabilities in respect of the Notes, other than the Class C Notes, and any amounts required to be paid in priority to or *pari passu* with the Notes, other than the Class C Notes, in accordance with the Trust Deed.

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

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

(g) *Redemption for regulatory reasons*

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

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

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

The Issuer shall notify the exercise of such option by giving not more than sixty (60) nor less than thirty (30)

days' notice to the Noteholders and the Security Trustee prior to the relevant Notes Payment Date.

(h) *Clean-Up Call Option*

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

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

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

(i) *Mandatory Redemption of Class C Notes*

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

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

## 7. Taxation

(a) *General*

All payments of, or in respect of, principal of and interest on the Notes by the Issuer or the Paying Agent 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 respect of any such withholding or deduction. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes.

(b) *FATCA Withholding*

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

## 8. Prescription



Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five (5) years from the date on which such payment first becomes due.

## 9. Subordination

### (a) Interest

Interest on the Subordinated Notes shall be payable in accordance with the provisions of Conditions 4 (*Interest*) and Condition 5 (*Payment*), subject to the terms of this Condition 9 (*Subordination*).

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on the next Notes Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest due on such Notes Payment Date to the holders of the Class B Notes. In the event of a shortfall, the Issuer shall credit the Class B Notes Interest Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class B Notes, on any Notes Payment Date in accordance with this Condition 9 (*Subordination*) falls short of the aggregate amount of interest payable on the Class B Notes on that date pursuant to Condition 4 (*Interest*). Such shortfall shall not be treated as due on that date for the purposes of Condition 4 (*Interest*), but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class B Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class B Note on the next succeeding Notes Payment Date.

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

### (b) Principal

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

The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

## 10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Most Senior Class (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 seven (7) days in the payment of principal of, or default is made for a period of fourteen (14) days in the payment of interest on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (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 thirty (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 suspension of payments (*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 Parallel Debt Agreement, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and any of the other Transaction Documents, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) Notwithstanding Condition 11(a) above, if the obligations under the Notes have become due and payable pursuant to Condition 10 (*Events of Default*) otherwise than by reason of a default in payment of any amount due pursuant to the obligations under the Class A Notes, the Security Trustee will not be entitled to dispose of the assets pledged to it on the basis of the Pledge Agreements, unless either a sufficient amount would be realised to allow discharge in full of, all amounts owing to the Class A Noteholders or if the Security Trustee is of the opinion, reached after considering the advice of a financial adviser selected by the Security Trustee for the purpose of giving such advice, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders in accordance with the Priority of Payments as set out in the Trust Deed.
- (c) In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.
- (d) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (e) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against,

the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note has been paid in full. The Noteholders accept and agree that, the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 (*Events of Default*) above is to enforce the Security.

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

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

## **13. Notices**

With the exception of the publications of the Paying Agent in Condition 4 (*Interest*) and of the Issuer in Condition 6 (*Redemption*), all notices to the Noteholders will only be valid if published on [www.bloomberg.com](http://www.bloomberg.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 Class A Notes are listed on Euronext Amsterdam, any notice will also be made to Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication.

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

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

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

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

### **(b) Quorum**

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

If at a meeting a quorum is not present, a second meeting will be held not less than fourteen (14) nor more than thirty (30) calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Term Change, can be adopted regardless of the quorum represented at such meeting.

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

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

- i. to approve any proposal for any modification of any provisions of the Trust Deed, the Conditions, the Notes or any other Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- ii. to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
- iii. to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

- iv. to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- v. to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- vi. to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) Limitations

An Extraordinary Resolution passed at any meeting of the Most Senior Class shall be binding upon all Noteholders of a Class other than the Most Senior Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it shall have been approved by Extraordinary Resolutions of Noteholders of each such Class (other than the Most Senior Class) or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class.

A resolution of Noteholders of a Class or by Noteholders of one or more Class or Classes, as the case may be, shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) when it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class. **"Higher Ranking Class"** means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Revenue Priority of Payments.

(e) Modifications agreed with the Security Trustee

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

(f) Exercise of Security Trustee's functions

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

**"Basic Terms Change"** means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, (vi) of the quorum or majority required to pass an Extraordinary Resolution or (vii) without prejudice to Condition 14 (e) (*Modifications agreed with the Security Trustee*) or modification or waiver of any of the provisions of the Transaction Documents.

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

## 15. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the

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

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

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

## 5.2 FORM

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons attached, (i) in the case of the Class A Notes in the principal amount of EUR 583,000,000, (ii) in the case of the Class B Notes in the principal amount of EUR 54,000,000 and (iii) in the case of the Class C Notes in the principal amount of EUR 5,600,000. Each Temporary Global Note will be deposited with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and/or Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the Common Safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended to be deposited upon issue with the Common Safekeeper, which is a recognised International Central Securities Depository (ICSDs), but this does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Subordinated 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 (*levering*). Each Permanent Global Note will be exchangeable for Definitive Notes only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate, in the minimum authorised denomination of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons and, if necessary, talons attached.

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

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business and no alternative clearing system satisfactory to the Security Trustee and the Issuer is available, or (iii) as a result of any amendment to, or change in the Dutch laws or regulations (including any guidelines issued by the tax authorities) 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 if the Notes were in definitive form, then the Issuer will, at its sole cost and expense, issue Definitive Notes (together with Coupons attached) in exchange for the whole (or the remaining part(s) outstanding) of the relevant Permanent Global Notes which represent such Notes, in each case within thirty (30) days of the occurrence of the relevant event, but not prior to the Exchange Date, subject in each case to certification as to non-U.S. beneficial ownership.

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

### 5.3 SUBSCRIPTION AND SALE

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

#### Prohibition of Sales to EEA and UK Retail Investors

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

the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II"**); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (**"Insurance Distribution Directive"**) where in both instances (i) and this (ii) that client or customer, as applicable, would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Regulation; and

the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

#### United Kingdom

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**"FSMA"**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa (**"CONSOB"**) for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy. Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy except in circumstances falling within Article 1(4) of the Prospectus Regulation.

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

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **"Banking Act"**); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any 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. Terms used in this paragraph have the meaning given to them by Regulation S.

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

The 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.

In order to comply with the safe harbour for certain foreign-related transactions set forth in the U.S. Risk Retention Rules, the Notes may not be sold or transferred to Risk Retention U.S. Persons.

#### **General**

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

The Lead Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of the Notes by the Lead Manager will be made on the same terms.

## 5.4 REGULATORY AND INDUSTRY COMPLIANCE

### Retention and disclosure requirements under the Securitisation Regulation

#### *Risk Retention and Related Disclosure Requirements*

NIBC, as originator within the meaning of article 6 of the Securitisation Regulation as designated entity under article 7(2) of the Securitisation Regulation, has undertaken in the Notes Purchase Agreement to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6 of the Securitisation Regulation. As at the Closing Date, such material net economic interest is retained in accordance with article 6(3)(d) of the Securitisation Regulation by the retention of the Subordinated Notes, representing an amount of at least five (5) per cent. of the nominal value of the securitised exposures. In addition to the information set out herein and forming part of this Prospectus, NIBC, as designated entity under article 7(2) of the Securitisation Regulation, has undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it.

#### *Disclosure Requirements*

In the Mortgage Receivables Purchase Agreement, the Issuer, the Sellers and NIBC have amongst themselves designated NIBC for the purpose article 7(2) of the Securitisation Regulation and NIBC shall be responsible for compliance with article 7 of the Securitisation Regulation. NIBC (including as Issuer Administrator) will make available to Noteholders, to the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request, to potential investors:

- (i)
  - a. in accordance with article 7(1)(a) of the Securitisation Regulation, on a monthly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period (in the form of the standardised template set out in Annex I of Delegated Regulation (EU) 2015/3 and, as soon as reasonably practicable after 23 September 2020, being the date on which the final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have become applicable, in the form of the standardised template set out in Annex II of Delegated Regulation (EU) 2020/1224); and
  - b. in accordance with article 7(1)(e) of the Securitisation Regulation, a monthly investor report in respect of each Notes Calculation Period (in the form of the standardised template set out in Annex I and Annex VIII of Delegated Regulation (EU) 2015/3 and, as soon as reasonably practicable after 23 September 2020, being the date on which the final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have become applicable, in the form of the standardised template set out in Annex II and Annex XII of Delegated Regulation (EU) 2020/1224; and
- (ii) without delay, in accordance with article 7(1)(g) of the Securitisation Regulation, any significant event such as (a) a material breach of the obligations laid down in the Transaction Documents, (b) a change in the structural features that can materially impact the performance of the securitisation, (c) a change in the risk characteristics of the transaction described in this Prospectus or of the Mortgage Receivables that can materially impact the performance of the transaction described in this Prospectus and (d) any material amendments to the Transaction Document.

In addition, NIBC (as Issuer Administrator) or the Issuer or any other party on their behalf, has made available and will make available, as applicable, to the above mentioned parties before pricing of the Notes at least in draft or initial form and, at the latest fifteen (15) calendar days after the Closing Date, in final form, all underlying documents that are essential for the understanding of the transaction described in this Prospectus, which are listed in section 9 (*General*) under item (7), as required by article 7(1)(b) of the Securitisation Regulation.

The information described in article 7(1) points (a) and (e) of the Securitisation Regulation shall be made available simultaneously each month at the latest one month after each Notes Payment Date. Without prejudice to the

information to be made available by NIBC in accordance with article 7 of the Securitisation Regulation, NIBC (including as Issuer Administrator) shall, also on behalf of the Sellers and Issuer, include on a monthly basis in the Portfolio and Performance Report or, as the case may be, on a monthly basis in the Notes and Cash Report, information on the Mortgage Receivables (as required by article 7(1)(a) of the Securitisation Regulation) and all materially relevant data on the credit quality and performance of the Mortgage Loans and the Mortgage Receivables, information about events which trigger changes in the Priorities of Payments or the replacement of counterparties of the Issuer, data on the cash flows generated by the Mortgage Receivables and by the liabilities of the Issuer under the Transaction Documents and information about the risk retained, including information on which of the modalities provided for in article 6(3) of the Securitisation Regulation has been applied, in accordance with article 6 of the Securitisation Regulation (each as required by article 7(1)(e) of the Securitisation Regulation). Such investor reports are based on the templates published by the DSA on its website. NIBC as Issuer Administrator shall, also on behalf of the Sellers and the Issuer, as soon as reasonably practicable after 23 September 2020, being the date on which the standardised templates for the purpose of compliance with article 7 of the Securitisation Regulation have become applicable, replace Investor Reports based on templates published by the DSA with Investor Reports based on the templates adopted pursuant to article 7 of the Securitisation Regulation. NIBC as Issuer Administrator shall, also on behalf of the Sellers and the Issuer, upon having received such information of the Sellers make available prior to the Closing Date, loan-by-loan information, which information will be updated within one month after each Notes Payment Date.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation and none of the Issuer, NIBC, the Security Trustee, the Sellers, the Arranger and/or the Lead Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

#### *Sellers' Policies and Procedures Regarding Credit Risk Mitigation*

Each of the Sellers has internal policies and procedures in relation to the purchase of the Mortgage Loans, the administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Sellers in this regard broadly include the following:

- (a) an assessment of the origination procedures employed in relation to the Mortgage Loans, including the criteria for granting of credit and the process for approving, amending, renewing and re-financing credits;
- (b) systems to administer and monitor the various credit-risk bearing portfolios and exposures, as to which the Mortgage Loans will be serviced in line with the servicing procedures of each Seller, see the information set out in section 4.5 (*Servicer*) and section 8.4 (*Servicing Agreement*) of this Prospectus;
- (c) adequate diversification within the credit portfolio given each Seller's target market and overall credit strategy, as to which, in relation to the Mortgage Loans, please see section 7.2 (*Description of Mortgage Loans*) of this Prospectus; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see the information set out in section 4.5 (*Servicer*) and section 8.4 (*Servicing Agreement*) of this Prospectus.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with each of the Securitisation Regulation and neither the Sellers, the Arranger nor the Lead Manager makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that it complies with the implementing provisions in respect of the Securitisation Regulation in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

#### **Dutch Securitisation Standard**

This Prospectus does not follow the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), each as published by the DSA on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes do not comply with the standard created for residential mortgage-backed securities by the DSA.

## **5.5 USE OF PROCEEDS**

The aggregate net proceeds of the Notes to be issued on the Closing Date amount to EUR 642,600,000.

The net proceeds of the issue of the Notes, other than the Class C Notes, will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement. 42.3 per cent. of the net proceeds from the issue of the Class C Notes will be credited to the Liquidity Reserve Account and 57.7 per cent. of the net proceeds from the issue of the Class C Notes will be credited to the Reserve Account.

## 5.6 TAXATION

### Tax Warning

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the Noteholder, or in other jurisdictions in which the Noteholder is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

**Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.**

### Taxation in the Netherlands

*The following summary describes certain material Dutch tax consequences of the acquisition, holding, and disposal of the Notes. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a Noteholder or prospective Noteholder 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, this general summary should be treated with corresponding caution.*

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date of this Prospectus, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to "the Netherlands" or "Dutch" it refers only to the part of the Kingdom of the Netherlands located in Europe. For the avoidance of doubt, this summary does not describe the tax consequences of the entering into effect of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), which act will enter into effect as per 1 January 2021. See for more information '*Risk Factors – tax risks regarding the notes - If the Notes would become subject to withholding or deduction, including but not limited to FATCA Withholding, the Issuer will make the required withholding or deduction for the account of the Noteholders and shall not be obliged to pay additional amounts to the Noteholders in respect thereof.*

This discussion is for general information purposes only and is not tax advice or a complete description of all tax consequences relating to the acquisition, holding, and disposal of Notes. Each holder or prospective holder of Notes should consult its own tax advisers regarding the tax consequences relating to the acquisition, holding, and disposal of the Notes in light of such holder's particular circumstances as well as the new withholding tax on interest in the Netherlands (to become effective as per 1 January 2021).

Investors should note that with respect to paragraph (b) below, the summary does not describe the Dutch tax consequences for Noteholders if such holders, and in the case of individuals, such holder's partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with such holder's partner (as defined in the Dutch Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

Under the tax laws currently in effect in the Netherlands:

(a) **Withholding tax** - All payments of principal and 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.

(b) **Taxes on income and capital gains** – A Noteholder that is neither a resident of the Netherlands nor deemed to be resident of the Netherlands for Dutch income tax purposes will not be subject to Dutch 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 Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 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 (*normaal, actief vermogensbeheer*) and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

(c) **Gift and inheritance taxes** – No Dutch gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a Noteholder, unless:

- (i) the holder is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions;
- (ii) 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 calendar days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (iii) 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 Dutch gift and inheritance taxes, amongst others, a person that holds the Dutch 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 (10) years preceding the date of the gift or such person's death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch 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 (12) months preceding the date of the gift. Applicable tax treaties may override deemed residency.

(d) **Value added tax (VAT)** – No Dutch VAT will be payable by a holder of 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.

(e) **Other taxes and duties** – No Dutch registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

## 5.7 SECURITY

### Parallel Debt Agreement

In the Parallel Debt Agreement, the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", which is an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) as fees, costs, expenses, or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Servicer under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Back-up Administrator under the Back-up Administration Agreement, (v) as fees and expenses to the Paying Agent under the Paying Agency Agreement, (vi) to the Noteholders under the Notes, (vii) to each Seller under the Mortgage Receivables Purchase Agreement, (viii) to the Issuer Account Bank under the Issuer Account Agreement and (ix) to any other party designated by the Security Trustee as Secured Creditor. The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Creditors in accordance with the Trust Deed. The amounts due to the Secured Creditors will be the sum of (a) amounts recovered (*verhaald*) by the Security Trustee on the Mortgage Receivables and the other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement, and (b) the *pro rata* part of amounts received from any of the Secured Creditors, as received or recovered by any of them pursuant to the Trust Deed; less (y) any amounts already paid by the Security Trustee to the Secured Creditors pursuant to the Trust Deed and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Credit Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee).

### Pledge Agreements

The Issuer shall grant a first ranking right of pledge (*pandrecht*) over the Mortgage Receivables in favour of the Security Trustee on the Mortgage Receivables on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and, in respect of any Substitute Mortgage Receivables and/or Further Advance Receivables and/or Ported Mortgage Receivables, undertakes to grant a first ranking right of pledge on the Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables and, if applicable, the Beneficiary Rights on the relevant Notes Payment Date whereon such Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables are acquired by the Issuer, which will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents.

The pledges created pursuant to the Issuer Mortgage Receivables Pledge Agreement will not be notified to the Borrowers or the Insurance Companies, respectively, except following the occurrence of certain notification events, which are similar to the Assignment Notification Events but relate 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, the pledge on the Mortgage Receivables will be a "silent" right of pledge (*stil pandrecht*) within the meaning of article 3:239 of the Dutch Civil Code. The pledge on the Beneficiary Rights will become effective upon written notification thereof to the relevant Insurance Companies.

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

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

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 the Issuer Rights. 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.

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

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

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

Furthermore, such parties will agree in the Collection Foundation Account Pledge Agreement that (i) the share (*aandeel*) in each co-held right of pledge will be equal to the amounts collected from the respective mortgage receivables purchased by each Previous Transaction SPV and the amounts collected from the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Collection Foundation Accounts the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transaction Security Trustees should become insolvent. However, the Issuer has been advised that the insolvency of the Collection Foundation would not affect this arrangement. In this respect it will be agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.

### **Secured Creditors**

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, but amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders (see section 6 (*Credit Structure*)).

If, on any date, the Security were to be enforced and the proceeds of the enforcement would be insufficient to fully redeem any Class of Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of such Class of Notes.

## **5.8 CREDIT RATINGS**

### **Moody's Credit Rating Definitions**

*The following text is an extract from the Moody's report "Rating Symbols and Definitions" as published by Moody's.*



## **Moody's Global Rating Scales**

Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Moody's defines credit risk as the risk that an entity may not meet its contractual financial obligations as they come due and any estimated financial loss in the event of default or impairment. The contractual financial obligations addressed by Moody's ratings are those that call for, without regard to enforceability, the payment of an ascertainable amount, which may vary based upon standard sources of variation (e.g., floating interest rates), by an ascertainable date. Moody's rating addresses the issuer's ability to obtain cash sufficient to service the obligation, and its willingness to pay. Moody's ratings do not address non-standard sources of variation in the amount of the principal obligation (e.g., equity indexed), absent an express statement to the contrary in a press release accompanying an initial rating. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Moody's issues ratings at the issuer level and instrument level on both the long-term scale and the short-term scale. Typically, ratings are made publicly available although private and unpublished ratings may also be assigned.

Moody's differentiates structured finance ratings from fundamental ratings (i.e., ratings on nonfinancial corporate, financial institution, and public sector entities) on the global long-term scale by adding (sf) to all structured finance ratings. The addition of (sf) to structured finance ratings should eliminate any presumption that such ratings and fundamental ratings at the same letter grade level will behave the same. The (sf) indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics. Through its current methodologies, however, Moody's aspires to achieve broad expected equivalence in structured finance and fundamental rating performance when measured over a long period of time.

## **Long-Term Rating Scale**

### **Aaa**

Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

### **Aa**

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

### **A**

Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

### **Baa**

Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

### **Ba**

Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

### **B**

Obligations rated B are considered speculative and are subject to high credit risk.

### **Caa**

Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.

### **Ca**

Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

### **C**

Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

*Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.\**

*Note: For more information on long-term ratings assigned to obligations in default, please see the definition "Long-Term Credit Ratings for Defaulted or Impaired Securities" in the Other Definitions section of this publication.*

*\* By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.*

## **Short-Term Rating Scale**

**P-1:** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

**P-2:** Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

**P-3:** Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

**NP:** Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

## **Long-Term and Short-Term Obligation Ratings**

Moody's assigns ratings to long-term and short-term financial obligations. Long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

For further information regarding Rating Symbols and Definitions, please refer to the Moody's report "*Rating Symbols and Definitions*".

## **DBRS Credit Rating Definitions**

*The following text is an extract from "DBRS Rating Policies, Rating Scales: Long-term Obligations Scale".  
Description DBRS Credit Rating*

The DBRS® long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligations has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

### **AAA**

Highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

### **AA**

Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

### **A**

Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

### **BBB**

Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

### **BB**

Speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events.

### **B**

Highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations.

### **CCC/CC/C**

Very highly speculative credit quality. In danger of defaulting on financial obligations. There is little difference between these three categories, although CC and C ratings are normally applied to obligations that are seen as highly likely to default, or subordinated to obligations rated in the CCC to B range. Obligations in respect of which default has not technically taken place but is considered inevitable may be rated in the C category.

### **D**

When the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to D may occur. DBRS may also use SD (Selective Default) in cases where only some securities are impacted, such as the case of a "distressed exchange". See Default Definition for more information.

## 6. CREDIT STRUCTURE

*The structure of the credit arrangements for the proposed issue of the Notes may be summarised as set out below.*

### 6.1 AVAILABLE FUNDS

#### Available Revenue Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date (being the third Business Day prior to each Notes Payment Date) as being received during or in respect of the Notes Calculation Period preceding such Notes Calculation Date (items under (i) up to and including (xiii) less (xiv) hereafter being referred to as the **"Available Revenue Funds"**):

- (i) as interest, including interest penalties, on the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrowers during such Notes Calculation Period, including, in respect of interest, any amounts paid by the Borrowers on the first, second and third Business Day following such Notes Calculation Period (and, for the avoidance of doubt, including in respect of the first Notes Calculation Period the amounts received as Pre-Closing Proceeds to the extent not relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundation during such Notes Calculation Period and already included in the Available Revenue Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date;
- (ii) as interest accrued (to the extent the interest on the relevant account is positive) on the Issuer Accounts;
- (iii) as Prepayment Penalties under the Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal;
- (v) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, in each case to the extent such amounts do not relate to principal;
- (vi) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
- (vii) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;
- (viii) any amounts to the extent relating to interest debited from the Interest Reconciliation Ledger and released from the Issuer Collection Account on the immediately succeeding Notes Payment Date;
- (ix) as amounts to be drawn from the Liquidity Reserve Account on the immediately succeeding Notes Payment Date;
- (x) as amounts to be drawn from the Reserve Account on the immediately succeeding Notes Payment Date;
- (xi) any amounts standing to the credit of any of the Issuer Accounts after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Class C Notes, have been paid in full;
- (xii) any amounts standing to the credit of the Reserve Account and/or the Liquidity Reserve Account after the Reserve Account Target Level and/or the Liquidity Reserve Account Target Level, as the case may be, is reduced to zero; and
- (xiii) any amounts available pursuant to item (a) and (f) of the Redemption Priority of Payments on the immediately succeeding Notes Payment Date;

less

- (xiv) (a) on the first Notes Payment Date of each calendar year, an amount equal to ten (10) per cent. of the annual fee due and payable by the Issuer to the Directors in connection with the Management Agreements between the Issuer and the Directors relating to the management of the Issuer and the Security Trustee with a minimum of EUR 2,500 and (b) any part of the Available Revenue Funds required to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement,

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

#### **Available Principal Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts (as also defined in Condition 6(c) (*Definitions*)) calculated on each Notes Calculation Date as being received during (or in respect of) the Notes Calculation Period preceding such Notes Calculation Date (items under (i) up to and including (viii) less (ix) hereinafter being referred to as the **"Available Principal Funds"**):

- (i) as repayment and prepayment of principal in part under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Notes Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Notes Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Notes Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundation during such Notes Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, in each case excluding Prepayment Penalties;
  - (ii) as repayment and prepayment of principal in full under the Mortgage Receivables received by the Issuer on or prior to such Notes Calculation Date and paid by the Borrower during such Notes Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Notes Calculation Period, subject to practical implementation i.e. whether these amounts can be used in the calculation and are timely available, (and, for the avoidance of doubt, including in respect of the first Notes Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundation during such Mortgage Calculation Period and already included in the Available Principal Funds calculated on the Notes Calculation Date immediately preceding such Notes Calculation Date, in each case excluding Prepayment Penalties;
  - (iii) as Net Principal Foreclosure Proceeds on any Mortgage Receivable;
  - (iv) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, in each case to the extent such amounts relate to principal;
  - (v) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables;
  - (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) any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date to the extent relating to principal, (c), in respect of the first Notes Payment Date following the Closing Date only, an amount equal to the positive difference between (x) the Principal Outstanding Amount of the Notes on the Closing Date, other than the Class C Notes, and (y) the Initial Purchase Price of the Mortgage Receivables purchased on the Closing Date;
  - (viii) as amounts received on the Issuer Collection Account on such Notes Payment Date from the credit balance of the Deposit Account in cases where the relevant Deposit to the extent relating to Mortgage Receivables is disbursed to the relevant Borrower by means of set-off with the Mortgage Receivables;
- less:
- (ix) any part of the Available Principal Funds required to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement,

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

### **Cash Collection Arrangements**

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

If at any time the credit ratings of the Foundation Accounts Provider (or a successor bank where the Collection Foundation Accounts are held) are assigned a credit rating of less than the Collection Bank Required Rating, the Collection Foundation will as soon as reasonably possible, but at least within sixty (60) days either (i) transfer the Collection Foundation Accounts to an alternative bank with at least the Collection Bank Required Rating or (ii) ensure that payments to be made in respect of amounts received on a Collection Foundation Account relating to Mortgage Receivables will be guaranteed by a third party with at least the Collection Bank Required Rating, a copy of which guarantee shall in advance be submitted for approval to the relevant credit rating agencies and shall otherwise meet the relevant credit rating agency requirements, where applicable, or (iii) implement any other actions agreed at that time with the relevant credit rating agency.

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

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

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

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

### **Calculations**

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

When the Issuer Administrator does not receive the Portfolio and Performance Reports relating to the Mortgage Calculation Period, then it will make reconciliation calculations and reconciliation payments by drawing amounts from the relevant Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, (ii) payments made and not made under any of the Notes and the Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Transaction Documents and will in itself not lead to an Event of Default or any other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events).

## 6.2 PRIORITIES 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 relevant Notes Payment Date to which such amount relates as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the "**Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iv) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (v) the fees and expenses due and payable to the Back-up Administrator under the Back-up Administration Agreement and (vi) the fees and expenses due and payable to the Issuer Account Bank under the Issuer Account Agreement, for the avoidance of doubt, including negative interest on the Issuer Accounts;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiv) under (a) of the Available Revenue Funds) and the fees and expenses of the Credit Rating Agencies and any legal adviser, auditor and accountant appointed by the Issuer or the Security Trustee and (ii) fees and expenses due to the Paying Agent under the Paying Agency Agreement;
- (c) *third*, in or towards satisfaction of interest due or accrued due but unpaid on the Class A Notes;
- (d) *fourth*, in or towards satisfaction of sums to be deposited on the Liquidity Reserve Account or, as the case may be, to replenish the Liquidity Reserve Account up to the amount of the Liquidity Reserve Account Target Level;
- (e) *fifth*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (f) *sixth*, in or towards satisfaction of sums to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (g) *seventh*, on the Notes Payment Date immediately following the First Optional Redemption Date and on any Notes Payment Date thereafter, in or towards satisfaction of principal amounts due under the Class A Notes;
- (h) *eighth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class B Notes;
- (j) *tenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class C Notes;
- (k) *eleventh*, on the Notes Payment Date immediately following the First Optional Redemption Date and on any Notes Payment Date thereafter, in or towards satisfaction of principal amounts due under the Class C Notes; and
- (l) *twelfth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.

### Priority of Payments in respect of principal

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

- (a) *first*, if and to the extent the Available Revenue Funds are insufficient to meet items (a) up to and including (d) of the Revenue Priority of Payments, in or towards satisfaction of any amounts due under items (a) up to and including (d) of the Revenue Priority of Payments after application of the Available Revenue Funds on such

date, including to replenish the Liquidity Reserve Account up to the amount of the Liquidity Reserve Account Target Level;

- (b) *second*, during the Additional Purchase Period, in or towards satisfaction of the purchase price of Ported Mortgage Receivables to be purchased in accordance with the Mortgage Receivables Purchase Agreement up to the Ported Mortgage Available Amount;
- (c) *third*, during the Additional Purchase Period, in or towards satisfaction of the purchase price for Further Advance Receivables to be purchased in accordance with the Mortgage Receivables Purchase Agreement up to the Further Advance Available Amount;
- (d) *fourth*, up to, but excluding, the Final Maturity Date, in or towards satisfaction of the purchase price for Substitute Mortgage Receivables to be purchased in accordance with the Mortgage Receivables Purchase Agreement up to the Substitution Available Amount;
- (e) *fifth*, (a) if the Sequential Amortisation Trigger Event is not applicable, in or towards satisfaction of principal amounts due under the Class A Notes and the Class B Notes on a *pro rata* basis to their Principal Amount Outstanding, or (b) if a Sequential Amortisation Trigger Event is applicable, sequentially: (i) in or towards satisfaction of principal amounts due under the Class A Notes until fully redeemed and (ii) in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed; and
- (f) *sixth*, all remaining proceeds will be distributed in accordance with the Revenue Priority of Payments.

### **Post-Enforcement Priority of Payments**

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

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents, (iii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iv) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (v) the fees and expenses due and payable to the Back-up Administrator under the Back-up Administration Agreement and (vi) the fees and expenses due and payable to the Issuer Account Bank under the Issuer Account Agreement, for the avoidance of doubt, including negative interest on the Issuer Accounts;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee and (ii) fees and expenses due to the Paying Agent under the Paying Agency Agreement;
- (c) *third, pro rata*, in or towards satisfaction of all amounts due but unpaid in respect of interest on the Class A Notes;
- (d) *fourth, pro rata*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts due or accrued but unpaid in respect of interest on the Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts due or accrued but unpaid in respect of interest on the Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class C Notes; and
- (i) *ninth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.



### 6.3 LOSS ALLOCATION

#### Principal Deficiency Ledger

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

**"Realised Losses"** means, on any relevant Notes Calculation Date, the sum of the following amounts (a), (b) and (c):

- (a) With respect to the Mortgage Receivables in respect of which the relevant Seller, the Issuer, the Servicer on behalf of the Issuer, or the Security Trustee has foreclosed from the Closing Date up to and including the immediately preceding Mortgage Calculation Period, the amount of difference between:
  - (i) the aggregate Outstanding Principal Amount of all such Mortgage Receivables; and
  - (ii) the amount of the Net Foreclosure Proceeds.
- (b) With respect to the Mortgage Receivables sold by the Issuer, the amount (if positive) by which:
  - (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables; exceeds
  - (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal.
- (c) With respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defence to payments, the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) unless (any part of) such amount is received from the relevant Seller.

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

#### **6.4 HEDGING**

Not applicable.

## **6.5 LIQUIDITY SUPPORT**

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

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

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

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

## 6.6 ISSUER ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with the Issuer Account Bank the Issuer Collection Account to which, *inter alia*, all amounts received (i) in respect of the Mortgage Receivables and (ii) 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) and (ii) above, in respect of the Mortgage Receivables.

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

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

#### *Liquidity Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Liquidity Reserve Account to which an amount equal to 42.3 per cent. of the net proceeds of the Class C Notes will be credited on the Closing Date. Amounts will be credited and debited to the Liquidity Reserve Account as described in section 6.5 (*Liquidity Support*).

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which an amount equal to 57.7 per cent. of the net proceeds of the Class C Notes will be credited on the Closing Date.

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

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

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

On the Notes Payment Date on which all amounts of interest and principal due in respect of the Class A 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 and be applied in accordance with the Revenue Priority of Payments on the Notes Payment Date immediately following such Notes Payment Date.

#### *Deposit Account*

The Issuer will also maintain with the Issuer Account Bank the Deposit Account to which on the Closing Date an amount corresponding to the aggregate Deposit relating to the Mortgage Receivables will be credited. On a Notes Payment Date on which Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables will be purchased by the Issuer, an amount corresponding to the aggregate Deposits in relation to such Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables will be credited to the Deposit Account. Payments may be made from the Deposit Account on a Notes Payment Date only to satisfy payment by the Issuer to the relevant Seller of (part of) the Initial Purchase Price as a result of the distribution of (part

of) the Deposit by the relevant Seller to the relevant Borrowers. Interest received on the Deposits (as part of the interest received on the Mortgage Loans) will be transferred to the Deposit Account. Besides this, the Deposit Account will be debited with the amount having been set off against the Mortgage Receivables in connection with the Deposits and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Issuer Collection Account and form part of the Available Principal Funds.

#### *Rating Issuer Account Bank*

If at any time the Issuer Account Bank no longer has the Requisite Credit Rating, or any such credit rating is withdrawn, the Issuer will be required within sixty (60) calendar days after such downgrade or withdrawal to: (i) transfer the balance standing to the credit of the Issuer Accounts to an alternative issuer account bank having at least the Requisite Credit Rating; (ii) obtain a third party with at least the Requisite Credit Rating and acceptable to the Credit Rating Agencies, to guarantee the obligations of the Issuer Account Bank, which guarantee is in accordance with the then current criteria of the Credit Rating Agencies; or (iii) find another solution in order to maintain the then current credit ratings of the Class A Notes. The Issuer shall, promptly following the execution of such agreement, pledge its interests in such agreement and the Issuer Accounts in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

#### *Interest Rate*

The Issuer Account Bank will pay a rate of interest equal to €STR minus a margin on the balance standing to the credit of the Issuer Accounts from time to time. In the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

## 6.7 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 on a day-to-day basis, including, *inter alia*, (i) the application of amounts received by the Issuer to the Issuer Accounts and the production of monthly reports in relation thereto, (ii) procuring that all payments to be made by the Issuer under any of the Transaction Documents are made (iii) 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, (iv) the maintaining of all required ledgers in connection with the amounts received by the Issuer to the Issuer Accounts, (v) all administrative actions in relation thereto, (vi) procuring that all calculations to be made in respect of the Notes pursuant to the Conditions are made and (viii) submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

The Issuer Administrator will, on behalf of NIBC, fulfil the information requirements set out in points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the Securitisation Regulation, which includes, making available this Prospectus and the Transaction Documents, by means of a website which fulfils the requirements set out in article 7(2) of the Securitisation Regulation and, from the moment that a securitisation repository has been designated within the meaning of article 10 of the Securitisation Regulation, through such securitisation repository.

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 Portfolio and Performance Reports based on the reports provided by the Servicer for each Mortgage Calculation Period.

### Termination

The Administration Agreement may be terminated by the Issuer or the Security Trustee 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, the Issuer or the Security Trustee upon the expiry of not less than six (6) months' notice of termination given by (i) the Issuer Administrator to each of the Issuer and the Security Trustee or (ii) by the Issuer or the Security Trustee on behalf of the Issuer to each of the Issuer Administrator and the Security Trustee, provided that, *inter alia*, (a) the Security Trustee consents in writing to such termination (which consent shall not be unreasonably withheld or delayed) and (b) and a substitute administrator shall be appointed, such appointment to be effective not later than the date of termination of this Agreement and such substitute administrator enters into an agreement substantially on the terms of this Agreement and the Issuer Administrator shall not be released from its obligations under this Agreement until such substitute administrator has entered into such new agreement. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee. The Security Trustee shall notify the Credit Rating Agencies of the identity of such substitute administrator following appointment thereof.

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

### Market Abuse Directive

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

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

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

## 7. PORTFOLIO INFORMATION

### 7.1 STRATIFICATION TABLES

#### Summary of the final pool of Mortgage Loans on the Closing Date

The numerical information set out below relates to the portfolio of Mortgage Loans as selected at the Cut-Off Date. All amounts are in euro. The information set out in the tables below may not necessarily correspond to that of the Mortgage Receivables actually sold and assigned to the Issuer on the Closing Date. After the Cut-Off Date but before the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment and amendment. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment, the repurchase of Mortgage Receivables and the purchase of Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables. The Mortgage Receivables represented in the stratification tables have been selected in accordance with the Mortgage Loan Criteria. However, there can be no assurance that any Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables acquired by the Issuer after the Signing Date will have the exact same characteristics as represented in the Stratification Tables.

#### Detailed information on the final pool of Mortgage Loans on the Closing Date

##### References in the tables below to:

"**CLTOMV**" or "current loan to original market value" means the Outstanding Principal Amount on the Cut-Off Date as a percentage of the Original Market Value.

"**CLTIMV**" or "current loan to indexed market value" means the Outstanding Principal Amount on the Cut-Off Date as percentage of the Market Value.

"**CLTOFV**" or "current loan to original foreclosure value" means the Outstanding Principal Amount on the Cut-Off Date as a percentage of the Foreclosure Value.

"**CLTIFV**" or "current loan to indexed foreclosure value" means the Outstanding Principal Amount on the Cut-Off Date as a percentage of the Indexed Foreclosure Value.

"**OLTOMV**" or "original loan to original market value" means the Outstanding Principal Amount at the time of granting the Mortgage Loan as a percentage of the Original Market Value.

"**OLTOFV**" or "original loan to original foreclosure value" means the Outstanding Principal Amount at the time of granting the Mortgage Loan as a percentage of the Foreclosure Value.

#### 1. Key Characteristics

	As per reporting date
Principal balance	636.937.480
Value of saving deposits	-
Net principal balance	636.937.480
Deposits	8.039.469
Net Principal balance excl. construction, saving and other deposits	628.898.011
Number of loans	2.554
Number of loan parts	5.115
Average principal balance (borrower)	249.388
Weighted average current interest rate	3,42%
Weighted average maturity (in years)	24,35
Weighted average remaining time to interest reset (in years)	3,12
Weighted average seasoning (in years)	1,94
Weighted average LTMV	59,42%
Weighted average LTMV (indexed)	52,46%
Weighted average LTFV	70,13%
Weighted average LTFV (indexed)	61,90%



## 2. Redemption Type

Description		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
Annuity		7.012.255	1,10%	166	3,25%	3,68%	21,53	64,67%
Interest Only		457.104.317	71,77%	2.577	50,38%	3,41%	27,44	69,33%
Investments		-	-	-	-	-	-	-
Life Insurance		-	-	-	-	-	-	-
Linear		172.820.909	27,13%	2.372	46,37%	3,44%	16,30	72,45%
Savings		-	-	-	-	-	-	-
Hybrid		-	-	-	-	-	-	-
	Total	636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

## 3. Outstanding Loan Amount

From ( > )	To ( <= )	Aggregate Outstanding Not. Amount	% of Total	Nr. of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
<	25.000	236.549	0,04%	12	0,47%	3,73%	24,72	18,00%
25.000	50.000	3.019.775	0,47%	75	2,94%	3,74%	22,96	34,07%
50.000	75.000	17.174.302	2,70%	260	10,18%	3,72%	23,86	59,56%
75.000	100.000	31.375.049	4,93%	358	14,02%	3,61%	23,88	64,44%
100.000	150.000	78.826.678	12,38%	637	24,94%	3,57%	24,15	67,85%
150.000	200.000	69.187.964	10,86%	402	15,74%	3,52%	24,46	69,58%
200.000	250.000	49.827.913	7,82%	221	8,65%	3,52%	24,69	69,09%
250.000	300.000	37.490.995	5,89%	137	5,36%	3,49%	24,44	70,26%
300.000	350.000	27.682.323	4,35%	85	3,33%	3,51%	24,67	69,81%
350.000	400.000	21.457.219	3,37%	57	2,23%	3,56%	24,14	70,05%
400.000	450.000	20.023.165	3,14%	47	1,84%	3,41%	24,66	70,62%
450.000	500.000	20.010.133	3,14%	42	1,64%	3,48%	24,69	68,95%
500.000	600.000	31.199.215	4,90%	56	2,19%	3,44%	25,13	70,32%
600.000	700.000	20.685.308	3,25%	32	1,25%	3,36%	23,86	73,60%
700.000	800.000	17.494.102	2,75%	24	0,94%	3,38%	24,55	68,59%
800.000	900.000	12.848.274	2,02%	15	0,59%	3,30%	24,77	74,25%
900.000	1.000.000	10.655.223	1,67%	11	0,43%	3,37%	25,55	67,36%
1.000.000	>	167.743.296	26,34%	83	3,25%	3,18%	24,14	74,28%
	Unknown	-	-	-	-	-	-	-
	Total	636.937.480	100,00%	2.554	100,00%	3,42%	24,35	70,13%

Average	249.388
Minimum	9.874
Maximum	9.247.300

## 4. Origination Year

From ( >= )	Until ( < )	Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
<	2001	-	-	-	-	-	-	-
2001	2002	-	-	-	-	-	-	-
2002	2003	-	-	-	-	-	-	-
2003	2004	-	-	-	-	-	-	-
2004	2005	-	-	-	-	-	-	-
2005	2006	-	-	-	-	-	-	-

2006	2007		-	-	-	-	-	-	-
2007	2008		-	-	-	-	-	-	-
2008	2009		-	-	-	-	-	-	-
2009	2010		-	-	-	-	-	-	-
2010	2011		-	-	-	-	-	-	-
2011	2012		-	-	-	-	-	-	-
2012	2013		-	-	-	-	-	-	-
2013	2014		-	-	-	-	-	-	-
2014	2015		-	-	-	-	-	-	-
2015	2016		19.066.459	2,99%	143	2,80%	3,67%	22,64	63,25%
2016	2017		75.011.284	11,78%	730	14,27%	3,76%	23,14	62,48%
2017	2018		137.132.334	21,53%	1.382	27,02%	3,57%	23,93	65,98%
2018	2019		88.951.109	13,97%	2.018	39,45%	3,49%	24,63	68,43%
2019	2020		153.862.780	24,16%	1.053	20,59%	3,28%	24,54	72,33%
2020	>		162.913.514	25,58%	869	16,99%	3,21%	25,14	76,80%
Unknown			-	-	-	-	-	-	-
		<b>Total</b>	636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

Weighted Average	2018
Minimum	2015
Maximum	2020

#### 5. Seasoning

From ( >= )	Until ( < )		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
<	1 year		222.997.583	35,01%	1.260	24,63%	3,23%	25,20	75,61%
1 year	2 years		123.492.126	19,39%	968	18,92%	3,33%	24,22	71,68%
2 years	3 years		106.340.969	16,70%	1.120	21,90%	3,55%	24,46	67,00%
3 years	4 years		121.327.529	19,05%	1.197	23,40%	3,62%	23,60	64,98%
4 years	5 years		56.177.125	8,82%	530	10,36%	3,78%	22,99	62,23%
5 years	6 years		6.602.148	1,04%	40	0,78%	3,26%	22,15	68,08%
6 years	7 years		-	-	-	-	-	-	-
7 years	8 years		-	-	-	-	-	-	-
8 years	9 years		-	-	-	-	-	-	-
9 years	10 years		-	-	-	-	-	-	-
10 years	11 years		-	-	-	-	-	-	-
11 years	12 years		-	-	-	-	-	-	-
12 years	13 years		-	-	-	-	-	-	-
13 years	14 years		-	-	-	-	-	-	-
14 years	15 years		-	-	-	-	-	-	-
15 years	16 years		-	-	-	-	-	-	-
16 years	17 years		-	-	-	-	-	-	-
17 years	18 years		-	-	-	-	-	-	-
18 years	19 years		-	-	-	-	-	-	-
19 years	20 years		-	-	-	-	-	-	-
20 years	>		-	-	-	-	-	-	-
Unknown			-	-	-	-	-	-	-
		<b>Total</b>	636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

Weighted Average	1,94
Minimum	-0,1
Maximum	5,4

## 6. Legal Maturity

From ( >= )	Until ( < )		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
2015	2020		-	-	-	-	-	-	-
2020	2025		3.136.844	0,49%	9	0,18%	3,78%	1,15	76,12%
2025	2030		67.845.002	10,65%	1.603	31,34%	3,46%	7,28	71,65%
2030	2035		13.153.506	2,07%	153	2,99%	3,31%	12,77	74,17%
2035	2040		37.418.546	5,87%	364	7,12%	3,31%	14,86	77,96%
2040	2045		5.780.171	0,91%	34	0,66%	3,44%	20,93	70,56%
2045	2050		397.679.094	62,44%	2.488	48,64%	3,50%	27,29	67,21%
2050	2055		111.924.316	17,57%	464	9,07%	3,18%	29,62	76,28%
2055	2060		-	-	-	-	-	-	-
2060	2065		-	-	-	-	-	-	-
2065	2070		-	-	-	-	-	-	-
2070	2075		-	-	-	-	-	-	-
2075	2080		-	-	-	-	-	-	-
2080	2085		-	-	-	-	-	-	-
2085	2090		-	-	-	-	-	-	-
2090	2095		-	-	-	-	-	-	-
2095	2100		-	-	-	-	-	-	-
Unknown			-	-	-	-	-	-	-
		Total	636.937.480	100,00%	5.115	100,00 %	3,42%	24,35	70,13%

Weighted Average	2045
Minimum	2021
Maximum	2050

## 7. Remaining Tenor

From ( >= )	To ( < )		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
<	1 year		753.120	0,12%	3	0,06%	3,21%	0,87	65,07%
1 year	2 years		2.275.605	0,36%	3	0,06%	3,97%	1,16	82,17%
2 years	3 years		90.929	0,01%	2	0,04%	3,55%	2,58	20,02%
3 years	4 years		17.190	0,00%	1	0,02%	3,85%	3,17	56,22%
4 years	5 years		3.788.975	0,59%	22	0,43%	3,05%	4,82	75,92%
5 years	6 years		8.338.607	1,31%	226	4,42%	3,64%	5,52	66,71%
6 years	7 years		16.099.836	2,53%	478	9,35%	3,61%	6,48	67,67%
7 years	8 years		13.699.152	2,15%	419	8,19%	3,57%	7,39	72,06%
8 years	9 years		21.455.098	3,37%	383	7,49%	3,32%	8,53	74,90%
9 years	10 years		7.283.792	1,14%	119	2,33%	3,22%	9,29	75,60%
10 years	11 years		341.950	0,05%	4	0,08%	3,67%	10,40	50,21%
11 years	12 years		449.224	0,07%	4	0,08%	3,80%	11,37	51,57%
12 years	13 years		1.397.777	0,22%	5	0,10%	3,27%	12,33	71,21%
13 years	14 years		290.630	0,05%	2	0,04%	3,64%	13,59	50,00%
14 years	15 years		40.608.178	6,38%	405	7,92%	3,27%	14,53	80,18%
15 years	16 years		992.431	0,16%	16	0,31%	3,65%	15,31	59,22%
16 years	17 years		2.291.164	0,36%	24	0,48%	3,63%	16,43	55,52%

17 years	18 years		890.633	0,14%	10	0,20%	3,65%	17,34	57,24%
18 years	19 years		439.166	0,07%	6	0,12%	3,54%	18,45	54,54%
19 years	20 years		1.976.096	0,31%	9	0,18%	3,19%	19,59	79,34%
20 years	>		513.457.928	80,61%	2.979	58,24%	3,43%	27,76	69,18%
Unknown			-	-	-	-	-	-	-
		Total	636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

Weighted Average	24,4
Minimum	0,2500
Maximum	30,0

#### 8. Current Loan to Original Market Value

			Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
From ( >= )	To ( < )								
NHG			-	-	-	-	-	-	-
Garantie									
<	10%		223.084	0,04%	8	0,31%	3,68%	23,59	7,89%
10%	20%		2.634.302	0,41%	38	1,49%	3,62%	23,55	20,47%
20%	30%		9.390.211	1,47%	82	3,21%	3,54%	25,18	30,34%
30%	40%		21.019.979	3,30%	164	6,42%	3,54%	25,40	41,94%
40%	50%		96.521.114	15,15%	445	17,42%	3,43%	25,99	56,08%
50%	60%		137.969.727	21,66%	567	22,20%	3,50%	24,55	66,55%
60%	70%		312.700.495	49,09%	1.090	42,68%	3,37%	23,73	76,62%
70%	80%		56.478.569	8,87%	160	6,26%	3,45%	24,04	86,58%
80%	90%		-	-	-	-	-	-	-
90%	100%		-	-	-	-	-	-	-
100%	110%		-	-	-	-	-	-	-
110%	120%		-	-	-	-	-	-	-
120%	130%		-	-	-	-	-	-	-
130%	140%		-	-	-	-	-	-	-
140%	150%		-	-	-	-	-	-	-
150%	>		-	-	-	-	-	-	-
Unknown			-	-	-	-	-	-	-
		Total	636.937.480	100,00%	2.554	100,00%	3,42%	24,35	70,13%

Weighted Average	59,42%
Minimum	3,96%
Maximum	74,95%

#### 9. Current Loan to Indexed Market Value

			Aggregate Outstanding Not. Amount	% of Total	Nr. of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
From ( >= )	To ( < )								
NHG			-	-	--	-		-	-
Garantie									
<	10%		504.353	0,08%	14	0,55%	3,60%	24,63	10,66%
10%	20%		5.876.966	0,92%	69	2,70%	3,71%	23,38	25,17%
20%	30%		19.717.725	3,10%	163	6,38%	3,57%	24,91	38,89%
30%	40%		74.468.841	11,69%	396	15,51%	3,63%	24,51	55,76%
40%	50%		177.950.369	27,94%	783	30,66%	3,51%	24,57	66,21%
50%	60%		159.485.484	25,04%	582	22,79%	3,38%	24,26	72,79%
60%	70%		160.387.219	25,18%	430	16,84%	3,24%	24,23	80,08%
70%	80%		38.546.523	6,05%	117	4,58%	3,45%	23,81	87,18%
80%	90%		-	-	-	-	-	-	-
90%	100%		-	-	-	-	-	-	-
100%	110%		-	-	-	-	-	-	-
110%	120%		-	-	-	-	-	-	-
120%	130%		-	-	-	-	-	-	-
130%	140%		-	-	-	-	-	-	-
140%	150%		-	-	-	-	-	-	-
150%	>		-	-	-	-	-	-	-

Unknown			-	-	-	-	-	-	-
		Total	636.937.480	100,00%	2.554	100,00%	3,42%	24,35	70,13%

Weighted Average	52,46%
Minimum	3,08%
Maximum	74,86%

#### 10. Loan part Coupon (Interest Rate bucket)

			Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
From ( >= )	To ( < )								
<	0,5%		-	-	-	-	-	-	-
0,5%	1,0%		-	-	-	-	-	-	-
1,0%	1,5%		-	-	-	-	-	-	-
1,5%	2,0%		-	-	-	-	-	-	-
2,0%	2,5%		-	-	-	-	-	-	-
2,5%	3,0%		97.995.295	15,39%	304	5,94%	2,94%	24,86	71,84%
3,0%	3,5%		325.427.433	51,09%	2.345	45,85%	3,30%	24,72	71,12%
3,5%	4,0%		173.910.871	27,30%	1.996	39,02%	3,73%	23,78	68,65%
4,0%	4,5%		35.487.235	5,57%	409	8,00%	4,24%	22,70	64,23%
4,5%	5,0%		4.116.645	0,65%	61	1,19%	4,62%	21,51	64,41%
5,0%	5,5%		-	-	-	-	-	-	-
5,5%	6,0%		-	-	-	-	-	-	-
6,0%	6,5%		-	-	-	-	-	-	-
6,5%	7,0%		-	-	-	-	-	-	-
7,0%	>		-	-	-	-	-	-	-
Unknown			-	-	-	-	-	-	-
		Total	636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

Weighted Average	3,42%
Minimum	2,75%
Maximum	4,70%

#### 11. Remaining Interest Rate Fixed Period

			Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
From ( >= )	To ( < )								
<	1 year		90.201.346	14,16%	775	15,15%	3,58%	22,83	65,30%
1 year	2 years		120.209.460	18,87%	1.107	21,64%	3,47%	23,73	68,04%
2 years	3 years		139.217.163	21,86%	1.241	24,26%	3,31%	24,89	72,02%
3 years	4 years		89.311.749	14,02%	640	12,51%	3,34%	23,74	71,95%
4 years	5 years		125.354.133	19,68%	681	13,31%	3,25%	25,22	75,15%
5 years	6 years		8.440.589	1,33%	106	2,07%	4,34%	23,78	58,75%
6 years	7 years		22.530.471	3,54%	219	4,28%	3,70%	25,54	63,55%
7 years	8 years		11.407.922	1,79%	143	2,80%	4,11%	24,71	63,61%
8 years	9 years		8.955.159	1,41%	110	2,15%	3,89%	25,08	63,88%
9 years	10 years		21.309.489	3,35%	93	1,82%	3,35%	26,69	70,38%
10 years	11 years		-	-	-	-	-	-	-
11 years	12 years		-	-	-	-	-	-	-
12 years	13 years		-	-	-	-	-	-	-
13 years	14 years		-	-	-	-	-	-	-
14 years	15 years		-	-	-	-	-	-	-
15 years	16 years		-	-	-	-	-	-	-
16 years	17 years		-	-	-	-	-	-	-
17 years	18 years		-	-	-	-	-	-	-
18 years	19 years		-	-	-	-	-	-	-
19 years	20 years		-	-	-	-	-	-	-
20 years	21 years		-	-	-	-	-	-	-

21 years	22 years		-	-	-	-	-	-	-
22 years	23 years		-	-	-	-	-	-	-
23 years	24 years		-	-	-	-	-	-	-
24 years	25 years		-	-	-	-	-	-	-
25 years	26 years		-	-	-	-	-	-	-
26 years	27 years		-	-	-	-	-	-	-
27 years	28 years		-	-	-	-	-	-	-
28 years	29 years		-	-	-	-	-	-	-
29 years	30 years		-	-	-	-	-	-	-
30 years	>		-	-	-	-	-	-	-
Unknown			-	-	-	-	-	-	-
Total			636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

Weighted Average	3,1
Minimum	0,08
Maximum	9,8

## 12. Interest Payment Type

Description		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
Fixed		636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%
Floating		-	-	-	-	-	-	-
Unknown		-	-	-	-	-	-	-
Total		636.937.480	100,00%	5.115	100,00%	3,42%	24,35	70,13%

## 13. Property Description

Property			Aggregate Outstanding Not. Amount	% of Total	Nr. Loans	% Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
House			229.418.567	36,02%	855	33,48%	3,47%	23,95	68,85%
Appartment			363.372.394	57,05%	1.604	62,80%	3,39%	24,73	71,35%
House / Business (< 50% )			44.146.520	6,93%	95	3,72%	3,40%	23,37	66,69%
House / Business (> 50% )			-	-	-	-	-	-	-
Business			-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-
Total			636.937.480	100,00%	2.554	100,00%	3,42%	24,35	70,13%

## 14. Geographical Distribution (by province)

Province		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
Drenthe		3.461.745	0,54%	5	0,20%	3,04%	7,58	76,88%
Flevoland		14.566.382	2,29%	54	2,11%	3,39%	24,57	73,01%
Friesland		5.300.857	0,83%	37	1,45%	3,57%	23,51	68,41%
Gelderland		33.735.833	5,30%	162	6,34%	3,50%	23,99	69,72%
Groningen		49.991.431	7,85%	155	6,07%	3,34%	24,33	73,45%
Limburg		6.254.859	0,98%	19	0,74%	3,38%	24,70	67,38%
Noord-Brabant		63.549.634	9,98%	252	9,87%	3,38%	24,41	69,99%
Noord-Holland		168.553.318	26,46%	667	26,12%	3,43%	24,92	67,46%
Overijssel		5.320.234	0,84%	22	0,86%	3,66%	16,57	77,16%
Utrecht		50.020.768	7,85%	253	9,91%	3,43%	24,45	69,04%
Zeeland		1.736.003	0,27%	7	0,27%	3,75%	26,30	72,21%
Zuid-Holland		234.446.413	36,81%	921	36,06%	3,43%	24,37	71,33%
Unspecified		-	-	-	-	-	-	-
Total		636.937.480	100,00%	2.554	100,00%	3,42%	24,35	70,13%

### 15. Occupancy

Description		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
Owner Occupied		-	-	-	-	-	-	-
Buy-to-let		636.937.480	100,00%	5.115	100,00 %	3,42%	24,35	70,13%
Unknown		-	-	-	-	-	-	-
	Total	636.937.480	100,00%	5.115	100,00 %	3,42%	24,35	70,13%

### 16. Loanpart Payment Frequency

Description		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
Monthly		636.937.480	100,00 %	5.115	100,00 %	3,42%	24,35	70,13%
Quarterly		-	-	-	-	-	-	-
Semi-annually		-	-	-	-	-	-	-
Annually		-	-	-	-	-	-	-
	Total	636.937.480	100,00 %	5.115	100,00 %	3,42%	24,35	70,13%

### 17. Guarantee Type (NHG / Non NHG)

Description		Aggregate Outstanding Not. Amount	% of Total	Nr. of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average LTFV
NHG Guarantee		-	-	-	-	-	-	-
No NHG Guarantee		636.937.480	100,00 %	5.115	100,00 %	3,42%	24,35	70,13%
		636.937.480	100,00 %	5.115	100,00 %	3,42%	24,35	70,13%

## 7.2 DESCRIPTION OF MORTGAGE LOANS

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

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

The Mortgage Loans in the mortgage loan portfolio (other than the Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables) have been selected according to the criteria set forth in the Mortgage Receivables Purchase Agreement on or before the Closing Date. All of the loans forming part of the mortgage loan portfolio were originated by the Sellers or their predecessors between 1 January 1992 and 1 September 2020.

Some of the Mortgage Loans are Advisor-Verified Mortgage Loans and therefore based on advisor-verified borrower information.

### *Advisor-Verified Mortgage Loans*

In case of Mortgage Loans based on advisor-verified borrower information (so-called Advisor-Verified Mortgage Loans), the underwriting criteria require that the Borrowers may not have any negative credit history with any financial institution, nor any other outstanding financial obligations on the day on which the Mortgage Loan is disbursed. Advisor-Verified Mortgage Loans, other than the Mortgage Loans originated by GMAC RFC Nederland B.V., which have been (a) originated prior to or at the beginning of 2005 and after October 2008 must have an loan to Original Foreclosure Value ratio (**LTFV-ratio**) of less than or equal to 70 per cent. at the time of origination and (b) originated in the period starting at the beginning of 2005 and ending in October 2008 must have an LTFV-ratio of less than or equal to 90 per cent. at the time of origination. Advisor-Verified Mortgage Loans originated by GMAC RFC Nederland B.V. must have (a) an LTFV-ratio of less than or equal to 95 per cent. and (b) the Principal Amount Outstanding must not exceed EUR 450,000 at the time of origination. In case of Advisor-Verified Mortgage Loans the advisor checks whether the Borrower has sufficient income available to pay the costs of the Mortgage in accordance with the debt-to-income ratio ('*Woonquote*') (see below). The advisor states in an income declaration to the relevant Originator that the Borrower has sufficient income to make the payments under the Mortgage Loan(s). Such advisor verified income should be sufficient to meet the payments under a Mortgage Loan in accordance with the verification process described below applicable to all Mortgage Loans. The income declaration is signed jointly by the advisor and the Borrower. The valuation of the collateral is completed by appraisers approved by the relevant Seller.

### *Creditworthiness and Debt-to-Income Ratio ('Woonquote')*

The process of verifying a prospective Borrower's creditworthiness is set up to determine whether the prospective Borrower has sufficient monthly income available to meet his payments on the requested mortgage loan as well as to support other financial obligations and monthly living expenses. In general, the gross debt to gross income ratio increases with the Borrower's income, with the percentage ranging generally between 25 per cent. for a salary (component) up to EUR 13,500 to 40 per cent. for the salary (component) above EUR 13,500. In respect of a self-employed applicant, creditworthiness is checked by the relevant Seller's underwriters generally on the basis of annual accounts, including auditors' reports, for the business over the past three years. A director or majority shareholder of a company (unless otherwise employed) is regarded as self-employed. The calculation of the '*woonquote*' in respect of such Mortgage Loans is made as if the relevant Mortgage Loan is an annuity loan, regardless whether or not the Mortgage Loan is an annuity loan or not. Since October 2008 the calculation of the '*woonquote*' is done according to the NHG underwriting criteria (see NHG Guarantee Programme).

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

Based on the numerical information set out above, but subject to what is set out in section 2 (*Risk Factors*) above, the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any



payments due and payable under the Notes.

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

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

### 7.3 ORIGINATION AND SERVICING

#### Origination

The Mortgage Loans involved are originated by the Sellers (all 100 per cent. subsidiaries of NIBC) including their legal predecessors.

On 1 November 2015, the following entities merged into Hypinvest (one of the Sellers):

- (i) 1895 Hypotheken B.V.;
- (ii) Amstelstaete Hypotheken B.V.;
- (iii) ATRIOS Hypotheekfonds B.V.;
- (iv) Capitalum Hypotheken B.V.;
- (v) Estate Hypotheken B.V.;
- (vi) Huizen Hypotheken B.V.;
- (vii) Muzen Hypotheken B.V.;
- (viii) Nieuwegein Hypotheken B.V.;
- (ix) Royal Residentie Hypotheken B.V.;
- (x) Seyst Hypotheken B.V.; and
- (xi) Zwaluw Hypotheken B.V.

On 1 June 2018, NIBC Direct Hypotheek B.V. merged into NIBC Direct Hypotheken B.V. (one of the Sellers).

The only business activity of the Sellers is originating mortgage loans. The registered address of the Sellers is Carnegieplein 4, 2517 KJ The Hague, the Netherlands.

All Mortgage Loans are administered and serviced by NIBC in its capacity as Servicer. The Servicer will provide mortgage payment transactions and other services to and on behalf of the Issuer on a day-to-day basis in relation to the Mortgage Receivables. The duties of the Servicer include the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables. In accordance with the Servicing Agreement, the Servicer will initially appoint Stater Nederland B.V. as its sub-agent to carry out (part of) the activities described above for all Mortgage Loans.

#### *Underwriting rules*

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

- (i) credit bureau information;
- (ii) other than for Buy-to-Let Non-Consumer Loans, amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- (iii) other than for Buy-to-Let Non-Consumer Loans, length of time that the borrower has been in his/her current job;
- (iv) for Buy-to-Let Non-Consumer Loans, capacity of the real estate to generate rental income in excess of debt service;
- (v) loan-to-value limitations;
- (vi) loan purpose, property type;
- (vii) foreclosure and market valuations;
- (viii) occupation details (i.e. owner-occupied, rental); and
- (ix) age of borrower and marital status of borrower (to a lesser extent applicable to Buy-to-Let Non-Consumer Loans).

With regards to mortgage loans with an NHG Guarantee, the underwriting rules comply with all requirements set down by Stichting WEW (for more information see section 7.5 (*NHG Guarantee Programme*)).

Stater Nederland B.V. has introduced an automated lending decision management system ("**Virtual Rules**"), which system is used by the Sellers in the origination of the mortgage loans. Virtual Rules provides rule bases and risk models to regulate the underwriting process. In addition, it acts to accelerate the processing time of

decisions on a loan application. It includes the ability to tailor rules to the lender's risk and reward expectations and business policies. Virtual Rules is also used to incorporate underwriting criteria set by Stichting WEW.

#### *Origination process*

The Sellers originate and distribute Mortgage Loans via partnerships and for Buy-to-Let Non-Consumer Loans, to a limited extent, through direct lending. The origination process is outsourced to business partners that operate within a mandate given by NIBC. They use loan application forms that are submitted to an intermediary, such as a mortgage adviser or insurance agent. The information on the loan application is entered into the international Stater Mortgage System ("iSHS"). iSHS automatically collects credit information about the applicant from BKR and *Stichting Fraudebestrijding Hypotheken* ("SFH"). BKR provides positive and negative credit information on all borrowers with credit histories at financial institutions in the Netherlands. For loans other than Buy-to-Let Non-Consumer Loans, Stater Nederland B.V., or the respective business partner, reviews loan applications which have been submitted by the intermediary. The actual loan acceptance and the final check of the loan files take place at Stater Nederland B.V., or are made by the business partner, depending on the mandate. For Buy-to-Let Non-Consumer Loans, loan acceptance is done internally at NIBC by a dedicated and experienced underwriting team based on the 4-eye principle.

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

If the loan is in compliance with the underwriting criteria, Stater Nederland B.V. or the business partner can offer the applicant a non-binding loan offer. The non-binding offer is sent out through the intermediary. Once the non-binding offer is accepted by the applicant, the underwriter collects the signed non-binding offer, together with all other required loan documents, which will be reviewed (evidence of income, the sales contract, appraisal report, insurance application if applicable, etc.). As from the 27 July 2020 it is no longer necessary to sign the non-binding offer and sending in one or more of the required loan documents within the duration period of the non-binding offer (twenty-one (21) days) is sufficient. Once the file is completed and approved, final acceptance is approved by a second underwriter, and a binding loan offer is sent to the applicant. Once the binding loan offer is accepted by the applicant, there is a loan agreement in place, in which it is specified that the disbursement of the loan to the applicant is conditional on the execution of the mortgage deed. In respect of an NHG Mortgage Loan, after completing the loan file and final acceptance thereof, the loan is reported to Stichting WEW in order to be registered for an NHG Guarantee. Subsequently, the loan file is sent to Stater Nederland B.V. and scanned onto Hyarchis (document archive system), which is connected to iSHS. The loan file is then available online to NIBC. After the binding loan offer is accepted by the applicant, information for the notary is automatically generated and sent out to the notary. On the basis of this information the notary can create the mortgage deed. Each mortgage loan is secured by a first ranking mortgage right or first and sequentially lower ranking mortgage right. The borrower is required to take out 'bricks and mortar' insurance in respect of the mortgaged property for the full restitution value thereof. The notary formally checks this requirement on origination. All the original deeds are stored by the notary and are registered with the Land Registry.

#### *Processing activities*

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

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

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

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

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

#### *Collections*

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

### **Special Servicing Mortgages**

#### *Introduction*

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

#### *Phase 1: First line contact (Team Special Servicing Early)*

NIBC uses Salesforce software to manage the arrears management process. This system interfaces on a daily basis with the Stater Nederland B.V. software so that NIBC Bijzonder Beheer has all relevant and up-to-date loan information to be able to effectively manage arrears. The borrowers are categorised in different groups depending whether they are in arrears for the first time or whether they have been in arrears before. If the borrower faces a life time event (divorce, unemployment, disability, or passing away), he is directly allocated to one of the certified credit managers. On the first business day after a missed payment, a reminder letter is sent out to the borrower.

For borrowers who are in arrears for the first time and don't pay or respond within the time set out in the reminder letter, a first phone call is made five (5) business days after the first reminder letter. A second reminder letter, of which the tone is more severe, is sent out in the second week of arrears. Every borrower receives four reminder letters and four phone calls within the first month after the missed payment as long as the missed payment has not been paid.

For borrowers who are for the second (or more) time in arrears, the tone of the first letter is more severe, and the client is directly asked to contact NIBC. The NIBC Bijzonder Beheer team will immediately begin an inquiry of the client's situation.

Reminder letters are automatically generated by Salesforce and sent out to borrowers by NIBC Bijzonder Beheer. NIBC Bijzonder Beheer collects detailed information regarding the borrower's current job status, current income, property, and monthly expenditure in order to be able to attach earnings, to distress properties, or to make a payment arrangement.

#### *Phase 2: Specialised team of credit managers (Team Special Servicing)*

If the arrears situation continues into the second month after the missed payment, the borrower is allocated to the specialised team of credit managers. This team may take several actions, depending on, *inter alia*, the severity of the client's situation:

- Attach a borrower's earnings and/or possessions with the help of a bailiff;
- Make unannounced borrower house visits; and
- Engage a specialized third party to draw up an extensive recovery information report.

In certain special circumstances (e.g. unemployment, inability to work, divorce and/or decease, double housing expenses, fraud cases), borrowers can be advanced to the specialised team of credit managers before the end of

the second month, because this team possesses the expertise, knowledge, and ability to act in the best possible way to reduce the arrears or the potential losses. For clients with structural financial difficulties, the team will assess, in consultation with the client, the possibilities to continue the loan by settling a custom payment arrangement or modification of the loan conditions. For example, by lowering interest rates, cancellation of (a part of) the arrears, or by restructuring of the loan.

The specialised team of credit managers manages all loans of clients of which the property has to be sold, and that will result in a loss in the near future. In such cases, NIBC shall, on behalf of the Issuer, sell the mortgaged property via private sale or an auction if the borrower fails to fulfil its obligations. The Issuer has, as a first ranking mortgagee, a title to enforcement (*executoriale titel*), which means that it does not have to obtain permission from court prior to foreclosure on the mortgaged property. If the proceeds from the sale (auction) of the mortgaged property do not fully cover the issuer's claims, NIBC, on behalf of the Issuer, may sell any pledged associated life insurance or investment deposit. However, Dutch law requires that, before a lender may foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default. The borrower must also be given reasonable time to comply with the lender's claims. If it is not possible to levy an attachment on the borrower's salary due to insufficient actual income, NIBC Bijzonder Beheer sends the borrower a power of attorney. A signed power of attorney allows NIBC to start a private sale on behalf of the borrower. Ultimately, NIBC will call the loan and organise a public auction to recover the outstanding debt and arrears amount.

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

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

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

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

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

In general, it takes NIBC Bijzonder beheer approximately two months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, NIBC Bijzonder beheer works in accordance with the terms and conditions of the NHG Guarantee Programme, the instructions of NIBC, guidelines set down by Dutch law, the Code of Conduct of Mortgage Loans, the BKR and the Mortgage Credit Directive as of 2016.

*Details in respect of special servicing for Buy-to-Let borrowers*

NIBC Bijzonder Beheer also deals with Buy-to-Let borrowers who are in arrear. The team mainly uses the same tools and procedures in handling Buy-to-Let borrowers as it does for owner occupied borrowers. The main differences are that Buy-to-Let borrowers are directly allocated to the Team Special Servicing and the team may size the borrower's rent.

## 7.4 DUTCH MORTGAGE MARKET

This first part of section 7.4 (*Dutch Mortgage Market*) is derived from the overview which is available at the website of the Dutch Securitisation Association (<https://www.dutchsecuritisation.nl/dutch-mortgage-and-consumer-loan-markets>) regarding the Dutch mortgage market over the period until September 2020. The Issuer confirms that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the Dutch Securitisation Association, no facts have been omitted which would render the information in this section 7.4 (*Dutch Mortgage Market*) inaccurate or misleading.

### Dutch residential mortgage market

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures such as mortgage loans with deferred principal repayment vehicles and interest-only mortgage loans, financial deregulation and increased competition among originators. Moreover, Loan-to-Value (LTV) ratios have been relatively high, as the Dutch tax system implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 738 billion in Q1 2020<sup>1</sup>. This represents a rise of EUR 11.7 billion compared to Q1 2019.

#### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for almost full deductibility of mortgage interest payments from taxable income. This tax system has been around for a very long time, but financial innovation has resulted in a greater leverage of this tax benefit. From the 1990s onwards until 2001, this tax deductibility was unconditional. In 2001 and 2004, several conditions have been introduced to limit the usage of tax deductibility, including a restriction of tax deductibility to (mortgage interest payments for) the borrower's primary residence and a limited duration of the deductibility of 30 years.

A further reform of the tax system was enforced on 1 January 2013. Since this date, all new mortgage loans have to be repaid in full in 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure, has to meet the mandatory full redemption standards to allow for tax deductibility.

Another reform imposed in 2013 to reduce the tax deductibility is to lower the maximum deduction percentage. This used to be equal to the highest marginal tax bracket (52%), but since 2013 the maximum deduction is lowered by 0.5% per annum (2020: 46%). In the coming years, the new government coalition will reduce the maximum deduction percentage by 3.0% per annum. In 2023, the maximum deduction percentage will be 37%, which will then be equal to the second highest marginal income tax rate.

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

#### *Loan products*

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

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

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

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

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

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

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

#### *Underwriting criteria*

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

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the "explain" clause<sup>2</sup>. In 2011, another revised and stricter version of the Code of Conduct was introduced. Moreover, adherence to the "comply" option was increasingly mandated by the Financial Markets Authority (AFM). Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is the cap of interest-only loan parts to 50% of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts. A mortgage lender may however diverge from the cap limitation if certain conditions have been met.

#### **Recent developments in the Dutch housing market**

The Dutch housing market has shown clear signs of recovery since the second half of 2013. Important factors are among others the economic recovery, high consumer confidence and low mortgage rates. However, due to the Corona pandemic, consumer confidence has deteriorated significantly over the last months.

Existing house prices (PBK-index) in Q2 2020 rose by 2.0% compared to Q1 2020. Compared to Q2 2019 this increase was 7.6%. A new high was reached this quarter. The average house price level was 16.5% above the previous peak of 2008. One reason for the further rise in prices is the fall in mortgage interest rates in Q1 2020. In addition, the number of homes for sale has been falling for several years, bringing with it less choice for

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



potential buyers. This was reflected in the fall in sales during the first half of 2019. We saw a rebound in the second half of 2019, which has continued in H1 2020.

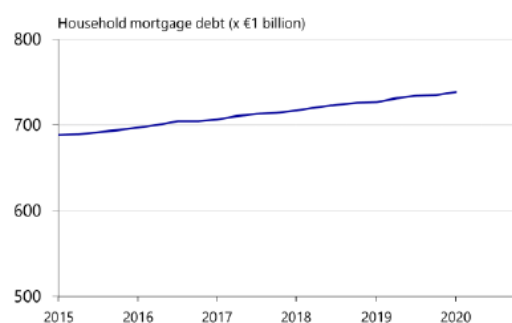
So far, the Coronacrisis has not noticeably impacted the Dutch Housing Market due to the government support measures in place but also because of a delay of around three months (between sale and registration) in the official figures. The Q2 figures are thus largely reflecting the state of the housing market pre-corona. However, in July 2020, which does cover part of the corona period, the number of existing home sales increased by 7.3% year-on-year, with a total of 22,571 transactions. Hence, even in the July figures there was no corona impact visible.

### Forced sales

Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>3</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

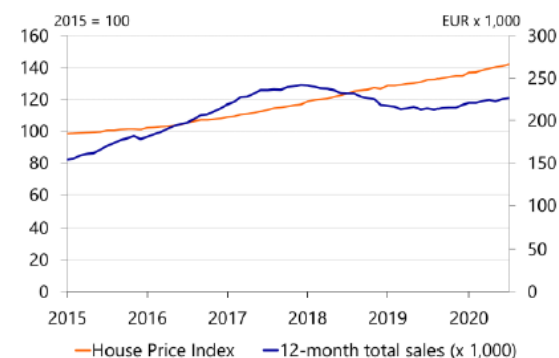
For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. The Land Registry recorded 50 forced sales by auction in Q2 2020 (0.09% of total number of sales).

Chart 1: Total mortgage debt



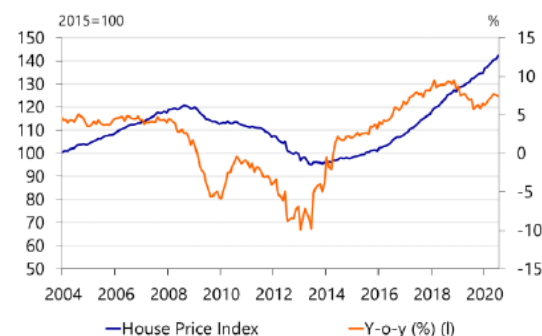
Source: Statistics Netherlands, Rabobank

Chart 2: Sales



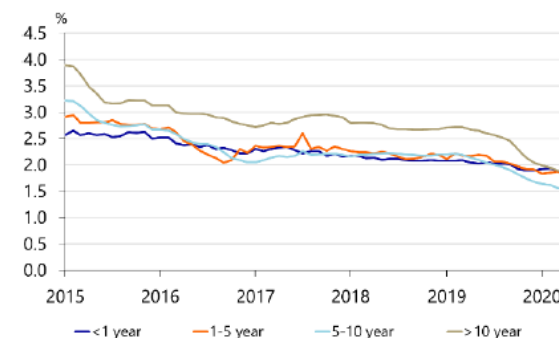
Source: Dutch Land Registry (Kadaster), Statistics Netherlands (CBS)

Chart 3: Price index development



Source: Statistics Netherlands, Rabobank

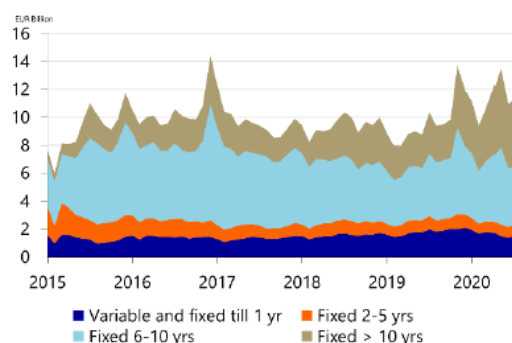
Chart 4: Interest rate on new mortgage loans



Source: Dutch Central Bank

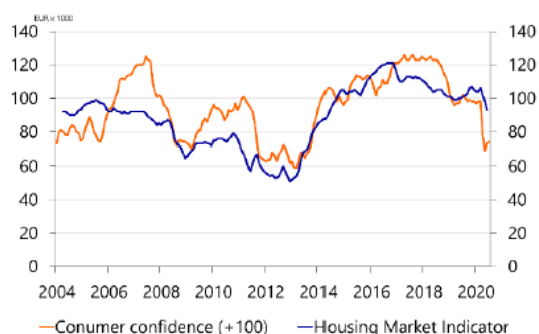
<sup>3</sup> Comparison of S&P RMBS index delinquency data.

Chart 5: New mortgages by interest type



Source: Dutch Central Bank

Chart 6: Confidence



Source: Statistics Netherlands (CBS), OTB TU Delft And VEH

### Dutch Buy-to-Let (BTL) mortgage market

The Dutch BTL mortgage market is small in comparison to the Dutch owner occupied market, with estimates pointing towards 10 per cent.<sup>4</sup> of all housing sales in 2018 being BTL driven. With an annual mortgage production of EUR 113.1 billion in 2018<sup>5</sup>, it would imply an associated estimated BTL mortgage loan production of up to EUR 113.1 billion in 2018. LTVs in the Dutch BTL mortgage market are generally significantly lower than the owner occupied market, as is the case in most BTL markets, given that BTL mortgage loans relate to an investment (and not a primary residence) the mortgage lender generally requires a significant equity contribution from the borrower so as to align the borrowers incentives during the life of the loan. The available asset supporting cash flows are generally stronger than the Dutch owner occupied market, giving the lenders recourse to rental cash flows as well as the primary income of the borrower. The larger banks are not as active in the Dutch BTL segment, in contrast to the owner occupied market where the banks are dominant. Competition of larger banks in this segment has decreased in the years following the financial crisis as Dutch financial institutions looked to downsize their real estate exposure and as international banks withdrew from the Dutch investment market.

### Tax system

The Dutch BTL market is subject to a different tax regime than that applicable to owner occupied residences. As with owner occupied properties there are still several housing-related taxes which are linked to the WOZ value of the house, both imposed on national and local level, and a transfer tax (stamp duty) of 2 per cent. which is applied when a house changes hands. There is however no deductibility of interest for secondary or investment properties.

The applicable tax treatment differs according to whether the borrower is an individual or a legal person. In the case of a legal person then prevailing corporate taxes will be levied on rental income. If the borrower is a natural person, then rental income will be taxed either in accordance with "Box 1" which is a progressive tax on wages and income, or in accordance with "Box 3" which is the tax category applicable to savings and investments.

For individuals the applicable tax "Box" will be defined on the basis of the borrower's involvement in the management of the property. If the borrower is not involved in "active management of the property", then the applicable tax rate, in accordance with "Box 3", for BTL properties would be equal to 30 per cent. of an implied rate of return which is based on the total amount of the person's net assets. There is no tax deductibility for costs made in relation to "Box 3" rental revenue. If the borrower is involved in the "active management" of the property then the rental income from such BTL properties would be taxed according to the prevailing progressive tax rate up to 49.50 per cent. (in 2020) for the relevant "Box 1" wage and income bracket. If the rental income is taxed in accordance with "Box 1", certain costs incurred in the management of a property are tax deductible. It is noteworthy that there is no legal guideline in determining the "active management" of a property other than case

<sup>4</sup> NVM, Land Registry.

<sup>5</sup> Source: DNB.

law and there have consequently been jurisprudential studies as to the full scope of "active management" for the purposes of Dutch tax reporting. The key feature of this tax regime is that under a "Box 3" tax treatment there is no benefit of obtaining higher leverage to offset mortgage interest against rental income. Dutch Tax policy may change from time to time, depending on politics.

#### *Loan products*

The Dutch BTL mortgage market is characterised by similar mortgage product offerings as in the owner occupied market. BTL loans can be offered for similar maturities of around thirty (30) years, or for shorter maturities between one (1) and ten (10) years, which are extended at maturity if the value of the assets and credit worthiness of the borrower remain sound. BTL loans typically amortise either on an annuity or linear loan schedule, and may have an interest-only loan part. One specialist subsection of the BTL market is renovation and trade finance, designed for borrowers who are looking to purchase properties to renovate or convert. These borrowers look to own the property for a shorter period of time and profit from higher resale values as opposed to ongoing rental income. As such, these loans typically have a final maturity of twelve (12) months although a number of these loans convert into investment mortgage loans after the renovation works complete.

Another sub-section of the BTL market is non-residential real estate. Due to the more specific nature of non-residential real estate, lenders are typically more cautious when lending on non-residential real estate, with lower LTVs, higher amortisation and less interest-only loan parts.

## 7.5 NHG GUARANTEE PROGRAMME

### NHG Guarantee

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

Since 1 January 1995 'Stichting Waarborgfonds Eigen Woningen' (the "**Stichting WEW**") (a central privatised entity) is responsible for the administration and granting of the NHG Guarantee under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (see section 3 (*Risk Factors*)).

### Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.70 per cent. (as of 1 January 2020) of the principal amount of the mortgage loan at origination. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### Terms and conditions of the NHG Guarantee

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

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

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

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of

a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds.

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

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

When a borrower is in arrears with payments under the mortgage loan for a period of three (3) months, a lender informs Stichting WEW. When the borrower is in arrears Stichting WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, Stichting WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. In case of a private sale permission of Stichting WEW is required unless the property is sold for an amount higher than 95 per cent. of the market value. In case of a forced private sale and an execution sale permission of Stichting WEW is in any case required.

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

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

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

### **Additional loans**

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request Stichting WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The moneys drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner of the borrower.

### **Main NHG underwriting criteria (Normen) as of 1 June 2020 (Normen 2020-2)**

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

- The lender has to perform a BKR check. Only under certain circumstances are registrations allowed.
- As a valid source of income the following qualifies: indefinite contract of employment, temporary contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, a three (3)

year history of income statements for workers with flexible working arrangements or during a probational period (*proeftijd*). Self-employed workers need to provide an income statement (*Inkomensverklaring Ondernemer*) which is approved by Stichting WEW. This income statement may not be older than six months on the date of the binding offer of a mortgage loan.

- The maximum loan based on the income of the borrowers is based on the '*financieringslast acceptatiecriteria*' tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest term of less than ten (10) years on the basis of a percentage determined and published by the AFM, or, in case of a mortgage loan with a fixed interest term of ten (10) years or longer or if the mortgage loan is redeemed within the fixed interest term of less than ten (10) years, on the basis of the binding offer.

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

- As of 1 January 2013, for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximal term of thirty (30) years.
- As of 1 January 2019, the maximum amount of the mortgage loan is dependent on the average house price level in the Netherlands (based on the information available from the Land Registry (*Kadaster*)) multiplied with the statutory loan to value, which is 100 per cent. if there are no energy saving improvements and 106 per cent. if there are energy saving improvements. As a consequence, there are two maximum loan amounts:
  - (i) EUR 310,000 for loans without energy saving improvements (as of 1 January 2020); and
  - (ii) EUR 328,600 for loans with energy saving improvements (as of 1 January 2020).

The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:

- For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements and (iii) an amount up to 6 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes (*vrij op naam*), the purchase amount under (i) is multiplied by 97 per cent.
- For the purchase of new-build properties, the maximum loan amount is broadly based on the sum of (i) the purchase price and/or construction costs, increased with a number of costs such as the cost of construction interest or loss of interest during the construction period (to the extent not already included in the purchase price or construction costs) and (ii) an amount of up to 6 per cent. of the amount under (i) in case of energy saving improvements.

The one-off charge to the borrower of 0.90 per cent. (as of 1 January 2019) of the principal amount of the mortgage loan at origination has been reduced to 0.70 per cent. as of 1 January 2020.

On 31 March 2020, the new NHG underwriting criteria were published, which entered into force on 1 June 2020. In these new NHG underwriting criteria changes have been made in order for the NHG Guarantee to meet the requirements for a guarantee to qualify as eligible credit protection for banks under the CRR. In particular the ability to receive an advance payment of the expected loss is introduced. Although the *Normen 2020-2* have entered into force as of 1 June 2020, the ability to receive advance payment of the expected loss is available as of 31 March 2020. Lenders can make use of this option immediately after publication, both for existing and new loans with an NHG Guarantee. Under the new underwriting criteria, as stated above, Stichting WEW will offer lenders the opportunity to receive an advance payment of expected losses, subject to certain conditions being met (the "**NHG Advance Right**").

The NHG Advance Right is a separate right and it is not part of the surety by NHG. Unlike the surety, this NHG Advance Right therefore does not automatically transfer upon the transfer of the mortgage receivable. If a mortgage receivable has been transferred to a third party (including in the context of special purpose vehicle transactions), the NHG Advance Right may be transferred simultaneously or at a later moment in time, for example when the transferee wishes to exercise the NHG Advance Right. This transfer is necessary if the transferee of the

mortgage receivable wants to make use of this NHG Advance Right. However, if the transferee does not wish to exercise the NHG Advance Right, a transfer thereof is not necessary. After a transfer of the Mortgage Receivable, the transferor can no longer exercise the NHG Advance Right, regardless of whether the NHG Advance Right is transferred to the transferee. This prevents the NHG Advance Right payment being made to a party other than the transferee of the mortgage receivable. However, at the request of the transferee the transferor can on its behalf exercise the right to an NHG Advance Right.

The new underwriting criteria include a repayment obligation by the person that exercises the NHG Advance Right in case the payment exceeded the amount payable by Stichting WEW under the surety as actual loss eligible for compensation. This would for example be the case if the proceeds of the enforcement are higher than estimated, but also if the borrower in arrears resumes payment under the mortgage loan. The Sellers will not transfer the NHG Advance Rights to the Issuer.

## 8. PORTFOLIO DOCUMENTATION

### 8.1 PURCHASE, REPURCHASE AND SALE

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

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables from each Seller by means of a registered Deed of Assignment and Pledge as a result of which legal title to the Mortgage Receivables is transferred from the relevant Sellers to the Issuer. The Sellers have undertaken that each Deed of Assignment and Pledge will be offered for registration by or on behalf of the Sellers within two (2) Business Days following the date on which such Deed of Assignment and Pledge has been signed and entered into between the relevant parties.

The assignment of the Mortgage Receivables from each Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of an Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the relevant Seller.

The Issuer will be entitled to all principal proceeds in respect of the Mortgage Receivables and to all interest (including Prepayment Penalties and penalty interest) in respect of the Mortgage Receivables as of the Initial Cut-Off Date. Each Seller will pay or procure that the Collection Foundation will pay to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

#### *Purchase Price*

The purchase price for the Mortgage Receivables shall consist of (i) the Initial Purchase Price which shall be payable on (a) the Closing Date or, in case of Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables on (b) the last day of the immediately preceding Mortgage Calculation Period and (ii) the Deferred Purchase Price. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 636,937,480, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Initial Cut-Off Date. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments. No amount will be withheld from the Initial Purchase Price on the Closing Date for Deposits.

#### *Purchase of Substitute Mortgage Receivables*

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

The Issuer will be entitled to all interest amounts (including Prepayment Penalties) and all principal amounts becoming due in respect of the Substitute Mortgage Receivables from (and including) the relevant Cut-Off Date.

#### *Purchase of Further Advance Receivables and Ported Mortgage Receivables*

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment during the Additional Purchase Period, use the Further Advance Available Amount and/or the Ported Mortgage Available Amount, as applicable, subject to the satisfaction of the Additional Purchase Conditions, to purchase and accept assignment of Further Advance Receivables and/or Ported Mortgage Receivables, as applicable, from any of the Sellers, if and to the extent offered by any of the Sellers. The purchase price payable by the Issuer as consideration for any Further Advance Receivables and/or Ported Mortgage Receivables shall be equal to the Initial Purchase Price in respect thereof and the relevant part of the Deferred Purchase Price at the date of completion of the sale and purchase thereof.

The Issuer will be entitled to all interest amounts (including Prepayment Penalties) and all principal amounts becoming due in respect of the Further Advance Receivables and/or the Ported Mortgage Receivables from (and including) the relevant Cut-Off Date.



Any Further Advance Receivables purchased by the Issuer during the Additional Purchase Period may be Buy-to-Let Further Advance Receivables, which may include a further advance under an existing Buy-to-Let Mortgage Loan or a new mortgage loan with the same Borrower which new loan or further advance will either be secured by the same Mortgaged Asset or which will be secured by a different Mortgaged Asset or both.

If the Additional Purchase Conditions are not met and the Issuer does not purchase any such Further Advance Receivable, the relevant Seller has undertaken to repurchase the Mortgage Receivable which results from the Mortgage Loan to which such Further Advance relates.

With respect to the Additional Purchase Conditions which apply to each purchase and assignment of Substitute Mortgage Receivables, Further Advance Receivables and Ported Mortgage Receivables, reference is made to section 8.4 (*Portfolio Conditions*).

## **Repurchase of Mortgage Receivables**

### *Mandatory Repurchase*

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

- (i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet certain Mortgage Loan Criteria, are untrue or incorrect in any material respect; or
- (ii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Mortgage Receivable vis-à-vis the relevant Borrower, unless such Other Claim is a Further Advance and such Further Advance is purchased by the Issuer on a Notes Payment Date during the Additional Purchase Period; or
- (iii) the date on which the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the 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 such Seller shall not repurchase such Mortgage Receivable; or
- (iv) in respect of a Mortgage Loan with a fixed mortgage interest rate (or relevant Loan Part thereof), the date on which the relevant Seller agrees with the relevant Borrower to set the interest rate with respect to the Mortgage Loan (or relevant Loan Part thereof) for the next succeeding fixed interest rate period (*rentevastperiode*) at a fixed interest rate lower than (i) 2.2 per cent. per annum for Buy-to-Let Mortgage Loans and (ii) 1 per cent. per annum for all other Mortgage Loans,

(each such repurchase is a "**Mandatory Repurchase**").

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

### *Optional Repurchase*

In the Mortgage Receivables Purchase Agreement, each of the Sellers has the option, but not the obligation, to repurchase and accept reassignment of a Mortgage Receivable on a Mortgage Collection Payment Date for the Sale Price, and the Issuer shall accept such repurchase and shall reassign such Mortgage Receivable to the relevant Seller, provided that relevant Seller has notified the Issuer thereof five (5) business days in advance and provided that the Sellers jointly may under this option not repurchase more than five (5) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables per calendar year (as calculated on the first day of such calendar year). In addition and separate to such general repurchase option, in the first twelve (12) months from the Closing Date the Sellers may also repurchase Mixed Use Mortgage Receivables up to ten (10) per cent. of the aggregate Outstanding Principal Amount of the Notes on such date.

Any amounts received by the Issuer as a result of such repurchase of a Mortgage Receivable at the option of a Seller shall be part of the Available Principal Funds.

## Sale of Mortgage Receivables

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

On each Notes Payment Date the Sellers, acting jointly, have the right to exercise the Sellers Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables for the Sale Price to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes subject to and in accordance with Conditions and Condition 9(b) (*Principal*).

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

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

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

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

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

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

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

**"Sale Price"** means:

- (a) the sale price for each Mortgage Receivable in the event of each Sellers Clean-Up Call Option, Clean-Up Call Option, the Regulatory Call Option, the Tax Call Option, or the optional redemption of the Notes on the First Optional Redemption Date, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the sale price shall be at least the lesser of (i) the sum of (a) an amount equal to the Indexed Foreclosure Value of such Mortgaged Assets and (b) the value of all other collateral and (c) with respect to the NHG Mortgage Loan Receivables, the amount claimable under the NHG Guarantee and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under

the Mortgage Receivable;

- (b) the sale price for each Mortgage Receivable in the event of an optional redemption of the Notes after the First Optional Redemption Date (pursuant to Condition 6(e) (*Optional Redemption*)), shall be at least equal to the relevant Principal Amount Outstanding at such time of the Class A Notes, increased with interest due but not paid, and the amount required to meet any payment of the Issuer ranking above the payment of principal and interest on the Class A Notes (taking into account the funds available on Liquidity Reserve Account and the Reserve Account); and
- (c) in the events set forth under the paragraph '*Mandatory Repurchase*' and in the event a Seller exercises its option to repurchase and accept reassignment of a Mortgage Receivable as further set forth under the paragraph '*Optional Repurchase*' in this section 8.1 (*Purchase, Repurchase and Sale*) the sale price for each Mortgage Receivable will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Mortgage Receivable.

#### **Assignment Notification Events**

if – *inter alia* –:

- (a) a material default is made by any of the Sellers in the payment on the due date of any amount due and payable by the relevant Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after having knowledge of such default by the relevant Seller or notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (b) any of the Sellers fails duly to perform or comply with any of its material obligations under the Mortgage Receivables Purchase Agreement or under any of the Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within twenty (20) Business Days after having knowledge of such default by the relevant Seller or notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (c) any representation, warranty or statement made or deemed to be made by any of the Sellers in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables, or under any of the Transaction Documents to which the relevant Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect; or
- (d) any Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments (*surseance van betaling*), or for bankruptcy (*faillissement*) or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) any of the Sellers has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) (other than pursuant to a merger) and liquidation (*vereffening*) or being converted into a foreign entity (*conversie*) or legal demerger (*juridische splitsing*) or its assets are placed under administration (*onder bewind gesteld*); or
- (f) any of the Sellers has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the other Transaction Documents; or
- (g) the indirect shareholding interest of NIBC in any of the Sellers falls at any time below 51 per cent., unless the Security Trustee has received a Credit Rating Agency Confirmation; or
- (h) the Collection Foundation holding the bank account into which payments under the Mortgage Receivables are made has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it; or

- (i) a Pledge Notification Event has occurred,

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

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

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

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

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

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

## 8.2 REPRESENTATIONS AND WARRANTIES

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

- (a) each of the Mortgage Receivables and each of the Beneficiary Rights is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables, the relevant Notes Payment Date;
- (b) it has (i) full right and title (*titel*) to the Mortgage Receivables and, if applicable, the Beneficiary Rights relating thereto, (ii) it has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables and to assign the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables and the assignment of the Beneficiary Rights relating thereto are in effect and (iii) the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned or pledged;
- (c) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables and the Beneficiary Rights;
- (d) the Mortgage Receivables and, if applicable, the Beneficiary Rights are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the Mortgage Receivables and the Beneficiary Rights has been granted by it in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights;
- (e) each Mortgage Receivable is secured by a first ranking or first and sequentially lower ranking mortgage right (*hypotheekrecht*) on a Mortgaged Asset used for a residential or commercial purpose in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands and governed by Dutch law;
- (f) each Mortgage Loan is denominated in euro;
- (g) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (h) each mortgage deed used by (i) any of the Originators in respect of a Mortgage Loan originated after 1 January 1999 contains provisions that, in case of assignment of a Mortgage Receivable to a third party, the Mortgage or right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned to a third party, and (ii) in respect of Mortgage Loans originated by any of the Originators before 1 January 1999 does not contain any specific wording to the extent that the mortgage right or right of pledge will or will not follow the Mortgage Receivable if it is assigned to a third party;
- (i) each Mortgaged Asset concerned is valued (i) by an independent qualified valuer, or (ii) in the case the valuation of the Mortgage Loans was based on an assessment by the Dutch tax authorities on the basis of the WOZ, the Original Foreclosure Value did not exceed 90 per cent. of such valuation by the Dutch tax authorities. Valuations by an independent qualified valuer are not older than twelve (12) months prior to the date of the mortgage application by the Borrower. In certain cases, newly built Mortgaged Assets are exempted from valuation requirements. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction described in this Prospectus;
- (j) each Mortgage Receivable and each Mortgage and Borrower Pledge, if any, securing such receivable constitute legal, valid, binding and enforceable contractual obligations of the relevant Borrower vis-à-vis the relevant Seller;
- (k) all Mortgages and Borrower Pledges in respect of each Mortgage Receivable (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge respectively and, to the extent relating to the Mortgages, are entered into the Land Registry, (ii) have first priority (*eerste in rang*) or first and sequentially lower ranking priority (*eerste en opeenvolgende lagere in rang*) 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 paid by the relevant Originator on behalf of the Borrower, up to an amount equal to at least 30 per cent. of such Outstanding Principal Amount since 2002, therefore in total up to a maximum amount at least equal to 130 per cent. of the Outstanding Principal Amount of the Mortgage Receivable;

- (l) the maximum Outstanding Principal Amount of each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, as the case may be, originated from 1 August 2011 did not at origination exceed 104 per cent. (or such lower percentage as required by law or regulation) of the Original Market Value of the relevant Mortgaged Assets, which Outstanding Principal Amount may, where applicable, be supplemented by the transfer tax payable under the Dutch Legal Transactions (Taxation) Act (*Wet op belastingen van rechtsverkeer*) upon its creation;
- (m) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, subject to the general terms and conditions and forms of mortgage deeds attached the Mortgage Receivables Purchase Agreement or subject to general terms and conditions and mortgage deeds which are in material respects substantially similar to those attached to the Mortgage Receivables Purchase Agreement, which schedule may be expanded by the Seller with new general terms and conditions and forms of mortgage deeds provided these have no material negative impact on their enforceability of the Mortgage Receivables and security as those attached to the Mortgage Receivables Purchase Agreement;
- (n) the relevant Originators' standard underwriting criteria and procedures, including borrower income requirements (other than with respect to Buy-to-Let Non-Consumer Loans), 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 and/or buy-to-let mortgages and each of the Mortgage Loans and each of the Insurance Policies offered by it has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, including (other than with respect to Buy-to-Let Non-Consumer Loans) the applicable consumer protection legislation to the extent that failure to comply would have a material adverse effect on the enforceability or collectability of such Mortgage Loan, and (other than with respect to Buy-to-Let Non-Consumer Loans) with the Code of Conduct on Mortgage Loans (*Gedragcode Hypothecaire Financieringen*);
- (o) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Seller and the securities are purchased for investment on behalf of the relevant Borrower by:
  - a. an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, such as a securities broker or a portfolio manager; or
  - b. a bank,
 each of which is by law obliged to make adequate arrangements to safeguard the clients' rights to such securities;
- (p) each of the Life Mortgage Loans has the benefit of a valid right of pledge on the rights under a Life Insurance Policy and either (i) the relevant Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policies upon the terms of such Life Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Life Mortgage Receivable;
- (q) each receivable under a mortgage loan (*hypothecaire lening*) which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (r) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts (*leningdelen*);
- (s) to the best knowledge of the relevant Seller, other than with respect to monthly payments, no Borrower is

in material breach of any obligation owed in respect of such Mortgage Loan, Mortgage and Borrower Pledge, if applicable;

- (t) with respect to the 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 Seller provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (u) 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 a building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (v) the Mortgage Conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without any deduction or set-off;
- (w) each Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (x) under each of the Mortgage Receivables interest and, if applicable, principal due in respect of at least one month has been paid by the relevant Borrower;
- (y) in respect of the Life Mortgage Loans associated with a Life Insurance Policy other than with (i) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Nationale Nederlanden Levensverzekering N.V.), (ii) SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Generali Levensverzekeringen N.V., Reaal Levensverzekering N.V., Zürich Lebensversicherungs-Gesellschaft or DBV Levensverzekeringmaatschappij N.V., or (iii) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), (iv) Achmea Pensioen- en Levensverzekeringen N.V., to the extent originated by Hypinvest, or (v) Allianz Nederland Levensverzekering N.V., to the extent originated by Hypinvest (to the extent it is the successor of Estate Hypotheken B.V. and Royal Residentie Hypotheken B.V.), or (vi) SRLEV to the extent originated by Hypinvest (to the extent it is the successor of Seyst Hypotheken B.V. (I) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (II) the Borrowers are free to choose the relevant Life Insurance Company and (III) to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights relating thereto, which would increase the Insurance Set-off Risk;
- (z) other than in respect of Life Mortgage Receivables which are sold and assigned by Hypinvest, to the extent the Life Mortgage Loans relating thereto have been originated by an Originator which is not the Seller (including Amstelstaete Hypotheken B.V. and Zwaluw Hypotheken B.V.) and have been transferred to Hypinvest, the Insurance Company is not a group company of the relevant Originator;
- (aa) each Mortgage Loan was originated by any of the Originators and, to the extent it was not originated by the relevant Seller, (i) subsequently transferred by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) no longer secures any other claims of the relevant Originator after such contract transfer;
- (bb) on the Cut-Off Date (i) in respect of the Mortgage Receivables assigned to the Issuer on the Closing Date and (ii) in respect of Substitute Mortgage Receivables, on the first day of the month of the relevant Notes Payment Date, no amounts due under any of the Mortgage Receivables were unpaid for a period longer than thirty (30) days;
- (cc) with respect to each Mortgage Loan or relevant Loan Part which has the benefit of an NHG Guarantee, (i) the NHG Guarantee is granted for the full amount of the relevant NHG Mortgage Loan or relevant Loan Part excluding, in general, a Further Advance, at origination and constitutes legal, valid and binding obligations of Stichting WEW, enforceable in accordance with their terms, (ii) the NHG Guarantee was in

compliance with all terms and conditions (*voorwaarden en normen*) applicable to it at the time of origination of the Mortgage Loans or relevant Loan Part, and (iii) the Seller has not done anything or omitted to do anything which could compromise the enforceability of its claim, nor is the Seller aware of any reason why any claim under any NHG Guarantee granted by Stichting WEW in respect of the Mortgage Loan or relevant Loan Part should not be met in full and in a timely manner;

- (dd) other than the Mortgage Loans granted by NIBC Direct Hypotheken, (a) any savings account of the Borrower held with NIBC and the Mortgage Loan are offered in such manner that a reasonable borrower should understand that (i) such savings account is held with NIBC, (ii) the Mortgage Loan is granted by the relevant Originator and (iii) NIBC and the relevant Originator are different legal entities, and (b)(i) neither NIBC nor any intermediary offer any savings accounts or the term deposits as products which are in any way connected with the Mortgage Loans, (ii) the Mortgage Loan is not connected to any savings account or any term deposit with NIBC, for example by means of set-off provisions, (iii) the Mortgage Loans are not offered directly or indirectly in combination with a savings account or the term deposit with NIBC, and (iv) no rights under a savings account or term deposit with NIBC will be pledged to the relevant Seller as security for the Mortgage Loan;
- (ee) it has no Other Claim vis-à-vis any Borrower other than the mortgage loans, or parts thereof, that are retained or repurchased by the Seller, such as bridge loans (*overbruggingshypotheken*);
- (ff) other than Deposits, 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 and no amounts are held in deposit with respect to premia and interest payments (*rente en premiedepots*);
- (gg) the particulars of each Mortgage Receivable as set forth in the list of Mortgage Receivables attached as Schedule 1 to the Mortgage Receivables Purchase Agreement and as Annex 1 to the Deed of Assignment and Pledge to be signed on the Closing Date and the List of Loans are correct and complete in all material respects;
- (hh) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the relevant Cut-Off Date is equal to the Initial Purchase Price;
- (ii) interest payments in respect of the Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
- (jj) the notarial mortgage deeds (*minuut*) relating to the Mortgages are kept by a civil law notary in the Netherlands and are registered in the appropriate registers, while the Loan Files, which include certified copies of the notarial mortgage deeds, are kept on behalf of it by the Servicer;
- (kk) none of the Borrowers has a negative BKR registration (*BKR codering*) upon origination, other than where allowed within the underwriting criteria upon origination;
- (ll) none of the Borrowers holds a savings account, current account, term deposit or another account relationship with the Sellers or its subsidiaries;
- (mm) payments in respect of the Mortgage Receivables by the Borrowers are made directly into the relevant Collection Foundation Account;
- (nn) it can be determined without any uncertainty in its administration which Beneficiary Rights relate to which Mortgage Receivables;
- (oo) payments made under the Mortgage Receivables are not subject to withholding tax;
- (pp) to the best of the relevant Seller's knowledge, the relevant Mortgage Loans has not been subject to any variation, amendment, modification, waiver, or exclusion of time of any kind which in any material way adversely affects its enforceability or collectability;
- (qq) no relevant Mortgage Loan has been entered into as a consequence of any conduct constituting fraud of



the relevant Seller and, to the best of the relevant Seller's knowledge, no relevant Mortgage Loan has been entered into fraudulently by the relevant Borrower;

- (rr) the relevant Mortgage Loan does not include untrue information;
- (ss) the Mortgage Conditions do not contain confidentiality provisions which restrict the relevant Seller in exercising its rights under the relevant Mortgage Loan;
- (tt) each Mortgage Receivable will be transferred by the relevant Seller to the Issuer (upon offer for registration of the Deed of Assignment and Pledge in accordance with article 3:94 Dutch Civil Code), which transfer is enforceable against creditors of the relevant Seller in the Netherlands and is neither prohibited nor invalid, save for applicable laws affecting the rights of creditors generally; and
- (uu) the available and accessible loan-by-loan information of a Mortgage Loan meets the minimum requirements of the European Central Bank for the Notes to be eligible and accepted as collateral for the Eurosystem credit operations and Eurosystem monetary policy operations.

### 8.3 MORTGAGE LOAN CRITERIA

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

(a) the Mortgage Loans are either:

- (i) Buy-to-Let Consumer Mortgage Loans (*investeringshypotheken*);
- (ii) Buy-to-Let Non-Consumer Mortgage Loans (*vastgoed hypotheken*).

in case of a purchase of Mortgage Receivables after the Cut-Off Date, the Mortgage Loans are either:

- (i) Buy-to-Let Consumer Mortgage Loans (*investeringshypotheken*);
- (ii) Buy-to-Let Non-Consumer Mortgage Loans (*vastgoed hypotheken*);
- (iii) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
- (iv) Investment Mortgage Loans (*beleggingshypotheken*);
- (v) Life Mortgage Loans (*levenhypotheken*);
- (vi) Linear Mortgage Loans (*lineaire hypotheken*);
- (vii) Annuity Mortgage Loans (*annuïteitenhypotheken*);
- (viii) Mortgage Loans which combine any of the above mentioned types of mortgage loans;

- (b) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypothek*);
- (c) the Borrower is either (i) a legal entity with its corporate seat and principal place of business in the Netherlands or (ii) a private individual, a resident or citizen of the Netherlands and not an employee of any of the Sellers;
- (d) the Borrower with respect to Buy-to-Let Non-Consumer Mortgage Loans do not qualify as consumers, but are individuals and entities conducting an enterprise or profession (*handelen in beroep of bedrijf*);
- (e) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking mortgage rights and (if applicable) a right of pledge;
- (f) each Mortgage Loan (or relevant Loan Part thereof) is subject to a fixed rate whereby the interest rates can be set for a specific period;
- (g) with the exception of the Buy-to-Let Mortgage Loans, no Mortgaged Asset is the subject of residential letting and each Mortgaged Asset is occupied by the Borrower at the moment of (or shortly after) origination;
- (h) interest payments are scheduled to be made monthly;
- (i) each Mortgaged Asset is located in the Netherlands;
- (j) on the Cut-Off Date (i) in respect of the Mortgage Receivables assigned to the Issuer on the Closing Date and (ii) in respect of Substitute Mortgage Receivables, on the first day of the month immediately preceding the month wherein the Issuer purchased such Substitute Mortgage Receivables, no amounts due under any of the Mortgage Receivables acquired on such date were overdue and unpaid by more than thirty (30) days;
- (k) none of the Mortgage Loans has a maturity date beyond October 2058;
- (l) all Mortgaged Assets are: (i) single family houses (with or without garage), (ii) farm houses (*woonboerderijen*), (iii) apartment rights (*appartementsrechten*), (iv) subject to semi-commercial use (*woon- of winkelpanden*), or (v) recreational houses (*vakantiehuisen*);
- (m) the Outstanding Principal Amount of each non-Buy-to-Let Mortgage Loan or the aggregate Outstanding Principal Amount of all non-Buy-to-Let Mortgage Loans secured on the same property does not exceed EUR 750,000;
- (n) the Outstanding Principal Amount of the Mortgage Loans granted to a single Borrower does not exceed EUR 10,000,000;
- (o) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;

- (p) for each Mortgage Loan, the cumulative Outstanding Principal Amount of the Mortgage Loan (or Loan Part) that qualifies as an Interest-only Mortgage Loan did not exceed 100 per cent. of the Original Market Value;
- (q) none of the Borrowers has a negative BKR registration (*BKR coding*) upon origination, other than where allowed within the underwriting criteria upon origination;
- (r) each Mortgage Loan with a fixed interest rate carries an interest rate of at least (i) 2.2 per cent. for Buy-to-Let Mortgage Loans and (ii) 1 per cent. for all other Mortgage Loans;
- (s) the Mortgage Loan (i) for Buy-to-Let Mortgage Loans, has not been based on a self-certified income statement of the Borrower or an advisor-verified income statement of the Borrower and (ii) for all Mortgage Loans, does not result from an equity release mortgage loan where the Borrower has monetised its property for either a lump sum of cash or regular periodic income;
- (t) the interest fixed period of the Mortgage Loans, at origination and after interest reset, is shorter than or equal to 30 years;
- (u) all Mortgage Loans have been executed on or after 1 January 1992 or have had an interest reset date after 1 January 1992;
- (v) the Current Loan to Original Market Value of a Buy-to-Let Mortgage Loan shall not exceed 75 per cent.; and
- (w) for each Buy-to-Let Mortgage Loan, the cumulative Outstanding Principal Amount of the Mortgage Loan (or Loan Part) that qualifies as an Interest-only Mortgage Loan does not exceed 50 per cent. of the Original Market Value.

#### **Interest rates on Mortgage Loans**

On the Cut-Off Date, the amount of Mortgage Loans of which the first interest reset date falls before the First Optional Redemption Date is 94 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables. An interest rate reset will not in itself result in a Mandatory Repurchase of the Mortgage Receivable, unless the new interest rate is below (i) 2.2 per cent. for Buy-to-Let Mortgage Loans and (ii) 1 per cent. for all other Mortgage Loans.

## 8.4 PORTFOLIO CONDITIONS

### Additional Purchase Conditions

The purchase by the Issuer of Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables will be subject to a number of conditions (the "**Additional Purchase Conditions**"), which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables or, where applicable, after such date:

- (a) the relevant Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables, Further Advance Receivables or Ported Mortgage Receivables sold and relating to the relevant Seller (with certain exceptions to reflect that the Substitute Mortgage Receivables, Further Advance Receivables or Ported Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the Substitution Available Amount, the Further Advance Available Amount or the Ported Mortgage Available Amount, as applicable, is sufficient to pay the purchase price for the Substitute Mortgage Receivables and/or Further Advance Receivables and/or Ported Mortgage Receivables, as the case may be;
- (d) the aggregate Outstanding Principal Amount of the Further Advance Receivables and/or Ported Mortgage Receivables purchased by the Issuer in the twelve (12) months period preceding the Notes Payment Date whereon such Further Advance Receivables and/or Ported Mortgage Receivables are purchased shall not exceed five (5) per cent. of the aggregate Principal Amount Outstanding of the Notes on such Notes Payment Date, provided that the Issuer and NIBC on behalf of the relevant Seller may agree to a higher percentage, subject to the notification of the Credit Rating Agencies and confirmation by the Security Trustee;
- (e) on the last day of the Mortgage Calculation Period immediately preceding the relevant Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Loans which are in arrears for a period exceeding ninety (90) days shall not exceed 2.5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (f) the weighted average interest rate of all Buy-to-Let Mortgage Loans shall not fall below 2.5 per cent.;
- (g) the weighted average interest rate of all Mortgage Loans shall not fall below 2.2 per cent.;
- (h) the aggregate Outstanding Principal Amount of all Mortgage Loans granted to Borrowers to purchase properties that are not single family houses or apartment rights (*appartementsrechten*) used shall not exceed 10 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (i) the aggregate of the balances of Deposits shall not exceed 2 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (j) the weighted average Current Loan to Original Market Value of all Buy-to-Let Mortgage Loans immediately following the purchase of the Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables shall not exceed 61 per cent.;
- (k) the weighted average Current Loan to Original Market Value of all Mortgage Loans immediately following the purchase of the Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables shall not exceed 75 per cent.;
- (l) the aggregate Outstanding Principal Amount of the Interest-only Mortgage Loans as a percentage of the aggregate Outstanding Principal Amount of all Mortgage Loans at Closing shall not increase by more

than 1.0 per cent. compared to the percentage at Closing as a result of the sale and purchase of Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables;

- (m) there has been no failure by any of the Sellers to repurchase any Mortgage Receivables which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (n) where the aggregate Outstanding Principal Amount of Mortgage Loans granted to a single Borrower exceeds EUR 5,000,000, the proportion of such Mortgage Loans shall not exceed 5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (o) the aggregate Realised Losses do not exceed 2.5 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Closing Date;
- (p) no more than 5 per cent. of the Mortgage Receivables may result from an Advisor-Verified Mortgage Loan; and
- (q) there is no debit balance on the Class B Principal Deficiency Ledger,

except that Additional Purchase Conditions (e), (i), and (l) will not apply if, as a consequence of the purchase of Substitute Mortgage Receivables Further Advance Receivables and/or Ported Mortgage Receivables, (i) in respect of item (e), the percentage of Mortgage Loans in arrears for a period exceeding ninety (90) days is maintained or lowered, (ii) in respect of item (i) the percentage in respect of Mortgage Loans with Deposits will be maintained or lowered and (iii) in respect of item (l), the percentage of Interest-only Mortgage Loans will be maintained or lowered.

Each of the Additional Purchase Conditions may be amended, supplemented or removed by the Issuer with the prior approval of the Security Trustee and subject to Credit Rating Agency Confirmation.

## 8.5 SERVICING AGREEMENT

### Servicing Agreement

In the Servicing Agreement the Servicer will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto, (ii) agree to provide the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral and (iii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities. The Servicer will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicer will, in accordance with the terms of the Servicing Agreement, initially appoint Stater Nederland B.V. as its sub-agent to carry out (part of) the activities described above. Any appointment of a Sub-servicer shall not in any way relieve the Servicer from its obligations under the Servicing Agreement in respect of the provision of any of the Mortgage Loan Services for which it shall continue to be liable as if no such appointment had been made and as if the acts and omissions of the sub-agent or sub-contractor were the acts and omissions of the Servicer.

The Servicing Agreement may be terminated by the Issuer or the Security Trustee, 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 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 or the Issuer and the Security Trustee upon the expiry of not less than six (6) months' notice, provided that, inter alia, the Security Trustee has consented in writing to such termination, which consent may not be unreasonably withheld and subject to a substitute servicer being appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement (and the Servicer shall notify the Credit Rating Agencies in writing of the identity of such substitute servicer).

### Stater Nederland B.V

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

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

Stater is a 100 per cent. subsidiary of Stater N.V., of which the shares are held for 75 per cent by Infosys and 25 per cent by ABN AMRO Bank N.V.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of more than 1,300,200 mortgage loans. In the Netherlands, Stater has a market share of about 40 per cent as of 30 June 2020.

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

Stater provides an origination system that includes automated underwriting, allowing loan funders to specify underwriting criteria for each product. A fraud detection system forms part of automated underwriting.

In January 2018, credit rating agency Fitch Ratings assigned Stater a Residential Primary Servicer Rating of 'RPS1-'. With this rating, which Stater received for its role as "primary servicer", Stater is the top scoring service provider in Europe for mortgage services. Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking.

In 2016 KPMG Netherlands, the company's external auditor, issued an ISAE 3402 Type II assurance report on

internal processes at Stater. For the purpose of this report, Stater requested KPMG to test the design, existence and functioning of the defined control measures for the January 1st to 31 October 2016 reporting period. With this report, Stater aims to provide its clients and their internal and external auditors transparent insight into its services and procedures.

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

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

## 9. GENERAL

1. The issue of the Notes has been duly authorised by a resolution of the Issuer Director passed on or about 20 October 2020.
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 9,000.
3. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 223906281 and ISIN XS2239062818.
4. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 223906311 and ISIN XS2239063113.
5. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 223906320 and ISIN XS2239063204.
6. The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
7. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 29 July 2020 to the date of this Prospectus.
8. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have, or have had during the twelve (12) months prior to the date of this Prospectus a significant effect on the Issuer's financial position or profitability.
9. 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, and can also be obtained on the website of European DataWarehouse (<https://edwin.eurowdw.eu/edweb/>), which website (a) includes a well-functioning data quality control system, (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website, (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk, (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information and (e) makes it possible to keep record of the information for at least five (5) years after the maturity date of the securitisation or any other website as selected by the Seller which fulfils the requirements set out in article 7(2) of the Securitisation Regulation, and, from the moment that a securitisation repository has been designated within the meaning of article 10 of the Securitisation Regulation which has been appointed for the transaction, through such securitisation repository, from a date falling at the latest fifteen (15) days after the Closing Date:
  - (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 Back-up Administration Agreement;
  - (xiii) the Issuer Account Agreement;
  - (xiv) the Master Definitions Agreement;
  - (xv) the Parallel Debt Agreement;



(xvi) the Collection Foundation Agreements.

The documents listed above are all the underlying documents that are essential for understanding the securitisation transaction described in this Prospectus and include, but are not limited to, each of the documents referred to in article 7(1) under point (b) of the Securitisation Regulation. No content available via the website addresses contained in this Prospectus forms part of this Prospectus. This information has not been scrutinised or approved by the AFM.

10. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent and in electronic form on [www.assetbacked.nl](http://www.assetbacked.nl).
11. The Issuer has not yet commenced operations and, as of the date of this Prospectus no financial statements with respect to the Issuer 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.
12. The auditor of the Issuer is Mazars Accountants N.V. The individual auditors of the Issuer's auditor, Mazars Accountants N.V., are registered accountants (*registeraccountants*) and are members of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The registered address of Mazars Accountants N.V. is Watermanweg 80, 3067 GG Rotterdam, the Netherlands.
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, shall make available within one (1) month after each Notes Payment Date, loan-by-loan information, which information can be obtained from the website of European DataWarehouse (<https://edwin.eurowdw.eu/edweb/>).
15. The Issuer, the Sellers and NIBC have amongst themselves designated NIBC for the purpose article 7(2) of the Securitisation Regulation. NIBC or any other party on its behalf, will make available to Noteholders, to the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request, to potential investors:

(i)

- a. in accordance with article 7(1)(a) of the Securitisation Regulation, on a monthly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period (in the form of the standardised template set out in Annex I of Delegated Regulation (EU) 2015/3 and, as soon as reasonably practicable after 23 September 2020, being the date on which the final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have become applicable, in the form of the standardised template set out in Annex II of Delegated Regulation (EU) 2020/1224); and
- b. in accordance with article 7(1)(e) of the Securitisation Regulation, a monthly investor report in respect of each Notes Calculation Period (in the form of the standardised template set out in Annex I and Annex VIII of Delegated Regulation (EU) 2015/3 and, as soon as reasonably practicable after 23 September 2020, being the date on which the final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have become applicable, in the form of the standardised template set out in Annex II and Annex XII of Delegated Regulation (EU) 2020/1224); and

(ii) without delay, in accordance with article 7(1)(g) of the Securitisation Regulation, any significant event

such as (a) a material breach of the obligations laid down in the Transaction Documents, (b) a change in the structural features that can materially impact the performance of the securitisation, (c) a change in the risk characteristics of the transaction described in this Prospectus or of the Mortgage Receivables that can materially impact the performance of the transaction described in this Prospectus and (d) any material amendments to the Transaction Document.

In addition, NIBC or any other party on their behalf, has made available and will make available, as applicable, to the above-mentioned parties:

- (i) before pricing of the Notes at least in draft or initial form and, at the latest fifteen (15) calendar days after the Closing Date, in final form, all underlying documents that are essential for the understanding of the transaction described in this Prospectus, which are listed in this section 9 (*General*) under item (7), as required by article 7(1)(b) of the Securitisation Regulation; and
- (ii) on a monthly basis, information on the Mortgage Receivables.

16. The Issuer, or the Issuer Administrator on its behalf, confirms that it will undertake that, provided that it has received such information from the Sellers:

- (A) disclose in the first Notes and Cash Report the amount of the Notes:
  - (i) privately-placed with investors which are not in the NIBC Group;
  - (ii) retained by a member of the NIBC Group; and
  - (iii) publicly-placed with investors which are not in the NIBC Group;
- (B) in relation to any amount initially retained by a member of the NIBC Group, but subsequently placed with investors which are not in the NIBC Group, disclose (to the extent permissible) such placement in the next Notes and Cash Report.

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

18. Important information and responsibility statements:

This Prospectus has been approved by the AFM as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of any Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Issuer accepts 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.

In addition to the Issuer, the Sellers are also responsible for the information contained in the following sections of this Prospectus: all paragraphs dealing with articles 5, 6 and 7 of the Securitisation Regulation and section 1.6 (*Portfolio Information*), 4.4 (*Sellers*), 4.5 (*Servicer*), section 7 (*Portfolio Information*), sub-section '*Stater Nederland B.V.*' under section 8.4 (*Servicing Agreement*) and the paragraph '*Average life*' in section 1.4 (*Notes*). To the best of their knowledge and belief, the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers and NIBC accepts responsibility accordingly.

Any websites mentioned in this Prospectus do not form part of this Prospectus.

## 10. GLOSSARY OF DEFINED TERMS

### 10.1 DEFINITIONS

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

<b>"ABN AMRO"</b>	means ABN AMRO Bank N.V., incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 34334259;
<b>"Additional Purchase Conditions"</b>	means any the conditions specified as such in 8.4 ( <i>Portfolio Conditions</i> );
<b>"Additional Purchase Period"</b>	means the period commencing on (and including) the Closing Date and ending on the earlier of (i) the First Optional Redemption Date and (ii) the occurrence of a Sequential Amortisation Trigger Event;
<b>"Administration Agreement"</b>	means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
<b>"Advisor-Verified Mortgage Loan"</b>	means Mortgage Loans in respect of which the information on the financial position of the Borrower is verified by the advisor ( <i>tussenpersoon</i> ) on the basis of written information provided by the Borrower;
<b>"AFM"</b>	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
<b>"All Moneys Mortgage"</b>	means any mortgage right ( <i>hypotheekrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the relevant Originator;
<b>"All Moneys Pledge"</b>	means any right of pledge ( <i>pandrecht</i> ) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the relevant Originator;
<b>"All Moneys Security Rights"</b>	means any All Moneys Mortgages and All Moneys Pledges collectively;
<b>"Annuity Mortgage Loan"</b>	means a mortgage loan or Loan 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;
<b>"Arranger"</b>	means NIBC;
<b>"Assignment Actions"</b>	means any of the actions specified as such in section 8.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;

<b>"Assignment Notification Event"</b>	means any of the events specified as such in section 8.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
<b>"Assignment Notification Stop Instruction"</b>	has the meaning ascribed thereto in section 8.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
<b>"Available Principal Funds"</b>	has the meaning ascribed thereto in Condition 6(c) ( <i>Definitions</i> );
<b>"Available Principal Redemption Funds"</b>	has the meaning ascribed thereto in Condition 6(c) ( <i>Definitions</i> );
<b>"Available Revenue Funds"</b>	has the meaning ascribed thereto in section 6 ( <i>Credit Structure</i> ) of this Prospectus;
<b>"Back-up Administration Agreement"</b>	means the back-up administration agreement between the Back-up Administrator, the Issuer, the Security Trustee and the Issuer Administrator dated the Signing Date;
<b>"Back-up Administrator"</b>	means Intertrust Administrative Services B.V.;
<b>"Banking Regulations"</b>	means the international, European or Dutch banking regulations, rules and instructions;
<b>"Basel II"</b>	means the capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards Revised Framework" published on 26 June 2004 by the Basel Committee on Banking Supervision;
<b>"Basel III"</b>	means the capital accord amending Basel II under the title "Basel III: a global regulatory framework for more resilient banks and banking systems" published in December 2010 by the Basel Committee on Banking Supervision;
<b>"Basic Terms Change"</b>	has the meaning ascribed thereto in Condition 14 ( <i>Meetings of Noteholders; Modification; Consents; Waiver</i> );
<b>"Beneficiary Rights"</b>	means all claims which the relevant Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the relevant Seller has been appointed by the Borrower as beneficiary ( <i>begunstigde</i> ) in connection with the relevant Mortgage Receivable;
<b>"BKR"</b>	means Office for Credit Registration ( <i>Bureau Krediet Registratie</i> );
<b>"Borrower"</b>	means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;
<b>"Borrower Insurance Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) created in favour of the relevant Originator on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;
<b>"Borrower Insurance Proceeds Instruction"</b>	means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;
<b>"Borrower Investment Account"</b>	means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;
<b>"Borrower Investment"</b>	means a right of pledge ( <i>pandrecht</i> ) on the rights of the relevant Borrower in

<b>Pledge"</b>	connection with the Borrower Investment Account in respect of the Investment Mortgage Loans;
<b>"Borrower Pledge"</b>	means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge and a Borrower Investment Pledge;
<b>"BRRD"</b>	means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council;
<b>"BTL"</b>	means buy-to-let;
<b>"Business Day"</b>	means any day on which TARGET 2 is open for the settlement of payments in euro, provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and London and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;
<b>"Buy-to-Let Consumer Mortgage Loan"</b>	means a Mortgage Loan or Loan part thereof granted to a Borrower who qualifies as a consumer and who invests in the Mortgaged Asset as an investment and not as a primary residence;
<b>"Buy-to-Let Further Advance"</b>	means in respect of Buy-to-Let-Mortgage Loans a further advance to be made to a Borrower under such Buy-to-Let-Mortgage Loan or a new mortgage loan with the same Borrower, which is secured by the same Mortgaged Asset and/or by a different Mortgaged Asset or by both;
<b>"Buy-to-Let Further Advance Receivable"</b>	means the Mortgage Receivable resulting from a Buy-to-Let Further Advance;
<b>"Buy-to-Let Mortgage Loan"</b>	means a Buy-to-Let Consumer Mortgage Loan or a Buy-to-Let Non-Consumer Mortgage Loan;
<b>"Buy-to-Let Non-Consumer Mortgage Loan"</b>	means a Mortgage Loan or Loan Parts thereof granted to a Borrower who does not qualify as a consumer and is a legal entity or an individual conducting an enterprise or profession ( <i>handelen in beroep of bedrijf</i> ) who invests in the Mortgaged Asset as an investment and not as a primary residence.
<b>"Citibank"</b>	means Citibank N.A. London Branch;
<b>"Class A Noteholders"</b>	means the several persons who are for the time being holders of any Class A Notes;
<b>"Class A Notes"</b>	means the EUR 583,000,000 senior class A mortgage-backed notes 2020 due 2058;
<b>"Class A Principal Deficiency Ledger"</b>	means the principal deficiency ledger relating to the Class A Notes;
<b>"Class B Notes"</b>	means the EUR 54,000,000 class B mortgage-backed notes 2020 due 2058;

<b>"Class B Notes Interest Shortfall Ledger"</b>	means the interest shortfall ledger relating to the Class B Notes;
<b>"Class B Principal Deficiency Ledger"</b>	means the principal deficiency ledger relating to the Class B Notes;
<b>"Class B Principal Shortfall"</b>	means an amount equal to (i) the balance of the Class B Principal Deficiency Ledger of the Class B Notes divided by (ii) the number of Class B Notes on the relevant Notes Payment Date;
<b>"Class C Available Principal Funds"</b>	has the meaning ascribed thereto in Condition 6(i) ( <i>Mandatory Redemption of Class C Notes</i> );
<b>"Class C Notes"</b>	means the EUR 5,600,000 class C notes 2020 due 2058;
<b>"Class C Redemption Amount"</b>	has the meaning ascribed thereto in Condition 6(i) ( <i>Mandatory Redemption of Class C Notes</i> );
<b>"Class of Notes" or "Notes of a Class"</b>	means all Notes of a class;
<b>"Clean-Up Call Option"</b>	has the meaning ascribed thereto in Condition 6(h) ( <i>Clean-Up Call Option</i> );
<b>"Clearstream, Luxembourg"</b>	means Clearstream Banking S.A.;
<b>"Closing Date"</b>	means 23 October 2020 or such later date as may be agreed between the Issuer and NIBC;
<b>"Code"</b>	means the U.S. Internal Revenue Code of 1986 (as amended);
<b>"Code of Conduct"</b>	means the Mortgage Code of Conduct ( <i>Gedragcode Hypothecaire Financieringen</i> ) introduced in January 2007 by the Dutch Association of Banks ( <i>Nederlandse Vereniging van Banken</i> );
<b>"Collection Bank Required Rating"</b>	has the meaning ascribed thereto in section 6.1 ( <i>Available Funds</i> );
<b>"Collection Foundation"</b>	means Stichting Ontvangsten Hypotheekgelden;
<b>"Collection Foundation Account Pledge Agreement"</b>	means the pledge agreement between, among others, the Issuer, the Security Trustee, Previous Transaction SPVs, the Previous Transaction Security Trustees and the Sellers dated on or about the Signing Date;
<b>"Collection Foundation Accounts"</b>	means the bank accounts maintained by the Collection Foundation;
<b>"Collection Foundation Agreements"</b>	means the Collection Foundation Account Pledge Agreement and the Receivables Proceeds Distribution Agreement and any accession notices in relation thereto;
<b>"Common Safekeeper"</b>	means, in respect of the Class A Notes, Euroclear or Clearstream, Luxembourg (as elected) and in respect of the Subordinated Notes, Citibank Europe Plc;
<b>"Conditions"</b>	means the terms and conditions of the Notes set out in Schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by

	the provisions of the relevant Global Note;
<b>"Construction Deposit"</b>	means in respect of a Mortgage Loan, that part of the Mortgage Loan which is withheld by the relevant Seller as construction deposit, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;
<b>"Coupons"</b>	means the interest coupons appertaining to the Notes in definitive form;
<b>"CRA Regulation"</b>	means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 462/2013 of 21 May 2013;
<b>"CRD IV"</b>	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;
<b>"Credit Rating Agency"</b>	means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes DBRS and Moody's;
<b>"Credit Rating Agency Confirmation"</b>	<p>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:</p> <ul style="list-style-type: none"> <li>(a) a confirmation from each Credit Rating Agency that its then current credit ratings of the Class A Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a <b>"confirmation"</b>);</li> <li>(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 <b>"indication"</b>); or</li> <li>(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 credit ratings of the Class A Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: <ul style="list-style-type: none"> <li>(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</li> <li>(ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that thirty (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;</li> </ul> </li> </ul>
<b>"CRR"</b>	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) 648/2012;																																																																
"CRR Amendment Regulation"	means Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms;																																																																
"Current Loan to Original Market Value"	means in case of a Mortgage Loan originated by NIBC Direct Hypotheken, the (current) Outstanding Principal Amount of such Mortgage Loan divided by the Original Market Value of the Mortgaged Assets, expressed as a percentage;																																																																
"Cut-Off Date"	means (i) in respect of the Mortgage Receivables purchased by the Issuer on the Closing Date, the Initial Cut-Off Date and (ii) in respect of Substitute Mortgage Receivables, Further Advance Receivables and/or Ported Mortgage Receivables the first day of the month in which the relevant Notes Payment Date on which such Substitute Mortgage Receivable, Further Advance Receivable and/or Ported Mortgage Receivable is purchased, falls;																																																																
"DBRS"	means DBRS Ratings Limited or DBRS Ratings GmbH and in each case includes any successor to its rating business;																																																																
"DBRS Equivalent Chart"	<div>means:</div> <table><tr><td>DBRS</td><td>Moody's</td><td>S&amp;P</td><td>Fitch</td></tr><tr><td>AAA</td><td>Aaa</td><td>AAA</td><td>AAA</td></tr><tr><td>AA (high)</td><td>Aa1</td><td>AA+</td><td>AA+</td></tr><tr><td>AA</td><td>Aa2</td><td>AA</td><td>AA</td></tr><tr><td>AA (low)</td><td>Aa3</td><td>AA-</td><td>AA-</td></tr><tr><td>A (high)</td><td>A1</td><td>A+</td><td>A+</td></tr><tr><td>A</td><td>A2</td><td>A</td><td>A</td></tr><tr><td>A (low)</td><td>A3</td><td>A-</td><td>A-</td></tr><tr><td>BBB (high)</td><td>Baa1</td><td>BBB+</td><td>BBB+</td></tr><tr><td>BBB</td><td>Baa2</td><td>BBB</td><td>BBB</td></tr><tr><td>BBB (low)</td><td>Baa3</td><td>BBB-</td><td>BBB-</td></tr><tr><td>BB (high)</td><td>Ba1</td><td>BB+</td><td>BB+</td></tr><tr><td>BB</td><td>Ba2</td><td>BB</td><td>BB</td></tr><tr><td>BB (low)</td><td>Ba3</td><td>BB-</td><td>BB-</td></tr><tr><td>B (high)</td><td>B1</td><td>B+</td><td>B+</td></tr><tr><td>B</td><td>B2</td><td>B</td><td>B</td></tr></table>	DBRS	Moody's	S&P	Fitch	AAA	Aaa	AAA	AAA	AA (high)	Aa1	AA+	AA+	AA	Aa2	AA	AA	AA (low)	Aa3	AA-	AA-	A (high)	A1	A+	A+	A	A2	A	A	A (low)	A3	A-	A-	BBB (high)	Baa1	BBB+	BBB+	BBB	Baa2	BBB	BBB	BBB (low)	Baa3	BBB-	BBB-	BB (high)	Ba1	BB+	BB+	BB	Ba2	BB	BB	BB (low)	Ba3	BB-	BB-	B (high)	B1	B+	B+	B	B2	B	B
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CCC (low)	Caa3	CCC-																					
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		C																					
D	C	D	D																				
"DBRS Equivalent Rating"	means with respect to the long-term senior debt ratings, (i) if a Fitch public rating, a Moody's public rating and an S&P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and lowest ratings have been excluded or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above, and therefore only a public rating by one of Fitch, Moody's and S&P is available, such rating will be the DBRS Equivalent Rating (upon the conversion on the basis of the DBRS Equivalent Chart);																						
"Deed of Assignment and Pledge"	means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;																						
"Deferred Purchase Price"	means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;																						
"Deferred Purchase Price Instalment"	means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;																						
"Definitive Notes"	means Notes in definitive bearer form in respect of any Class of Notes;																						
"Deposit"	means a Construction Deposit and, in respect of Buy-to-Let Mortgage Loans, any deposit which is held separately on deposit for a Borrower but it not paid out to such Borrower upon origination but paid to such Borrower if certain conditions are met;																						
"Deposit Account"	means the bank account of the Issuer designated as such in the Issuer Account Agreement;																						
"Directors"	means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;																						
"DNB"	means the Dutch central bank ( <i>De Nederlandsche Bank N.V.</i> );																						
"Draft RTS Risk Retention"	means the EBA Final Draft Regulatory Technical Standards specifying the requirements for originators, sponsors and original lenders relating to risk																						

	retention pursuant to article 6(7) of Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation dated 31 July 2018;
"DSA"	means the Dutch Securitisation Association;
"Dutch Civil Code"	means the <i>Burgerlijk Wetboek</i> ;
"EBA"	means the European Banking Authority;
"ECB"	means the European Central Bank;
"EEA"	means the European Economic Area;
"EMMI"	means the European Money Markets Institute;
"EMU"	means the European Monetary Union;
"Enforcement Available Amount"	<p>means amounts corresponding to the sum of:</p> <p>(a) amounts recovered (<i>verhaald</i>) in accordance with article 3:255 of the Dutch Civil Code by the Security Trustee under the Pledge Agreements to which the Security Trustee is a party on the Pledged Assets, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement and including any proceeds from the Mortgage Receivables paid to the Security Trustee after the occurrence of a Pledge Notification Event; and without double counting,</p> <p>(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;</p> <p>in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors pursuant to the Trust Deed and (ii) any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;</p>
"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 ( <i>Events of Default</i> );
"ESMA"	means the European Securities and Markets Authority;
"€STR"	means the euro short-term rate as published by the ECB (or any replacement reference rate as agreed with the Issuer Account Bank in accordance with the Master Definitions Agreement;
"EU"	means the European Union;
"EUR", "euro" or "€"	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;
"Euroclear"	means Euroclear Bank SA/NV as operator of the Euroclear System;
"Euronext Amsterdam"	means Euronext in Amsterdam;
"Eurosysteem Eligible Collateral"	means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;
"Events of Default"	means any of the events specified as such in Condition 10 ( <i>Events of Default</i> );
"Exchange Date"	means the date, not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;
"Extraordinary Resolution"	has the meaning ascribed thereto in Condition 14 ( <i>Meetings of Noteholders; Modification; Consents; Waiver</i> );
"FATCA"	means the United States Foreign Account Tax Compliance Act of 2009;
"FATCA Withholding"	means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);
"Final Maturity Date"	means the Notes Payment Date falling in October 2058;
"First Optional Redemption Date"	means the Notes Payment Date falling in October 2027;
"Foreclosure Value"	means the foreclosure value of the Mortgaged Asset;
"Foundation Accounts Provider"	means ABN AMRO;
"Further Advance"	means (i) a Buy-to-Let Further Advance or (ii) in respect of non-Buy-to-Let Mortgage Loans, a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;
"Further Advance Available Amount"	means, at any Notes Calculation Date during the Additional Purchase Period, the Available Principal Funds remaining after all payments ranking above item (c) in the Redemption Priority of Payments have been made in full;
"Further Advance Receivable"	means the Mortgage Receivable resulting from a Further Advance;
"Global Note"	means any Temporary Global Note or Permanent Global Note;
"Higher Ranking Class"	means, in respect of any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Revenue Priority of Payments;
"Hypinvest"	means Hypinvest B.V.;

"ICSDs"	means International Central Securities Depositories;
"Indexed Foreclosure Value"	means, in respect of a sale of Mortgage Receivables by the Issuer in accordance with Clause 18 of the Trust Deed on any date, if the Foreclosure Value was assessed within one month prior to the such date, such Foreclosure Value or, if the Foreclosure Value was assessed more than one month prior to such date, such Foreclosure Value indexed to median price levels of the year in which the relevant Notes Payment Date falls as reported by the Land Registry or, in case no such report is available, as reported by any other authoritative organisation in this field;
"Initial Cut-Off Date"	means 31 August 2020;
"Initial Purchase Price"	means, in respect of any Mortgage Receivable, its Outstanding Principal Amount on (i) the Initial Cut-Off Date or (ii) in case of a Substitute Mortgage Receivable, Further Advance Receivable or Ported Mortgage Receivable, the relevant Cut-Off Date;
"Insurance Company"	means any insurance company established in the Netherlands;
"Insurance Policy"	means a Life Insurance Policy and/or a Risk Insurance Policy;
"Insurance Set-off Risk"	means the set-off risk as described in section 2 ( <i>Risk Factors</i> ) under ' <i>Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies</i> ';
"Interest Amount"	has the meaning ascribed thereto in Condition 4(e) ( <i>Calculation of Interest Amounts</i> );
"Interest Determination Date"	has the meaning ascribed thereto in Condition 4(e) ( <i>Calculation of Interest Amounts</i> );
"Interest Period"	means the period from (and including) the Closing Date to (but excluding) the first Notes Payment Date falling in November 2020 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
"Interest Rate"	means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 ( <i>Interest</i> );
"Interest Reconciliation Ledger"	means the ledger specifically created for such purpose on the Issuer Collection Account as set forth in the Administration Agreement;
"Interest-only Mortgage Loan"	means a mortgage loan or Loan Part thereof in respect of which the Borrower is not required to repay principal until maturity;
"Investment Mortgage Loan"	means a mortgage loan or Loan Part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;
"Investor Report"	means any of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;
"Issuer"	means Essence VIII B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and established in Amsterdam, the Netherlands;

<b>"Issuer Account Agreement"</b>	means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Signing Date;
<b>"Issuer Account Bank"</b>	means Rabobank, or its successor or successors;
<b>"Issuer Accounts"</b>	means any of the Issuer Collection Account, the Reserve Account, the Liquidity Reserve Account and the Deposit Account;
<b>"Issuer Administrator"</b>	means NIBC;
<b>"Issuer Collection Account"</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
<b>"Issuer Director"</b>	means Intertrust Management B.V.;
<b>"Issuer Management Agreement"</b>	means the issuer management agreement between the Issuer, the Issuer Director and the Security Trustee dated the Signing Date;
<b>"Issuer Mortgage Receivables Pledge Agreement"</b>	means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;
<b>"Issuer Rights"</b>	means any and all transferable 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 Administration Agreement, the Back-up Administration Agreement and the Paying Agency Agreement;
<b>"Issuer Rights Pledge Agreement"</b>	means the issuer rights pledge agreement between, amongst others, the Issuer, the Security Trustee, the Sellers, the Issuer Administrator 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;
<b>"Issuer Services"</b>	means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, as set out in the Administration Agreement;
<b>"Land Registry"</b>	means the Dutch land registry ( <i>het Kadaster</i> );
<b>"Lead Manager"</b>	means NIBC;
<b>"Life Insurance Policy"</b>	means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;
<b>"Life Mortgage Loan"</b>	means a mortgage loan or Loan Part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;
<b>"Life Mortgage Receivable"</b>	means the Mortgage Receivable resulting from a Life Mortgage Loan;
<b>"Linear Mortgage Loan"</b>	means a mortgage loan or Loan 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;
<b>"Liquidity Reserve"</b>	means the bank account of the Issuer designated as such in the Issuer

<b>"Account"</b>	Account Agreement;
<b>"Liquidity Reserve Account Target Level"</b>	means on any Notes Calculation Date, an amount equal to the higher of:  (a) 0.40 per cent. of the of the aggregate Principal Amount Outstanding of the Class A Notes; and (b) 1.50 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables of which an amount is in arrears for a period exceeding thirty (30) days;
<b>"Liquidity Reserve Replenishment Amounts"</b>	has the meaning ascribed thereto in section 6.3 ( <i>Loss Allocation</i> );
<b>"List of Loans"</b>	means, at the Closing Date, the list attached as Schedule 1 to the Mortgage Receivables Purchase Agreement, and at each relevant Notes Payment Date, a list of all Mortgage Loans attached to the relevant Deed of Assignment and Pledge, stating the same details regarding the Mortgage Loans as required in the definition of Mortgage Loans;
<b>"Listing Agent"</b>	means NIBC;
<b>"Loan Files"</b>	means the file or files relating to each Mortgage Loan containing, <i>inter alia</i> , (i) all material correspondence relating to that Mortgage Loan and (ii) a certified copy of the mortgage deed;
<b>"Loan Parts"</b>	means one or more of the loan parts ( <i>leningdelen</i> ) of which a mortgage loan consists;
<b>"Local Business Day"</b>	has the meaning ascribed thereto in Condition 5(c) ( <i>Payment</i> );
<b>"LTV"</b>	means loan-to-value;
<b>"MAD Regulations"</b>	means the Market Abuse Directive, the Market Abuse Regulation and the Dutch implementation legislation pertaining thereto;
<b>"Management Agreement"</b>	means any of (i) the Issuer Management Agreement, (ii) the letter to the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;
<b>"Mandatory Repurchase"</b>	means any of the repurchase obligations of the Sellers specified as such in section 8.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
<b>"Market Abuse Directive"</b>	means Directive 2014/57/EU of 16 April 2014;
<b>"Market Abuse Regulation"</b>	means Regulation (EU) No 596/2014 of 16 April 2014;
<b>"Market Value"</b>	means (i) the market value ( <i>marktwaaarde</i> ) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus the purchase price of the relevant building lot;
<b>"Master Definitions Agreement"</b>	means the master definitions agreement between, amongst others, the Sellers, the Issuer and the Security Trustee dated the Signing Date;

<b>"MiFID II"</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;
<b>"Moody's"</b>	means Moody's Investors Service Ltd., and includes any successor to its rating business;
<b>"Mortgage"</b>	means a mortgage right ( <i>hypotheekrecht</i> ) securing the relevant Mortgage Receivable;
<b>"Mortgage Calculation Period"</b>	means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first mortgage calculation period, which commences on (and includes) the Initial Cut-Off Date and ends on (and includes) the last day of October 2020;
<b>"Mortgage Collection Payment Date"</b>	means the 5 <sup>th</sup> Business Day of each calendar month;
<b>"Mortgage Conditions"</b>	means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;
<b>"Mortgage Credit Directive"</b>	means Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010;
<b>"Mortgage Loan Amendment"</b>	means an amendment by the relevant Seller and the relevant Borrower of the terms of a Mortgage Loan as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement;
<b>"Mortgage Loan Criteria"</b>	means the criteria relating to the Mortgage Loans set forth as such in section 8.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;
<b>"Mortgage Loan Services"</b>	means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;
<b>"Mortgage Loans"</b>	means (i) the mortgage loans granted by the relevant Originator to the relevant borrowers which may consist of one or more Loan Parts as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and (ii), upon and after any purchase and assignment of any Substitute Mortgage Receivable, Further Advance Receivables and/or Ported Mortgage Receivables taking place or has taken place in accordance with the Mortgage Receivables Purchase Agreement, the Substitute Mortgage Loans and/or any Further Advances and/or Ported Mortgage Loans, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
<b>"Mortgage Receivable"</b>	means any and all rights of the relevant Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including Further Advance Receivables, Ported Mortgage Receivables and any and all claims of the Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being

	terminated, dissolved or declared null and void;
<b>"Mortgage Receivables Purchase Agreement"</b>	means the mortgage receivables purchase agreement between, amongst others, the Sellers, the Issuer, the Security Trustee and NIBC dated the Signing Date;
<b>"Mortgage Report"</b>	means the report to be provided by the Servicer to the Sellers in respect of the Mortgage Receivables pursuant to the Servicing Agreement;
<b>"Mortgaged Asset"</b>	means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ) or (iii) a long lease ( <i>erfpachtsrecht</i> ) situated in the Netherlands on which a Mortgage is vested;
<b>"Most Senior Class (of Notes)"</b>	means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Post-Enforcement Priority of Payments;
<b>"Net Foreclosure Proceeds"</b>	means: <ul style="list-style-type: none"> <li>(a) the proceeds of a foreclosure on a Mortgage;</li> <li>(b) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable;</li> <li>(c) the proceeds, if any, of collection of any Insurance Policy in connection with the relevant Mortgage Receivable, including fire Insurance Policy and insurance policy;</li> <li>(d) the proceeds of the NHG Guarantee and any other guarantees or sureties;</li> <li>(e) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;</li> </ul> less: <ul style="list-style-type: none"> <li>(f) if applicable, any amounts required to be repaid to Stichting WEW pursuant to the NHG Conditions in connection with an advance payment received under the NHG Advance Right;</li> </ul>
<b>"Net Principal Foreclosure Proceeds"</b>	has the meaning ascribed thereto in Condition 6(c) ( <i>Definitions</i> );
<b>"NHG"</b>	means the NHG Guarantee ( <i>Nationale Hypotheek Garantie</i> );
<b>"NHG Advance Right"</b>	has the meaning ascribed thereto in section 7.5 ( <i>NHG Guarantee Programme</i> ) of this Prospectus;
<b>"NHG Conditions"</b>	means the terms and conditions ( <i>voorwaarden en normen</i> ) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;
<b>"NHG Guarantee"</b>	means a guarantee ( <i>borgtocht</i> ) under the NHG Conditions granted by Stichting WEW;
<b>"NHG Mortgage Loan"</b>	means a Mortgage Loan that has the benefit of an NHG Guarantee;



<b>"NHG Mortgage Loan Receivable"</b>	means the Mortgage Receivable resulting from an NHG Mortgage Loan;
<b>"NIBC"</b>	means NIBC Bank N.V. a public company ( <i>naamloze vennootschap</i> ) incorporated under Dutch law and established in The Hague, the Netherlands;
<b>"NIBC Direct Hypotheken"</b>	means NIBC Direct Hypotheken B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and established in The Hague, the Netherlands;
<b>"NIBC Group"</b>	means NIBC Holding N.V. and its direct and indirect subsidiaries;
<b>"Noteholders"</b>	means the persons who for the time being are the holders of the Notes;
<b>"Notes"</b>	means the Class A Notes, the Class B Notes and the Class C Notes;
<b>"Notes and Cash Report"</b>	means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
<b>"Notes Calculation Date"</b>	means, in respect of a Notes Payment Date, the third Business Day prior to such Notes Payment Date;
<b>"Notes Calculation Period"</b>	means, in respect of a Notes Calculation Date, the Mortgage Calculation Period immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Initial Cut-Off Date and ends on and includes the last day of October 2020;
<b>"Notes Payment Date"</b>	means the 22 <sup>nd</sup> day of each calendar month or, if such day is not a Business Day, the immediately succeeding Business Day, unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day, provided that the first Notes Payment Date will fall in November 2020;
<b>"Notes Purchase Agreement"</b>	means the notes purchase agreement between the Notes Purchaser, the Issuer and the Sellers dated the Signing Date;
<b>"Notes Purchaser"</b>	means NIBC;
<b>"Optional Redemption Date"</b>	means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;
<b>"Original Foreclosure Value"</b>	means the Foreclosure Value of the Mortgaged Asset as assessed by the relevant Originator at the time of granting the Mortgage Loan;
<b>"Original Loan to Original Market Value"</b>	means in case of a Mortgage Loan originated by NIBC Direct Hypotheken, the Outstanding Principal Amount of such Mortgage Loan at the origination date divided by the Original Market Value of the Mortgaged Assets, expressed as a percentage;
<b>"Original Market Value"</b>	means the Market Value of the Mortgaged Asset as assessed by the relevant Originator at the time of granting the Mortgage Loan;
<b>"Originators"</b>	means the Sellers, SRLEV, Goudse Levensverzekeringen N.V., ING Verzekeringen N.V. and CMIS Nederland B.V. (formerly known as GMAC RFC Nederland B.V.);

<b>"Other Claim"</b>	means any claim the relevant Originator and/or Seller, as applicable, has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;
<b>"Outstanding Principal Amount"</b>	means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) in respect of such Mortgage Receivable, zero;
<b>"Parallel Debt"</b>	has the meaning ascribed thereto in section 5.7 ( <i>Security</i> ) of this Prospectus;
<b>"Parallel Debt Agreement"</b>	means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
<b>"Paying Agency Agreement"</b>	means the paying agency agreement between the Issuer, the Paying Agent and the Security Trustee dated the Signing Date;
<b>"Paying Agent"</b>	means Citibank;
<b>"Permanent Global Note"</b>	means a permanent global note in respect of a Class of Notes;
<b>"Pledge Agreements"</b>	means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and any Deed of Assignment and Pledge;
<b>"Pledge Notification Event"</b>	means any of the events specified in Clause 5.1 of the Issuer Rights Pledge Agreement;
<b>"Pledged Assets"</b>	means the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;
<b>"Ported Mortgage Available Amount"</b>	means, at any Notes Calculation Date during the Additional Purchase Period, the Available Principal Funds remaining after all payments ranking above item (b) in the Redemption Priority of Payments have been made in full;
<b>"Ported Mortgage Loan"</b>	means a mortgage loan to a Borrower (i) who was a Borrower under a Mortgage Loan and who has entered into such new mortgage loan under the conditions of and in accordance with the porting facility ( <i>verhuisregeling</i> ) included in the original Mortgage Loan, (ii) which replaces and/or increases such original Mortgage Loan, (iii) which is secured by a Mortgage on a new Mortgaged Asset and (iv) which benefits from the conditions of the original Mortgage Loan in terms of interest in accordance with the porting facility;
<b>"Ported Mortgage Receivable"</b>	means the Mortgage Receivable resulting from a Ported Mortgage Loan;
<b>"Portfolio and Performance Report"</b>	means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
<b>"Post-Enforcement Priority of Payments"</b>	means the priority of payments as set out as such in section 6.2 ( <i>Priority of Payments</i> ) of this Prospectus;
<b>"Prepayment Penalties"</b>	means any prepayment penalties ( <i>boeterente</i> ) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted

	pursuant to the Mortgage Conditions;
<b>"Previous Transaction Security Trustees"</b>	means Stichting Security Trustee Essence VII, Stichting Security Trustee Essence VI, Stichting Security Trustee Essence V, Stichting Security Trustee Dutch MBS XIX and Stichting Security Trustee NIBC Conditional Pass-Through Covered Bond Company;
<b>"Previous Transaction SPVs"</b>	means Essence VII B.V., Essence VI B.V., Essence V B.V., Dutch MBS XIX B.V. and NIBC Conditional Pass-Through Covered Bond Company B.V. and certain other limited purpose companies;
<b>"PRIIPs Regulation"</b>	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs);
<b>"Principal Amount Outstanding"</b>	has the meaning ascribed thereto in Condition 6(c) ( <i>Definitions</i> );
<b>"Principal Deficiency"</b>	means the debit balance, if any, of the relevant sub-ledger of the Principal Deficiency Ledger;
<b>"Principal Deficiency Ledger"</b>	means the principal deficiency ledger relating to the relevant Classes of Notes and comprising two sub-ledgers for each such Class of Notes;
<b>"Principal Reconciliation Ledger"</b>	means the ledger created in the Issuer Collection Account for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;
<b>"Principal Shortfall"</b>	means, with respect to any Notes Payment Date, an amount equal to (i) the balance of the relevant sub-ledger of the Principal Deficiency Ledger of the relevant Class divided by (ii) the number of Notes of the relevant Class of Notes on such Notes Payment Date;
<b>"Priority of Payments"</b>	means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement Priority of Payments;
<b>"Prospectus"</b>	means this prospectus dated 21 October 2020 relating to the issue of the Notes;
<b>"Prospectus Regulation"</b>	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
<b>"Rabobank"</b>	means Coöperatieve Rabobank U.A.;
<b>"Realised Loss"</b>	has the meaning ascribed thereto in section 6.3 ( <i>Loss Allocation</i> ) of this Prospectus;
<b>"Receivables Proceeds Distribution Agreement"</b>	means the receivables proceeds distribution agreement between, among others, the Issuer, the Security Trustee, the Previous Transaction SPVs, the Previous Transaction Security Trustees, the Sellers and Stichting Ontvangsten Hypotheekgeden dated on or about 12 May 2016;
<b>"Reconciliation Ledger"</b>	means the Interest Reconciliation Ledger and/or the Principal Reconciliation Ledger, as applicable;

<b>"Redemption Amount"</b>	means the principal amount redeemable in respect of a Note as described in Condition 6 ( <i>Redemption</i> );
<b>"Redemption Priority of Payments"</b>	means the priority of payments set out as such in section 6.2 ( <i>Priorities of Payments</i> ) of this Prospectus;
<b>"Regulation S"</b>	means Regulation S of the Securities Act;
<b>"Regulatory Call Option"</b>	means the option of the Sellers, in accordance with Condition 6(g) ( <i>Redemption for regulatory reasons</i> ), to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change;
<b>"Regulatory Change"</b>	has the meaning ascribed thereto in Condition 6(g) ( <i>Redemption for regulatory reasons</i> );
<b>"Relevant Class"</b>	has the meaning ascribed thereto in Condition 10 ( <i>Events of Default</i> );
<b>"Requisite Credit Rating"</b>	means the rating of (i) 'Prime-1' (short-term) by Moody's, (ii) A (long term) by DBRS or if DBRS has not assigned a credit rating to the relevant entity, the DBRS Equivalent Rating ;
<b>"Reserve Account"</b>	means the bank account of the Issuer, designated as such in the Issuer Account Agreement;
<b>"Reserve Account Amortisation Conditions"</b>	<p>means the conditions that on any Notes Calculation Date on which the balance standing to the credit of the Reserve Account exceeds the Reserve Account Target Level:</p> <ul style="list-style-type: none"> <li>(a) not more than 0.6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrears for a period exceeding ninety (90) days; and</li> <li>(b) the aggregate Realised Losses do not exceed 0.6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Closing Date;</li> </ul>
<b>"Reserve Account Target Level"</b>	means on any Notes Calculation Date, an amount equal to the higher of (i) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes and (ii) 0.25 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes at the Closing Date, provided that, if on such Notes Calculation Date the Reserve Account Amortisation Conditions are not met, the Reserve Account Target Level shall not be reduced and shall be equal to the Reserve Account Target Level on the immediately preceding Notes Calculation Date (until the Reserve Account Amortisation Conditions are met), unless an amount is drawn from the Reserve Account to meet item (a) up to and including (e) of the Revenue Priority of Payments in which case the Reserve Account Target Level will be reduced with an amount equal to the amount so applied;
<b>"Revenue Priority of Payments"</b>	means the priority of payments set out as such in section 6.2 ( <i>Priorities of Payments</i> ) of this Prospectus;
<b>"Risk Insurance Policy"</b>	means the risk insurance ( <i>risicoverzekering</i> ) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;
<b>"Sale Price"</b>	has the meaning ascribed thereto in section 8.1 of this Prospectus ( <i>Purchase, Repurchase and Sale</i> ).

<b>"Secured Creditors"</b>	means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Back-up Administrator, (v) the Paying Agent, (vi) the Issuer Account Bank, (vii) the Noteholders, (viii) each Seller and (ix) such other party designated by the Security Trustee to become a secured party;
<b>"Securities Act"</b>	means the United States Securities Act of 1933 (as amended);
<b>"Securitisation Regulation"</b>	means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012;
<b>"Security"</b>	means any and all security interest created pursuant to the Pledge Agreements;
<b>"Security Trustee"</b>	means Stichting Security Trustee Essence VIII, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
<b>"Security Trustee Director"</b>	means Amsterdamsch Trustee's Kantoor B.V.;
<b>"Security Trustee Management Agreement"</b>	means the security trustee management agreement between the Security Trustee, the Security Trustee Director and the Issuer dated the Signing Date;
<b>"Sellers"</b>	means any of (i) Hypinvest and (ii) NIBC Direct Hypotheken;
<b>"Sellers Clean-Up Call Option"</b>	means, on any Notes Payment Date, the option (but not the obligation) of the Sellers, acting jointly, to repurchase the Mortgage Receivables if on the Notes Calculation Date immediately preceding such Notes Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date;
<b>"Sequential Amortisation Trigger Event"</b>	<p>means in respect of a Notes Payment Date, any of the following events:</p> <ul style="list-style-type: none"> <li>(a) an amount is recorded on a Principal Deficiency Ledger on such date after giving effect to payments to be made on the relevant Notes Payment Date in accordance with the Revenue Priority of Payments;</li> <li>(b) the amount deposited on the Liquidity Reserve Account falls below the Liquidity Reserve Account Target Level;</li> <li>(c) the amount deposited on the Reserve Account falls below the Reserve Account Target Level; or</li> <li>(d) the aggregate Principal Amount Outstanding of the Notes is not more than an amount equal to twenty (20) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date; or</li> <li>(e) the First Optional Redemption Date has occurred; or</li> <li>(f) on the last day of the Mortgage Calculation Period immediately preceding the relevant Transfer Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables which are in arrears for a period exceeding ninety (90) days exceeds 0.6 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables,</li> </ul> <p>if all of the above events are no longer occurring, a Sequential Amortisation Trigger Event will cease to be applicable and after such date no Sequential Amortisation Trigger Event will be deemed to have occurred;</p>

<b>"Servicer"</b>	means NIBC;
<b>"Services"</b>	means the Mortgage Loan Services and the Issuer Services;
<b>"Servicing Agreement"</b>	means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;
<b>"Shareholder"</b>	means Stichting Dutch MBS Holding, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
<b>"Shareholder Director"</b>	means Intertrust (Netherlands) B.V.;
<b>"Shareholder Management Agreement"</b>	means the shareholder management agreement between the Shareholder and the Shareholder Director dated 30 October 1998, as of which the Security Trustee has the benefit as a result of the letter signed for acceptance by the Security Trustee dated the Signing Date;
<b>"Signing Date"</b>	means 21 October 2020 or such later date as may be agreed between the Issuer and NIBC;
<b>"Solvency II"</b>	means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of Insurance and Reinsurance;
<b>"Solvency II Regulation"</b>	means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of Insurance and Reinsurance;
<b>"SRLEV"</b>	means SRLEV N.V.;
<b>"SRM Regulation"</b>	means regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, and the rules and regulations related thereto;
<b>"Stater"</b>	means Stater Nederland B.V.;
<b>"Stater Personal Data Release Letter "</b>	means the Stater personal data release letter between the Seller, the Issuer, the Security Trustee and Stater dated the Signing Date;
<b>"Stichting WEW"</b>	means Stichting Waarborgfonds Eigen Woningen;
<b>"Subordinated Notes"</b>	means the Class B Notes and the Class C Notes;
<b>"Sub-servicer"</b>	means Stater Nederland B.V. or any subsequent sub-agent of the Servicer;
<b>"Substitute Mortgage Loan"</b>	means a Mortgage Loan granted by the relevant Originator to the relevant Borrower, which may consist of one or more loan parts ( <i>leningdelen</i> ) 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 and designated as Substitute Mortgage Loan therein;
<b>"Substitute Mortgage"</b>	means the Mortgage Receivable resulting from a Substitute Mortgage Loan;

<b>Receivable"</b>	
<b>"Substitution Available Amount"</b>	means, at any Notes Calculation Date up to, but excluding, the Notes Calculation Date immediately preceding the Final Maturity Date, any amounts received by the Issuer as a result of a Mandatory Repurchase of Mortgage Receivables by the relevant Seller or the Sellers, as the case may be, to the extent such amounts relate to principal during the immediately preceding Mortgage Calculation Period, other than in case of a purchase of all Mortgage Receivables;
<b>"TARGET 2"</b>	means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;
<b>"TARGET 2 Settlement Day"</b>	means any day on which TARGET 2 is open for the settlement of payments in euro;
<b>"Tax Call Option"</b>	means the option of the Issuer, in accordance with Conditions 6(f) ( <i>Redemption for tax reasons</i> ), to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to, in respect of the Class B Notes, Condition 9(b) ( <i>Principal</i> );
<b>"Temporary Global Note"</b>	means a temporary global note in respect of a Class of Notes;
<b>"Transaction Documents"</b>	means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deeds of Assignment and Pledge, the Stater Personal Data Release Letter, the Administration Agreement, the Back-up Administration Agreement, the Issuer Account Agreement, the Servicing Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Collection Foundation Agreements and the Trust Deed;
<b>"Trust Deed"</b>	means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;
<b>"Underlying Assets"</b>	means residential, commercial and mixed use real estate properties located in the Netherlands;
<b>"Unit-Linked Alternative"</b>	has the meaning ascribed thereto in section 1.6 ( <i>Portfolio Information</i> );
<b>"Wft"</b>	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and its subordinate and implementing decrees and regulations as amended from time to time;
<b>"Wge"</b>	means the Dutch Securities Giro Transfer Act ( <i>Wet giraal effectenverkeer</i> );
<b>"WOZ"</b>	means the Dutch Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ) as amended from time to time.

## 10.2 INTERPRETATION

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

2. 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 or the Class C Notes, as applicable;

a "**Class A**" or "**Class B**" or "**Class C**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, a Redemption Amount, a Temporary Global Note or a Permanent Global Note pertaining to, as applicable, the relevant Class of Notes;

a "**Code**" shall be construed as a reference to such code as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

"**encumbrance**" includes any mortgage, charge or pledge or other limited right (*beperkt recht*) securing any obligation of any person, or any other arrangement having a similar effect;

"**Euroclear**" and/or "**Clearstream, Luxembourg**" includes any additional or alternative clearing system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative clearing system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

the "**records of Euroclear and Clearstream, Luxembourg**" are to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Notes;

"**foreclosure**" includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" or "**directive**" or "**regulation**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be



construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "**months**" and "**monthly**" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "*pro resto hoofdsom*" and, where applicable, shall include premium;

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party 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

3. In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.
4. Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## **11. REGISTERED OFFICES**

### **THE ISSUER**

Essence VIII B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLERS**

c/o NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ The Hague  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Essence VIII  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SERVICER, ISSUER ADMINISTRATOR AND LISTING AGENT**

NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ The Hague  
The Netherlands

### **PAYING AGENT**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

### **SUB-SERVICER**

Stater Nederland B.V.  
Podium 1  
3826 PA Amersfoort  
The Netherlands

### **LEGAL AND TAX ADVISERS (AS TO DUTCH LAW) TO THE SELLERS AND THE ISSUER**

NautaDutilh N.V.  
Beethovenstraat 400  
1082 PR Amsterdam  
The Netherlands

### **AUDITORS**

Mazars Accountants N.V.  
Watermanweg 80  
3067 GG Rotterdam  
The Netherlands

### **ISSUER ACCOUNT BANK**

Coöperatieve Rabobank U.A. (Rabobank)  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**COMMON SAFEKEEPER**

**In respect of the Class A Notes**

Euroclear Bank S.A./N.V.  
1 Boulevard du Roi Albert II  
1210 Brussels  
Belgium

or

Clearstream, Luxembourg  
42 Avenue J.F. Kennedy  
L-1855 Luxembourg  
Luxembourg

**In respect of the Subordinated Notes**

Citibank Europe Plc  
1 North Wall Quay  
Dublin 1  
Ireland

**LEAD MANAGER**

NIBC Bank N.V.  
Carnegieplein 4  
2517 KJ The Hague  
The Netherlands