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

# PROSPECTUS DATED 7 APRIL 2016

## Hypenn RMBS V B.V. as Issuer

(incorporated with limited liability in the Netherlands)

	<b>Class A1</b>	<b>Class A2</b>	<b>Class B</b>
<b>Principal Amount</b>	EUR 125,000,000	EUR 375,000,000	EUR 31,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	three month Euribor plus a margin of 0.28 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.45 per cent. per annum with a minimum of 0 per cent. per annum	n/a
<b>Interest rate from First Optional Redemption Date</b>	three month Euribor plus a margin of 0.56 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.90 per cent. per annum with a minimum of 0 per cent. per annum	n/a
<b>Interest accrual</b>	Act/360	Act/360	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	n/a
<b>First Notes Payment Date</b>	July 2016	July 2016	July 2016
<b>First Optional Redemption Date</b>	Notes Payment Date falling in April 2021	Notes Payment Date falling in April 2021	Notes Payment Date falling in April 2021
<b>Final Maturity Date</b>	Notes Payment Date falling in October 2097	Notes Payment Date falling in October 2097	Notes Payment Date falling in October 2097

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

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 11 April 2016 (or such later date as may be agreed between the Seller and the Issuer) (the <b>Closing Date</b> ).
<b>Underlying Assets</b>	The Issuer will make payments on the Notes in accordance with the relevant Priority of Payments from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising mortgage loans originated by the relevant Originator and secured over residential properties located in the Netherlands. Legal title to the resulting NHG Mortgage Receivables will be assigned by the Seller to the Issuer on the Closing Date and, subject to certain conditions being met, on any Notes Payment Date thereafter. See Section 6.2 (Description of Mortgage Loans) for more details.
<b>Security for the</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the

<b>Notes</b>	Security Trustee over, <i>inter alia</i> , the NHG Mortgage Receivables and the Issuer Rights (see Section 4.7 ( <i>Security</i> )).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000.
<b>Form</b>	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest</b>	The Class A1 Notes and the Class A2 Notes will carry a floating rate of interest (provided however that if and as long as the interest rate equal to Euribor for three (3) month deposits in euro (determined in accordance with Condition 4(e)) plus the applicable margin is less than an interest rate equal to 0 per cent. per annum, the Class A1 Notes and/or the Class A2 Notes, as applicable, will carry an interest rate equal to 0 per cent. per annum), payable quarterly in arrear on each Notes Payment Date. The Class B Notes will not carry any interest. See further Section 4.1 ( <i>Terms and Conditions</i> ) and Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Unless previously redeemed in full, payments of principal on the Notes will be made on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances the Issuer will have the option to redeem all (but not some only) of the Notes. The Notes will mature on the Final Maturity Date. See further Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale</b>	Rabobank and NN Bank have agreed to purchase at the Closing Date, subject to certain conditions precedent being satisfied, the Class A Notes. Furthermore, NN Bank has agreed, subject to certain conditions precedent being satisfied, to purchase at the Closing Date the Class B Notes
<b>Credit Rating Agencies</b>	Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ( <b>ESMA</b> ) on its website in accordance with the CRA Regulation.
<b>Credit Ratings</b>	<p>Credit ratings will be assigned to the Class A Notes, as set out above on or before the Closing Date.</p> <p>The ratings of the Class A Notes address the assessment made by Fitch and Moody's of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date, but does not provide any certainty nor guarantee.</p> <p><b>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Class A Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</b></p>
<b>Listing</b>	<p>Application has been made to list the Class A Notes on Euronext Amsterdam. The Class B Notes will not be listed. The Class A Notes are expected to be listed on or about the Closing Date.</p> <p>This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.</p>
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear Netherlands. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes are not intended to be held in a manner which allows Eurosystem Eligibility.
<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity, save in limited circumstances. The Issuer will have limited sources of funds available to it. See Section 2 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The right of payment of principal on the Class B Notes is subordinated to the Class A Notes. See Section 5 ( <i>Credit Structure</i> ).
<b>Retention and Information Undertaking</b>	<p>NN Bank, in its capacity as Seller, has undertaken to the Issuer, the Security Trustee and Rabobank that, for as long as the Notes are outstanding, it will at all times retain a material net economic interest in the securitisation transaction which shall in any event not be less than 5%, in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation. See Section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p> <p>The Seller has also undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, Articles 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation, which information can be obtained from the Seller upon request. Each prospective Noteholder should ensure that it complies with the CRR, the AIFMR and the Solvency II Regulation to the</p>

	extent they apply to it.
<b>Volcker Rule</b>	The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the <b>Investment Company Act</b> ) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.

**For a discussion of some of the 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 paragraph 9.1 (*Definitions*) of the *Glossary of Defined Terms* set out in this Prospectus.

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

The date of this Prospectus is 7 April 2016.

*Arranger*

**Coöperatieve Rabobank U.A.**

*Lead Managers*

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

**Coöperatieve Rabobank U.A.**

## RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts such responsibility accordingly.

The Seller is also responsible for the information contained in the following sections of this Prospectus: all paragraphs dealing with article 405 of the CRR, article 51 of the AIFMR and articles 254 and 256 of the Solvency II Regulation, paragraph *Portfolio Information* in Section 1.6 (*Overview*), Section 3.4. (*Seller / Originators*), Section 4.4 (*Regulatory and Industry Compliance*), Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of Mortgage Loans*), Section 6.3 (*Origination and Servicing*), Section 6.4 (*Dutch Residential Mortgage Market*) and Section 6.5 (*NHG Guarantee Programme*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and sections, as applicable is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

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

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

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the Section 4.3 (*Subscription and Sale*) below. No one is authorised by the Issuer or the Seller to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

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

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

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

The Notes have not been and will not be registered under the Securities Act and will not include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see Section 4.3 (*Subscription and Sale*) below).

Rabobank as Arranger and each of Rabobank and NN Bank as the Lead Managers have not separately verified the information set out in this Prospectus. To the fullest extent permitted by law, neither Rabobank in its capacity as Arranger nor Rabobank and NN Bank in their capacities as Lead Managers 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. Each of Rabobank and NN Bank disclaims any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

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## **1. TRANSACTION OVERVIEW**

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

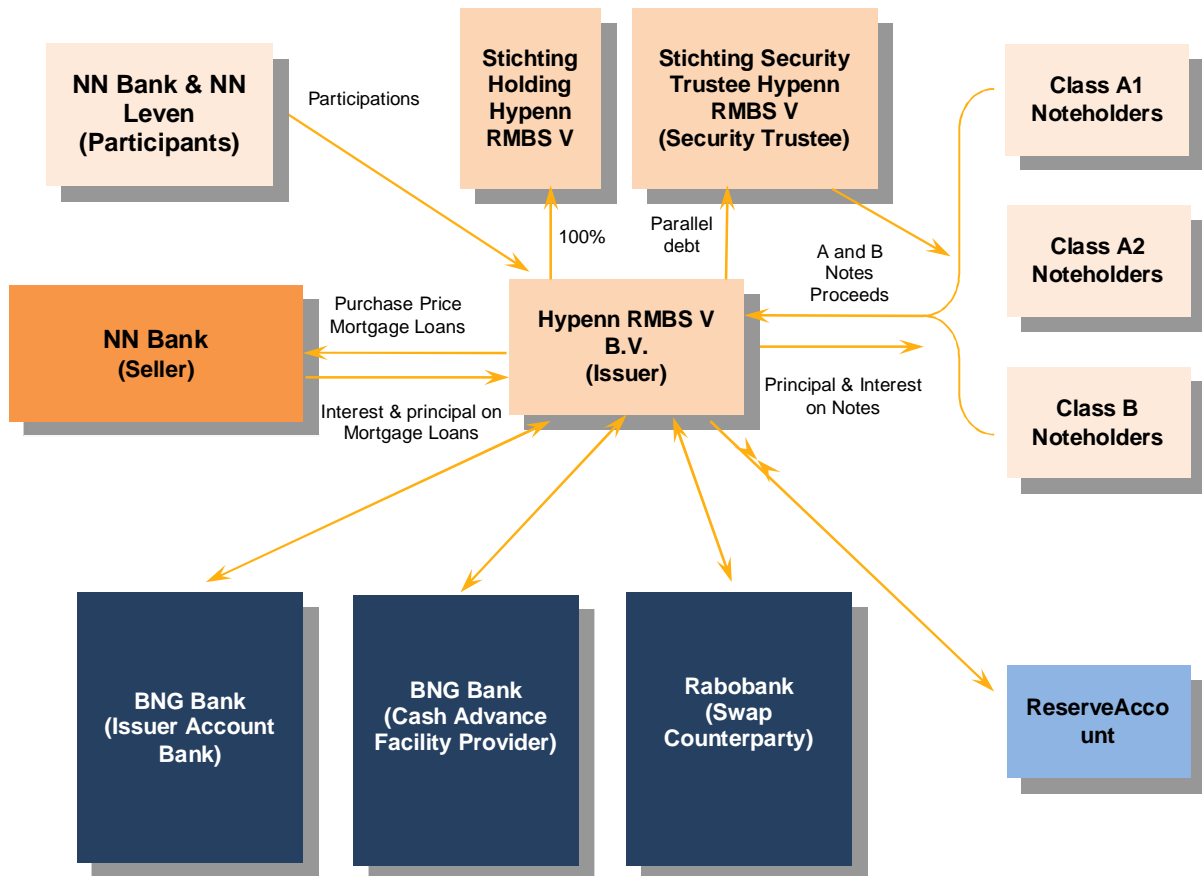
*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 9.1 (Definitions) of the Glossary of Defined Terms set out in this Prospectus.*

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



## 1.1 STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the transaction. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus.



## 1.2 RISK FACTORS

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

### 1.3 PRINCIPAL PARTIES

<b>Issuer:</b>	Hypenn RMBS V B.V., incorporated under Dutch law as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65486617. The entire issued share capital of the Issuer is held by the Shareholder.
<b>Shareholder:</b>	Stichting Holding Hypenn RMBS V, established under Dutch law as a foundation ( <i>stichting</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65475607.
<b>Security Trustee:</b>	Stichting Security Trustee Hypenn RMBS V, established under Dutch law as a foundation ( <i>stichting</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce under number 65704010.
<b>Seller:</b>	Nationale-Nederlanden Bank N.V., incorporated under Dutch law as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its corporate seat in 's-Gravenhage, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 52605884.
<b>Originators:</b>	(i) Nationale-Nederlanden Levensverzekering Maatschappij N.V., incorporated under Dutch law as a public company with limited liability ( <i>naamloze vennootschap</i> ), having its corporate seat in Rotterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 24042211 and (ii) NN Bank.
<b>Servicer:</b>	NN Bank.
<b>Issuer Administrator:</b>	NN Bank. If the Capital Requirement Trigger Event occurs or NN Bank defaults in the performance of the Issuer Services, NN Bank will be replaced by Intertrust Administrative Services B.V.
<b>Cash Advance Facility Provider:</b>	BNG Bank.
<b>Swap Counterparty:</b>	Rabobank.
<b>Issuer Account Bank:</b>	BNG Bank.
<b>Directors:</b>	Intertrust Management B.V., the sole director of the Issuer and of the Shareholder and SGG Securitisation Services B.V., the sole director of the Security Trustee.
<b>Paying Agent:</b>	Rabobank.
<b>Reference Agent:</b>	Rabobank.
<b>Listing Agent:</b>	Rabobank.
<b>Arranger:</b>	Rabobank.
<b>Lead Managers:</b>	Rabobank and NN Bank.
<b>Bank Savings Participant:</b>	NN Bank.
<b>Insurance Savings Participant:</b>	NN Leven.



## 1.4 NOTES

Certain features of the Notes are summarised below (see for a further description Section 4 (*the Notes*) below):

	<b>Class A1</b>	<b>Class A2</b>	<b>Class B</b>
<b>Principal Amount</b>	EUR 125,000,000	EUR 375,000,000	EUR 31,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	three month Euribor plus a margin of 0.28 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.45 per cent. per annum with a minimum of 0 per cent. per annum	n/a
<b>Interest rate from First Optional Redemption Date</b>	three month Euribor plus a margin of 0.56 per cent. per annum with a minimum of 0 per cent. per annum	three month Euribor plus a margin of 0.90 per cent. per annum with a minimum of 0 per cent. per annum	n/a
<b>Interest accrual</b>	Act/360	Act/360	n/a
<b>Expected ratings (Fitch / Moody's)</b>	'AAA' sf / 'Aaa' (sf)	'AAA' sf / 'Aaa' (sf)	n/a
<b>First Notes Payment Date</b>	July 2016	July 2016	July 2016
<b>First Optional Redemption Date</b>	Notes Payment Date falling in April 2021	Notes Payment Date falling in April 2021	Notes Payment Date falling in April 2021
<b>Final Maturity Date</b>	Notes Payment Date falling in October 2097	Notes Payment Date falling in October 2097	Notes Payment Date falling in October 2097

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

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

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

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

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

<b>Denomination:</b>	The Notes will be issued in denominations of EUR 100,000.
<b>Status &amp; Ranking:</b>	The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed payments of principal on the Class B Notes are subordinated to, <i>inter alia</i> , payments of principal on the Class A Notes. See further Section 4.1 ( <i>Terms and Conditions</i> ) and <i>Risk related to the split between the Class A1 Notes and the Class A2 Notes</i> in Section 2 ( <i>Risk Factors</i> ).
<b>Interest:</b>	<p><i>Class A1 Notes and Class A2 Notes</i></p> <p>Interest on the Class A Notes is payable by reference to the successive Interest Periods.</p> <p>Interest will be payable quarterly in arrear in respect of the Principal Amount Outstanding on each Notes Payment Date.</p> <p>The interest on the Class A1 Notes and the Class A2 Notes will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.</p> <p><i>Interest on the Class A1 Notes and the Class A2 Notes up to and including the First Optional Redemption Date</i></p> <p>Up to the First Optional Redemption Date, interest on the Class A1 Notes and the Class A2 Notes for each Interest Period will accrue at an annual rate equal to the sum of the Euribor for three month deposits in EUR (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for three (3) and six (6) month deposits in EUR, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.000005, being rounded upwards), plus a margin of:</p> <ul style="list-style-type: none"> <li>(i) for the Class A1 Notes, 0.28 per cent. per annum; and</li> <li>(ii) for the Class A2 Notes, 0.45 per cent. per annum,</li> </ul> <p>in each case with a minimum of 0 per cent. per annum.</p> <p><i>Interest on the Class A1 Notes and the Class A2 Notes following the First Optional Redemption Date</i></p> <p>If on the First Optional Redemption Date the Notes will not have been redeemed in full, the rate of interest applicable to the Class A1 Notes and the Class A2 Notes will accrue at an annual rate equal to the sum of Euribor for three month deposits, plus a margin of:</p> <ul style="list-style-type: none"> <li>(i) for the Class A1 Notes, 0.56 per cent. per annum; and</li> <li>(ii) for the Class A2 Notes, 0.90 per cent. per annum,</li> </ul> <p>in each case with a minimum of 0 per cent. per annum.</p> <p><i>Class B Notes</i></p> <p>No interest will be payable in respect of the Class B Notes.</p>
<b>Final Maturity Date:</b>	If and to the extent not redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to and in accordance with Condition 6(a) and Condition 9(a).

**Mandatory Redemption  
of the Notes:**

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

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

**Optional  
Redemption  
of the Notes:**

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

**Redemption  
for regulatory  
reasons:**

In the event of the occurrence of a Regulatory Change and provided that the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding the relevant Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed, the Issuer may, if so directed by the Seller, redeem all (but not some only) of the Notes, on any Notes Payment Date at their Principal Amount Outstanding on such date, together with interest accrued up to and including the date of redemption, subject to and in accordance with Condition 6(g) and Condition 9(a). The Seller has undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept re-assignment of the NHG Mortgage Receivables, if the Issuer upon the direction of the Seller exercises the Regulatory Call Option, or alternatively the Seller may appoint a third party at its discretion to purchase and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to such third party. The purchase price will be calculated as described in Section 7.1 (*Purchase, Repurchase and Sale*).

**Redemption  
for tax reasons:**

If the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it and provided that the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding the relevant Notes Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed, the Issuer has the option to redeem all (but not some only) of the Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to and in accordance with Condition 6(f) and Condition 9(a).

**Retention and disclosure**

In respect of the issue of the Notes, NN Bank shall retain, for as long as

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

the Notes are outstanding, on an ongoing basis, a material net economic interest in the securitisation transaction which, in any event, shall not be less than 5% in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation.

At the date of this Prospectus such interest is retained in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation holding the Class B Notes.

The Notes Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, articles 408 and 409 of the CRR and articles 254 and 256 paragraph (3) sub (a) up to and including sub (c) and sub (e) of the Solvency II Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant information to investors with a view to such investor complying with Article 405 up to and including 409 of the CRR, Article 51 and 52 of the AIFMR and Article 254 and 256 of the Solvency II Regulation (see Section 8 (*General*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details).

**Use of  
proceeds:**

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

**Withholding  
Tax:**

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges is required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

**FATCA Withholding:**

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

**Method of  
Payment:**

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

**Security for the Notes:**

The Notes have the benefit of:



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

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

**Parallel Debt Agreement:**

On the Signing Date, the Issuer and the Security Trustee will – among others – enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

**Paying Agency Agreement:**

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

**Listing:**

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

**Credit ratings:**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' (sf) credit rating by Fitch and a 'Aaa (sf)' credit rating by Moody's. Each of the Credit Rating Agencies is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies. The Class B Notes will not be assigned a credit rating.

**Settlement:**

Euroclear Netherlands.

**Governing Law:**

The Notes and the Transaction Documents, other than the Swap Agreement, will be governed by and construed in accordance with Dutch law. The Swap Agreement will be governed by and construed in accordance with English law.

**Selling Restrictions:**

There are selling restrictions in relation to the European Economic Area, France, Italy, the Netherlands, the United Kingdom and the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See *Subscription and Sale*.

## 1.5 CREDIT STRUCTURE

<b>Available Funds:</b>	The Issuer will use receipts of principal and interest in respect of the NHG Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Swap Agreement, the Participation Agreements and drawings from the Reserve Account and the Issuer Collection Account, to make payments of, <i>inter alia</i> , principal and interest due in respect of the Notes.
<b>Priority of Payments:</b>	The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see Section 5 ( <i>Credit Structure</i> ) below) and payment of principal on the Class B Notes will be subordinated to payment of principal under the Class A Notes and limited as more fully described herein in Section 4.1 ( <i>Terms and Conditions</i> ) and Section 5 ( <i>Credit Structure</i> ).
<b>Swap Agreement:</b>	On or before the Signing Date, the Issuer will enter into a Swap Agreement with the Swap Counterparty to hedge the interest rate risk between (a) (a <i>pro rata</i> part of) the interest to be received by the Issuer on the NHG Mortgage Receivables and (b) the floating rate of interest due and payable by the Issuer on the Class A1 Notes and the Class A2 Notes. See further section 5 ( <i>Credit Structure</i> ) below.
<b>Cash Advance Facility Agreement:</b>	On the Signing Date, the Issuer will enter into the Cash Advance Facility Agreement with a maximum term of 364 days with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further Section 5 ( <i>Credit Structure</i> ) below.
<b>Issuer Accounts:</b>	<p>The Issuer shall maintain with the Issuer Account Bank the following accounts:</p> <ul style="list-style-type: none"><li>(i) an account to which on each Mortgage Collection Payment Date - <i>inter alia</i> - all amounts received in respect of the NHG Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement;</li><li>(ii) an account to which on the Closing Date and on each Notes Payment Date the amounts equal to the aggregate Construction Deposits which are withheld by the Issuer from the relevant Initial Purchase Price shall be deposited;</li><li>(iii) an account to which on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments will be transferred up to the Reserve Account Target Level;</li><li>(iv) an account to which any collateral in the form of cash pursuant to the Swap Agreement will be transferred; and</li><li>(v) subject to the entering into by the Seller and the Issuer of the Financial Collateral Agreement, an account comprising two ledgers, known as the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Cash Collateral Ledger to which an amount equal to the Potential Set-Off Amount and/or Other Claim Amount will be credited.</li></ul>

**Issuer Account Agreement:** On the Signing Date, the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank, under which the Issuer Account Bank agrees to pay a guaranteed interest rate determined by reference to EONIA or Euribor minus a margin, on the balance standing to the credit of each of the Issuer Accounts from time to time. See Section 5 (*Credit Structure*).

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

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

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

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

## 1.6 PORTFOLIO INFORMATION

### Mortgage Loans:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the Seller the NHG Mortgage Receivables. The NHG Mortgage Receivables will result from Mortgage Loans secured by a mortgage right over Mortgaged Assets which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in respect of Substitute Mortgage Receivables and/or Further Advance Receivables, on the relevant Notes Payment Date.

The Mortgage Loans have been originated by the relevant Originator. See Section 6.3 (*Origination and Servicing*) below.

As regards the Mortgage Loans originated by NN Leven, legal title has been transferred to the Seller prior to the Closing Date by way of undisclosed assignment (*stille cessie*), through a notarial deed of assignment and several registered deeds of assignment (**Assignment I**) and legal title to such Mortgage Loans will be assigned on the Closing Date by the Seller to the Issuer (**Assignment II**) by way of undisclosed assignment (*stille cessie*) through a registered deed of assignment. The legal title of the NHG Mortgage Receivables which have been originated by the Seller, will also be assigned on the Closing Date by the Seller to the Issuer by way of undisclosed assignment (*stille cessie*) (also referred to as **Assignment II**) through a registered deed of assignment. The legal title in respect of the Substitute Mortgage Receivables and Further Advance Receivables on each relevant Notes Payment Date up to (but excluding) the First Optional Redemption Date have been or, as the case may be, will be assigned (i) in respect of Substitute Mortgage Receivables and Further Advance Receivables which have been originated by NN Leven (a) first, by NN Leven to the Seller (to the extent such NHG Mortgage Receivables have not been assigned previously) and (b) second, by the Seller to the Issuer and (ii) in respect of Substitute Mortgage Receivables and Further Advance Receivables which have been originated by the Seller, by the Seller to the Issuer, each through a registered deed of assignment.

The pool of Mortgage Loans (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) will consist of Savings Mortgage Loans (*spaarhypotheken*), Bank Savings Mortgage Loans (*bankspaarhypotheken*), Switch Mortgage Loans (*switchhypotheken*), Life Mortgage Loans (*levenhypotheken*), Linear Mortgage Loans (*lineaire hypotheken*), Annuity Mortgage Loans (*annuïteiten hypotheken*), Investment Mortgage Loans (*beleggingshypotheken*), Interest-only Mortgage Loans (*aflossingsvrije hypotheken*) or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts. If a Mortgage Loan consists of one or more Loan Parts, the Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, Loan Parts of such Mortgage Loan at the Closing Date (or at the relevant Notes Payment Date as the case may be). See further Section 6.2 (*Description of Mortgage Loans*).

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

**NHG Guarantee:**

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

**Bank Savings Mortgage Loans:**

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

**Savings Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Savings Mortgage Loans, which consist of Mortgage Loans entered into by the relevant Originator and the relevant Borrowers combined with a Savings Insurance Policy with the Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Savings Participant in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan, no principal is paid by the Borrower prior to maturity of the Savings Mortgage Loan. Instead, the Borrower/insured pays a Savings Premium on a monthly basis. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Savings Participant to the relevant Borrower is equal to the principal amount due by the Borrower to the relevant Originator at maturity of the Savings Mortgage Loan. The Savings Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Savings Mortgage Loan.

**Switch Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Switch Mortgage Loans. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy with the Insurance Savings Participant whereby the premiums paid are invested in Investment Alternatives and/or Savings Alternatives. It is the intention that the Switch Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The Borrowers have the possibility to switch (*omzetten*) their investments in the Investment Alternative to and from the relevant Savings Alternative. The Savings Investment Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Switch Mortgage Loan.

**Life Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Life Mortgage Loans, which have the benefit of Life Insurance Policies taken out by Borrowers with an Insurance Company. Under a Life Mortgage Loan, no principal is paid until maturity. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the investments under the Life Insurance Policy. The Insurance Policies are pledged to the relevant Originator. See further Section 6.2 (*Description of the Mortgage Loans*).

<b>Investment Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Investment Mortgage Loans. Under an Investment Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an instalment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The rights under these investments are pledged to the relevant Originator as security for repayment of the relevant Investment Mortgage Loan. See further Section 6.2 ( <i>Description of the Mortgage Loans</i> ).
<b>Linear Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.
<b>Annuity Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Annuity Mortgage Loans. Under an Annuity Mortgage Loan the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that such Mortgage Loan will be fully redeemed at the end of its term.
<b>Interest-only Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan until the maturity of such Mortgage Loan. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans from which NHG Mortgage Receivables result may have been granted up to an amount equal to 90 per cent. of the Foreclosure Value of the Mortgaged Asset at origination. Some of the Interest-only Mortgage Loans do not have a specified maturity date and therefore qualify as perpetual Interest-only Mortgage Loans.

## 1.7 PORTFOLIO DOCUMENTATION

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

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

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

### **Purchase of Substitute Mortgage Receivables and Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Notes Payment Date up to (but excluding) the First Optional Redemption Date to the extent funds are available for this purpose in the Purchase Available Amount, purchase from the Seller Substitute Mortgage Receivables and Further Advance Receivables subject to fulfilment of certain conditions and to the extent offered by the Seller.

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

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

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



- (iv) the Insurance Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to an Investment Alternative; or
- (v) after the relevant Originator agrees with a Borrower to switch the Mortgage Loan from which such NHG Mortgage Receivable arises, from a Life Mortgage Loan, a Bank Savings Mortgage Loan, a Savings Mortgage Loan, an Annuity Mortgage Loan or a Linear Mortgage Loan into (a part of) any type of Mortgage Loan other than a Life Mortgage Loan, a Bank Savings Mortgage Loan, a Savings Mortgage Loan, an Annuity Mortgage Loan or a Linear Mortgage Loan, as applicable; or
- (vi) the relevant Originator agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer during the Mortgage Calculation Period on or before the Mortgage Collection Payment Date immediately succeeding such Mortgage Calculation Period; or
- (vii) on the Notes Payment Date immediately following the date on which the relevant Originator agrees with a Borrower under and in respect of such NHG Mortgage Receivable to grant a Further Advance under the relevant Mortgage Loan, *inter alia*, if and to the extent that the Further Advance Receivables do not meet the Purchase Conditions; or
- (viii) in respect of Interest-only Mortgage Loans without a specified maturity date, a third party assumes the debt of a Borrower under the relevant Interest-only Mortgage Loan without a specified maturity date (*overnemen van schuld*).

Furthermore, the Seller has the option to repurchase and accept the re-assignment from the Issuer:

- (ix) if the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables is higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights having the highest Potential Set-Off Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables; and
- (x) if the aggregate Other Claim Amount related to the NHG Mortgage Receivables is higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights having the highest Other Claim Amount connected to it as selected by the

Seller, as a result of which, following such repurchase, the aggregate Other Claim Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

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

**Clean-Up Call Option:**

If on any Notes Payment Date, the aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the NHG Mortgage Receivables.

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

**Sale of Mortgage Receivables:**

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

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

*Right of first refusal*

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

*Purchase price*

The purchase price of each NHG Mortgage Receivable in the event of a sale by the Issuer shall be at least equal to (i) the relevant Outstanding Principal Amount at such time, increased with interest due but not paid

and, if the NHG Mortgage Receivables are repurchased by the Seller, any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to NHG Mortgage Receivables in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings with the Mortgage Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to (i) the Foreclosure Value of the Mortgaged Asset or (ii), if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and (b) the value of all other collateral and (c) the amount claimable under the NHG Guarantee and (ii) the sum of the Outstanding Principal Amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable up to the relevant date of such sale or repurchase (II), increased by an amount equal to any payment due by the Issuer to the Swap Counterparty in connection with the termination of the Swap Agreement, or as the case may be, reduced by any payment due by the Swap Counterparty to the Issuer in connection with the termination of the Swap Agreement.

**Bank Savings Participation Agreement:**

Under the terms of the Bank Savings Participation Agreement, the Bank Savings Participant will acquire participations in the Bank Savings Mortgage Receivables in consideration for the undertaking of the Bank Savings Participant to pay to the Issuer all amounts received as Bank Savings Deposits. As a result, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the Issuer. The amount of the Bank Savings Participation with respect to a Bank Savings Mortgage Receivable consists of (a) the Initial Bank Savings Participation, being an amount equal to EUR 16,866,296.17, increased on a monthly basis with (b) the sum of (i) the monthly Bank Savings Deposit instalments received by the Bank Savings Participant in relation to the Bank Savings Mortgage Receivables and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the Bank Savings Mortgage Receivable, of the interest received by the Issuer in respect of such Bank Savings Mortgage Receivable. In addition, the Bank Savings Participant will pay to the Issuer an amount equal to the Bank Savings Bonus Amount, if and when accrued. See Section 7.6 (*Sub-Participation*).

**Insurance Savings Participation Agreement**

Under the terms of the Insurance Savings Participation Agreement, the Insurance Savings Participant will acquire participations in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative equal to amounts of Savings Premium paid by the relevant Borrower to the Insurance Savings Participant in respect of a Savings Insurance Policy or Savings Investment Insurance Policy (including accrued interest thereon). In the Insurance Savings Participation Agreement, the Insurance Savings Participant will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium (including in respect of the Initial Insurance Savings Participation only, accrued interest thereon) on the relevant Savings Insurance Policies or Savings Investment Insurance Policies. In return, the Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount in respect of the Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative from the Issuer. The amount of the Insurance Savings Participation with respect to a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, consists of (a)

the Initial Insurance Savings Participation at the Closing Date or in the case of purchase of a Substitute Mortgage Receivable or Further Advance Receivables to which a Savings Insurance Policy or a Savings Investment Insurance Policy is connected and a Savings Alternative is connected to such Savings Investment Insurance Policy, on the Notes Payment Date on which such Substitute Mortgage Receivable or Further Advance Receivable is purchased or in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative on the Mortgage Collection Payment Date (which in each case is equal to the sum of all amounts due to the Insurance Savings Participant as Savings Premium and accrued interest up to the first day of the month immediately preceding the month wherein the relevant Substitute Mortgage Receivable or Further Advance Receivable is purchased or the relevant Mortgage Collection Payment Date falls), being, in case of the total Initial Insurance Savings Participation at the Closing Date, an amount equal to EUR 3,317,811.00 increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Insurance Savings Participant and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable. See Section 7.6 (*Sub-Participation*).

**Servicing  
Agreement:**

Under the Servicing Agreement, (i) the Servicer will agree to provide mortgage payment transactions and the other services as agreed in the Servicing Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the NHG Mortgage Receivables and (ii) the Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further Section 7.5 (*Servicing Agreement*)).

## 1.8 GENERAL

### **Management Agreements:**

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

## **2. RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest (if any), 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.*

## **RISK FACTORS REGARDING THE ISSUER**

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

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

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

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

The ability of the Issuer to meet its obligations in full to pay principal of and interest, if any, on the Notes will be dependent solely on (a) the receipt by it of funds under the NHG Mortgage Receivables and the Beneficiary Rights relating thereto, (b) the proceeds of the sale of any NHG Mortgage Receivables, (c) receipt of amounts under the Swap Agreement and the Participation Agreements, (d) drawings under the Reserve Account and/or the Cash Advance Facility Agreement and (e) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts. See Section 5 (*Credit Structure*) below. The Issuer does not have any other resources available to it to meet its obligations under the Notes.

With respect to the Reserve Account, Noteholders should be aware that no amounts will be credited to the Reserve Account on the Closing Date. The Issuer will transfer on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments up to the Reserve Account Target Level. As a consequence there is no guarantee that the Reserve Account will be funded or will be funded up to the Reserve Account Target level from time to time.

Consequently, the Issuer may be unable to recover fully and/or timely the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

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

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

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

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

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

Certain counterparties of the Issuer are required to have a certain minimum rating pursuant to the

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

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

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

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

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

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

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and on the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also Section 4.7 (*Security*)). However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements and the Deeds of Assignment and Pledge.

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

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

Under the Wft a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the



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

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

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

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

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

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

If the Swap Agreement terminates the Issuer may have to pay a termination payment to the Swap

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

If a replacement swap agreement is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including, *inter alia*, the Noteholders). The Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If a replacement swap counterparty cannot be found, the risk of a difference between the rate of interest to be received by the Issuer on the NHG Mortgage Receivables and the rate of interest payable by the Issuer on the Class A1 Notes and the Class A2 Notes will not be hedged, and as a result, the Available Revenue Funds may be insufficient to make the required payments of interest on the Class A1 Notes and the Class A2 Notes (and the required payments ranking higher in the Revenue Priority of Payments than the interest on the Class A1 Notes and the Class A2 Notes) if the rate of interest received by the Issuer on the NHG Mortgage Receivables is substantially lower than the rate of interest payable by it on the Class A1 Notes and the Class A2 Notes. In these circumstances, the holders of Class A Notes may experience delays and/or reductions in the interest payments to be received by them. In addition, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Class A Notes by the Credit Rating Agencies.

#### **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "*flip clauses*"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Swap Counterparty Subordinated Payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. The Issuer has been advised that such a flip clause would be enforceable against the parties that have validly agreed thereto under Dutch law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or the Netherlands (including, but not limited to, the United States), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Dutch law governed Transaction Documents (such as a provision of the relevant Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of Swap Counterparty Subordinated Payments). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Counterparty given that the Swap Counterparty has assets and/or operations in the U.S. and notwithstanding that the Swap Counterparty is a non- U.S. established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or the Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Swap Counterparty Subordinated Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English or Dutch courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

## **RISK FACTORS REGARDING THE NOTES**

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

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

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

### **Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in Section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class against all risks of losses. The Issuer will report the Mortgage Loans in arrears and the Realised Losses in respect thereof in the Notes and Cash Report on an aggregate basis. Investors should be aware that the Realised Losses reported may not reflect all losses that already have occurred or are expected to occur, because a Realised Loss is recorded, *inter alia*, only after the Servicer has determined that foreclosure of the Mortgage and other collateral securing the NHG Mortgage Receivable has been completed which process may take a considerable amount of time.

### **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 in recent years 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 the Seller, the Swap Counterparty 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.

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), the Seller, the Swap Counterparty 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 and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

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

Notwithstanding the increase in the margin applicable to the Class A1 Notes and the Class A2 Notes from the First Optional Redemption Date, no guarantee can be given that the Issuer will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise its right to redeem the Notes. For the Class B Notes, there is no incentive to exercise the right to redeem any of the Class B Notes on the Optional Redemption Dates. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of NHG Mortgage Receivables. The Issuer shall first offer the NHG Mortgage Receivables to the Seller. The purchase price will be calculated as described in Section 7.1 (*Purchase, Repurchase and Sale*). However, there is no guarantee that such a sale of the NHG Mortgage Receivables will take place.

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

The ability of the Issuer to redeem all of the Notes on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the collections under the NHG Mortgage Receivables are sufficient to redeem the Notes.

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

The maturity of the Notes will depend on, *inter alia*, the amount and timing of payment of principal (including, *inter alia*, full and partial prepayments, sale of the NHG Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a NHG Mortgage Receivable and repurchase by the Seller of NHG Mortgage Receivables) on all Mortgage Loans and the Outstanding Principal Amount of Substitute Mortgage Receivables and Further Advance Receivables offered by the Seller and purchased by the Issuer. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions, declines in real estate prices, lack of liquidity or bankruptcy of Borrowers, damage or destruction of the Mortgaged Assets and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). Currently the market interest rates are low compared to the average Mortgage Interest Rates, this may lead to an increase in the rate of prepayments of the Mortgage Loans. No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience.

**Risk related to interest rate averaging**

Recently certain offerors of mortgage loans in the Netherlands allow borrowers to apply for interest rate

averaging (*rentemiddeling*). In case of interest rate averaging (*rentemiddeling*) a borrower of a mortgage loan is offered a new fixed interest rate whereby the (agreed-upon) fixed interest will be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile and the break costs for the fixed interest. Interest rate averaging is generally favourably for a borrower in case the agreed-upon fixed interest rate in force at that time is higher than the current market interest rate and the (agreed-upon) fixed interest rate period will not expire in the near future. NN Bank is planning to introduce interest rate averaging (*rentemiddeling*) to borrowers in 2016. It should be noted that interest rate averaging (*rentemiddeling*) may have a downward effect on the Mortgage Interest Rates.

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

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

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

In accordance with Condition 9(a), a Class B Note may be redeemed subject to any applicable Principal Shortfall. 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*), Condition 6(e) (*Optional Redemption*), Condition 6(f) (*Redemption for tax reasons*) and Condition 6(g) (*Redemption for regulatory reasons*). As a consequence, a holder of a 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.

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

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

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

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

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

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

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

To the extent that the Available Redemption Funds are insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The relevant Subclass of Class A Notes therefore does not purport to provide credit enhancement to the other Subclass of

Class A Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If a Subclass of Class A Notes has been redeemed (in part or in full) at such time to a greater extent than the other Subclass of Class A Notes, this will result in this other Subclass bearing a greater loss than that borne by the relevant Subclass firstly redeemed.

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

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

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

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

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

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

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

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

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

Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in case of a resolution of the Noteholders of the Most Senior Class of Notes or individual Noteholder in case of a resolution of the relevant Class and/or in each case without the Noteholder being present at the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their knowledge or consent and/or which may have an adverse effect on it.

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

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

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

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

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

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

In September 2014, the European Central Bank (**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. These programmes are intended to be carried out until at least March 2017. It remains to be seen what the effect of these purchase programmes will be on the volatility in the financial markets and economy generally. In addition, the continuation, the amendments to or the termination of these purchase programmes could

have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.

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

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures (which may be amended from time to time) of Euroclear Netherlands.

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

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

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

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

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

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

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

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



#### **under FATCA.**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (including individuals and entities) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). Based on its activities, the Issuer meets the definition of an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017.

The United States and the Netherlands have signed an intergovernmental agreement to facilitate the implementation of FATCA (a U.S.-Netherlands IGA). Pursuant to the U.S.-Netherlands IGA, a Netherlands FFI that is treated as a Reporting FI is not subject to withholding under FATCA on any payments it receives and is not required to withhold under FATCA from payments it makes. However a Reporting FI is required to report to the Netherlands tax authorities certain information in respect of its account holders and investors (including individuals and entities), which enables the Netherlands tax authorities to automatically exchange information regarding accountholders that qualify as U.S. persons with the United States according to the terms of the U.S.-Netherlands IGA.

Under the U.S.-Netherlands IGA, the Issuer expects to be treated as a Reporting FI and has to register as such with the IRS, and does not anticipate that it will be obliged to deduct FATCA Withholding from payments on the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. I.e., the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Notes are in global form and held within the Euroclear Netherlands (the **CSD**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the CSD is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the CSD. If this were to happen, a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in limited circumstances.

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

**FATCA is particularly complex and its application is not fully certain at this time. The above description is based in part on regulations, official guidance and the U.S.-Netherlands IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

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

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or the incentives for certain

investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Managers, the Arranger, NN Bank or NN Leven (in their capacity as Originator) makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date of this Prospectus or at any time in the future.

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

Investors should, *inter alia*, be aware of the EU risk retention and due diligence requirements which apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements, restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to such investor that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by such requirements. Failure to comply with one or more of these requirements may result in various penalties including, in the case those investors are subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

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

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

It should be further noted that on 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by the Basel Committee on Banking Supervision (the "CRR Amendment Regulation") and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the **STS Regulation**). The STS Regulation also aims to create common foundation criteria for identifying "STS securitisations". There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the transaction will be designated as an "STS securitisation" under the STS Regulation at any point in the future.

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

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

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the capital accord, Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, and serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the CRD. The Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements, referred to as Basel III. The changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Member countries are required to implement the new capital standards as soon as possible (with provisions for phased implementation, meaning that the measures will not apply in full until January 2019. However, it should be noted that local governmental authorities are not obliged to use phased implementation). The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the holder of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

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

On 18 January 2015 the Solvency II Regulation entered into force. The implementing rules set out more detailed requirements for individual insurance undertakings as well as for groups, based on the provisions set out in Solvency II. Pursuant to Solvency II, more stringent rules apply to European insurance companies since January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*).

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

### **European Market Infrastructure Regulation (EMIR)**

The Issuer will be entering into the Swap Agreement, which is an OTC interest rate swap transaction. Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**) which entered into force on 16 August 2012 establishes certain requirements for OTC derivative contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivative contracts that are entered into on or after the effective date for the clearing obligation for that counterparty pair (the **Clearing Start Date**). In addition, some market participants will have to, from the

relevant Clearing Start Date, clear relevant transactions entered into during a given period leading up to the relevant Clearing Start Date, a requirement known as "frontloading".

Contracts which are declared subject to the clearing obligation will have to be cleared through an authorised or recognised central counterparty (**CCP**) when they trade with each other or with equivalent third country entities, unless an exemption applies. Subject to certain conditions, intragroup transactions are exempted from the clearing obligation.

Following the entry into force on 21 December 2015 of the delegated regulation (the **IRS Clearing RTS**) relating to the introduction of the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY, with constant or variable notional amounts, (**G4 IRS Contracts**), there is now a concrete timeframe for the first classes of transactions subject to mandatory clearing and frontloading. The IRS Clearing RTS include a further categorisation of in-scope counterparties by splitting in-scope counterparty types into Category 1, 2, 3 and 4. This further categorisation impacts the relevant Clearing Start Date and the applicability of frontloading. The clearing obligation for this first wave of contracts will start from 21 June 2016 for Category 1 counterparties, 21 December 2016 for Category 2 counterparties, 21 June 2017 for Category 3 counterparties and 21 December 2018 for Category 4 counterparties. Frontloading will under the IRS Clearing RTS only apply to Category 1 and Category 2 counterparties.

The Issuer is of the view that it qualifies as a non-financial counterparty whose positions in OTC derivatives (excluding hedging positions) are below the specified clearing threshold. However, the possibility cannot be excluded that the Issuer may qualify as a non-financial counterparty as referred to under (ii). In that case, the Issuer would fall under Category 4 and G4 IRS contracts entered into by the Issuer would be subject to the clearing obligation from the Clearing Start Date under the IRS Clearing RTS. Because the Swap Agreement will likely qualify as an OTC derivative having a conditional notional amount, it would not be a G4 IRS Contract and the clearing obligation pursuant to the IRS Clearing RTS would not be applicable to the Swap Agreement.

However, OTC derivative contracts that are not cleared by a CCP are subject to certain other risk-mitigation requirements, including arrangements for timely confirmation of OTC derivative contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivative contracts. EMIR also contains requirements with respect to the margining of non-cleared OTC derivative contracts, which requirements are expected to be phased in from 1 September 2016. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement.

In addition, under EMIR, counterparties must report the conclusion, modification and termination of their OTC and exchange traded derivative contracts to a registered or recognised trade repository or to ESMA where a trade repository is not available. Under the Reporting Services Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository both on behalf of itself and on behalf of the Issuer.

Various regulatory and implementing technical standards pursuant to EMIR have now come into force, but certain critical technical standards have not yet been finalised or come into force. It is for example expected that additional technical standards will be adopted to subject other classes of OTC derivative contracts to the clearing obligation. The technical standards with respect to the margining of non-cleared OTC derivative contracts have also yet to be adopted.

EMIR may, inter alia, lead to more administrative burdens and higher costs for the Issuer. In addition to the already applicable requirements under EMIR, there is a risk that the Swap Agreement is included in the classes of OTC derivatives that are subject to the clearing obligation and, consequently, the Swap Agreement may become subject to mandatory clearing. Otherwise the Swap Agreement may become subject to the margining requirements for non-cleared OTC derivative contracts. This could lead to higher costs or complications in the event that the Issuer is required to enter into a replacement swap agreement or when the Swap Agreement is amended.

Pursuant to article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Swap Transaction invalid or unenforceable. However, if any party fails to comply

with the rules under EMIR it may be liable for an incremental penalty payment or fine. If such a penalty or fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

### **Financial transaction tax (FTT)**

On 14 February 2013, the European Commission has published a proposal (the Commission's Proposal) for a Directive for a common FTT in, currently, Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Currently it is proposed that the FTT should be implemented in the participating Member States by June 2016 at the latest.

However, the FTT proposal remains subject to negotiation between the participating Member States and consultation of EU institutions, and the subsequent implementation into national law. The scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Given the lack of certainty surrounding the FTT proposal, it is not possible to predict what effect the proposed FTT might have. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

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

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

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

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

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

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

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision,

suspension or withdrawal at any time by the assigning credit rating organisation if in its judgment, the circumstances (including a reduction in, or withdrawal of the credit rating of the Issuer Account Bank, the Cash Advance Facility Provider or the Swap Counterparty) in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties might have an adverse effect on the credit rating of one or both Subclasses of Class A Notes.

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

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

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

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

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

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

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

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

efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see Glossary of defined terms).

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

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

#### **Forecasts and estimates**

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

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

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

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

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

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

Under Dutch law, assignment of the legal title of claims, such as the NHG Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required (*stille cessie*). The legal title of the NHG Mortgage Receivables which have been originated by NN Leven (i) is assigned by NN Leven to the Seller prior to the Closing Date by way of undisclosed assignment (*stille cessie*) through a notarial deed of assignment and several registered deeds of assignment and (ii) will be assigned on the Closing Date by the Seller to the Issuer by way of undisclosed assignment (*stille cessie*) through a registered deed of assignment. The legal title of the NHG Mortgage Receivables which have been originated by the Seller, will also be assigned on the Closing Date by the Seller to the Issuer by way of undisclosed assignment (*stille cessie*) through a registered deed of assignment. The legal title in respect of the Substitute Mortgage Receivables and Further Advance Receivables on each relevant Notes Payment Date up to (but excluding) the First Optional Redemption Date have been or, as the case may be, will be assigned (i) in respect of Substitute Mortgage Receivables and Further Advance Receivables which have been originated by NN Leven (a) first, by NN Leven to the Seller (to the extent such NHG Mortgage Receivables have not been

assigned previously) (also referred to as Assignment I) and (b) second, by the Seller to the Issuer and (ii) in respect of Substitute Mortgage Receivables and Further Advance Receivables which have been originated by the Seller, by the Seller to the Issuer (each also referred to as Assignment II), each through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that Assignment II will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except that notification of the assignment of the NHG Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. For a description of these notification events reference is made to Section 7.1 (*Purchase, Repurchase and Sale*).

Until notification of the Assignment I, the Borrowers under the NHG Mortgage Receivables which have been originated by NN Leven can only validly pay to NN Leven in order to fully discharge their payment obligations (*bevrijdend betalen*) in respect thereof. Upon notification of the Assignment I and until notification of Assignment II, the Borrowers under NHG Mortgage Receivables originated by NN Leven can only validly pay to the Seller. The same applies in case of NHG Mortgage Receivables which have been originated by the Seller. Until notification of Assignment II, the Borrowers under such NHG Mortgage Receivables can only validly pay to the Seller. NN Leven has undertaken in the Agreement to Assign and the Seller has undertaken in the Mortgage Receivables Purchase Agreement to transfer or procure transfer of any (estimated) amounts received during the immediately preceding Mortgage Calculation Period in respect of the NHG Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the relevant Originator is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers (i) under NHG Mortgage Receivables originated by NN Leven, prior to notification of Assignment I, but after bankruptcy or emergency regulations in respect of NN Leven having been declared and (ii) (a) under NHG Mortgage Receivables originated by NN Leven, after notification of Assignment I and prior to notification of Assignment II, and (b) under NHG Mortgage Receivables originated by the Seller prior to notification of Assignment II, but after bankruptcy or emergency regulations in respect of the Seller having been declared, will be part of, respectively, NN Leven's or the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the relevant estate (*boedelschuldeiser*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of the general bankruptcy costs (*algemene faillissementskosten*), which may be material.

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

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

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

In addition, upon notification of Assignment I, but prior to notification of Assignment II, to a Borrower, as



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

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

If notification of Assignment I and/or Assignment II is made after the bankruptcy or emergency regulations of the relevant Originator having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the 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 claim (i) came into existence prior to the moment at which the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments or emergency regulations.

Claims of a Borrower against NN Leven could, *inter alia*, result from Construction Deposits, Insurance Policies and premium deposits (*premiëdepots*) of such Borrower with NN Leven. Claims against the Seller could, *inter alia*, result from current account balances or deposits made by such Borrower with the Seller, including, Construction Deposits and, in respect of Bank Savings Mortgage Loans, Bank Savings Deposits. Also, such claims of a Borrower against NN Leven or the Seller can, *inter alia*, result from services rendered by NN Leven or the Seller to the Borrower, such as investment advice or investment management services in connection with Investment Mortgage Loans rendered by NN Leven or the Seller or for which NN Leven or the Seller is responsible or liable.

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

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

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

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

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

As of 1 January 2014 the Bank Savings Deposit will be set off with the relevant Bank Savings Mortgage Receivable by operation of law, if and when in respect of the Seller (i) the DGS has been instituted by the Dutch Central Bank, (ii) emergency regulations (*noodregeling*) have been declared or (iii) bankruptcy (*faillissement*) has been declared, irrespective of any rights of third parties, such as the Issuer, with respect to the Bank Savings Mortgage Receivable.

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

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

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

Under the Life Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans, the relevant Originator has the benefit of rights under the Insurance Policies. Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings

or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant NHG Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the NHG 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.

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. In case of NHG Mortgage Receivables in respect of which NN Leven is both the Originator of the relevant Mortgage Loans and the Insurance Company under the Insurance Policy connected thereto, this requirement will have been satisfied. In case of NHG Mortgage Receivables in respect of which NN Bank is the Originator of the relevant Mortgage Loans and NN Leven the Insurance Company under the Insurance Policy connected thereto, in order to invoke a right of set-off, the Borrowers would have to establish that NN Bank (being the Originator) and NN Leven (being the Insurance Company) should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if NN Bank (being the Originator) and NN Leven (being the Insurance Company) are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship.

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

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

#### **Life Mortgage Loans to which a Life Insurance Policy taken out with an Life Insurance Company other than NN Leven is connected**

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised

that, in view of the preceding paragraphs and the representation by the Seller that with respect to Life Mortgage Loans (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the relevant Originator, (ii) the Life Mortgage Loan and the Life Insurance Policy are in the relevant Originator's or the Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (iii) the Borrower is not obliged to enter into the Life Insurance Policy with an Life Insurance Company which is a group company of the relevant Originator, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, if the Life Insurance Company is not NN Leven or a group company of NN Leven or the Seller within the meaning of article 2:24b of the Dutch Civil Code.

*Life Mortgage Loans to which a Life Insurance Policy taken out with NN Leven is connected*

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of NN Leven, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that (i) in respect of Life Mortgage Loans originated by NN Leven and with a Life Insurance Policy taken out with NN Leven there is a considerable risk (*een aanmerkelijk risico*) that such set-off would be successful, *inter alia*, because the Life Mortgage Loan and the Life Insurance Policy were sold by one legal entity (NN Leven being both the Originator and the Insurance Company) and as one single package and (ii) in respect of Life Mortgage Loans originated by NN Bank and Life Insurance Policies taken out with NN Leven, the possibility certainly cannot be disregarded (*kan zeker niet worden uitgesloten*) that such set-off would be successful.

*Savings Mortgage Loans and Switch Mortgage Loans*

In respect of Savings Mortgage Loans and Switch Mortgage Loans originated by NN Leven with a Savings Insurance Policy or a Savings Investment Insurance Policy taken out with NN Leven, the Issuer has been advised that the risk that such a set-off or defence would be successful is greater than in case of Life Mortgage Loans originated by NN Leven with a Life Insurance Policy taken out with NN Leven in view of, *inter alia*, the close connection between a Savings Mortgage Loan and a Savings Insurance Policy and between a Switch Mortgage Loan and a Savings Investment Insurance Policy, as applicable.

In respect of Savings Mortgage Loans and Switch Mortgage Loans originated by the Seller with a Savings Insurance Policy or a Savings Investment Insurance Policy with NN Leven, the Issuer has been advised that there is a considerable risk (*een aanmerkelijk risico*) that such a set-off or defence would be successful in view of, *inter alia*, the close connection between the Savings Mortgage Loan or Switch Mortgage Loan and the Savings Insurance Policy or the Savings Investment Insurance Policy, as applicable.

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

The Insurance Savings Participation Agreement will apply to the Switch Mortgage Receivables only to the extent that Savings Premium is deposited or accumulated in a savings part of the Savings Investment Insurance Policy connected thereto. Consequently, the risk of set-off or defences, as described above, applies without limitation and is not mitigated by the Insurance Savings Participation Agreement in case of a Switch Mortgage Loans in respect of which no Savings Premium is deposited or accumulated in a savings part of the Savings Investment Insurance Policy.

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

The Seller has represented that under the Investment Mortgage Loans the relevant securities are purchased for the account of the relevant Borrower by a bankruptcy remote securities giro (*effectengiro*), a bank or an investment firm (*beleggingsonderneming*) which is obliged by law to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities defined in the Wge or, if they do not qualify as such, by a separate depository vehicle. 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 NHG Mortgage Receivables and Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

#### **Risk related to the value of investments under Investment Mortgage Loans or Life Insurance Policies**

The value of investments made under the Investment Mortgage Loans or by one of the Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related NHG Mortgage Receivables at its maturity.

#### **Risks related to offering of Investment Mortgage Loans, Life Mortgage Loans and Switch Mortgage Loans with an Investment Alternative**

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans, Life Mortgage Loans, and Switch Mortgage Loans with an Investment Alternative. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified (*vernietigd*) or a Borrower may claim set-off or defences against the relevant Originator 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.

In this respect it is further of note that since the end of 2006, unit-linked products (commonly referred to in Dutch as *beleggingsverzekeringen*) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, the Dutch insurance subsidiaries (including NN Leven) of NN Group N.V. (**NN Group**, and together with its subsidiaries, **NN**) reached an outline agreement with two main consumer protection organisations to offer compensation to their unit-linked policyholders where individual unit-linked policies had a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. At 31 December 2008, costs of the settlements were valued at EUR 365 million for which adequate provisions have been established and of which a substantial portion has been paid out. The remaining unpaid part of the provision as per 31 December 2015 is solely available

to cover costs relating to the settlements agreed in 2008. A full agreement on implementation was reached in 2010 with one of the two main consumer protection organisations, with the second main consumer protection organisation signing its agreement in June 2012. In addition, NN Group's Dutch insurance subsidiaries announced additional measures (*flankerend beleid*) that comply with the "Best in Class" criteria as formulated on 24 November 2011 by the Dutch Minister of Finance. In December 2011 this resulted in an additional agreement on these measures with the two main consumer protection organisations. In 2012, almost all unit-linked policyholders were informed about the compensation. The agreements with the two consumer protection organisations are not binding to policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by NN prevent individual policyholders from initiating legal proceedings against NN Group's Dutch insurance subsidiaries and making claims for damages.

In November 2013, the so-called "Vereniging Woekerpolis.nl", an association representing the interests of policyholders, initiated a so-called "collective action", requesting the District Court in Rotterdam to declare that NN Group's Dutch insurance subsidiaries sold products in the market, which are defective in various respects (e.g. on transparency regarding cost charges and other product characteristics, and included risks for which the insurer failed to warn, such as considerable stock depreciations, the inability to realise the projected final policy value, unrealistic capital projections due to difference in geometric versus arithmetic returns). These claims have been rejected by NN and it defends itself in these proceedings.

Apart from the aforementioned "collective action", several other claim organisations and initiatives were established on behalf of policyholders, such as the organisation *Wakkerpolis*. This organisation primarily concentrates on the recovery of initial costs for policyholders, based on an interim ruling of the KiFiD issued on 13 May 2013 in an individual case. In this case, the KiFiD concluded that there is no contractual basis for charging initial costs (which are costs charged to the policy during a limited period of time). Apart from the initial costs, it can be derived from the interim ruling – in accordance with past rulings of the KiFiD – that an insurer is obliged to warn against the leverage and capital consumption effect (which is the effect caused by the dependency of life insurance premium on the value of the policy; the lower the value of the policy, the higher the life insurance premium). On 29 March 2016 KiFiD issued its final ruling (in first instance) in line with its conclusions made in its interim ruling of 13 May 2013. NN believes that both the interim ruling and final ruling are incorrect on several legal grounds.

In proceedings that were pending before the District Court in Rotterdam, the Court, upon request of the parties, including NN, submitted preliminary questions to the European Court of Justice to obtain clarity on principal legal questions with respect to cost transparency related to unit-linked policies. On 29 April 2015, the European Court of Justice issued its ruling on these preliminary questions submitted in relation to unit-linked products. The main preliminary question considered by the European Court of Justice was whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. The European Court of Justice ruled that the information requirements prescribed by the applicable European directive may be extended by additional information requirements included in national law, provided that these requirements are necessary for a policyholder to understand the essential characteristics of the commitment and are clear, accurate and foreseeable. Although the European Court does not decide on the applicable standards in specific cases and solely provides clarification on the interpretation of the applicable European directive, the ruling of the European Court of Justice has given clarification on this question of legal principle which is also the subject of other legal proceedings in the Netherlands. Dutch courts will need to take the interpretation of the European Court of Justice into account in relevant proceedings. In legal proceedings in the Netherlands which were suspended pending the outcome of the European procedure, rulings in first instance are expected in the first half of 2016.

Life Insurance Policies and Savings Investment Insurance Policies with an Investment Alternative related to the Mortgage Loans may qualify as unit-linked products referred to in the paragraphs above, which means that potentially approximately 12.5 per cent. of the Mortgage Loans in the Final Pool is exposed to this risk. If Life Insurance Policies and Savings Investment Insurance Policies with an Investment Alternative 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 in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer.

In case of NHG Mortgage Receivables in respect of which the Seller is the Originator of the relevant Mortgage Loans and NN Leven is the Insurance Company under the Life Insurance Policy or Savings Investment Insurance Policies connected thereto or in case of NHG Mortgage Receivables in respect of which a Borrower has taken out a Life Insurance Policy with another Insurance Company than NN Leven, the analysis is similar to the situation in case of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), except if the Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower.

In case of NHG Mortgage Receivables in respect of which NN Leven is the Originator of the relevant Mortgage Loans and NN Leven is also the Insurance Company under the Life Insurance Policy connected thereto, the right of the Borrowers to invoke set-off will be as described in *Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables* above.

Any such set-off or defences may lead to losses under the Notes.

#### **PRIIPS Regulation**

On 15 April 2014, Regulation (no 1286/2014) on Key Information Documents for packaged retail and insurance-based investment products ("**PRIIPS Regulation**") was adopted. The PRIIPS Regulation aims to increase the transparency on the market for retail investments in different types of investment products. These include insurance products which offer a maturity or surrender value and where that is wholly or partially exposed, directly or indirectly, to market fluctuations. The PRIIPS regulation introduces the Key Information Document ('**KID**'), a standardised and simple document giving key facts on the product which must be provided to prospective retail clients and there are a number of supervisory powers granted to the regulators with respect to the marketing distribution and selling of such products within the European Union. On 29 December 2014, the PRIIPS Regulation has entered in force. The PRIIPS Regulation will be directly applicable in Member States as of 31 December 2016. It is not fully clear to which extent the PRIIPS Regulation will apply to products sold prior to 31 December 2016. It cannot be excluded that the PRIIPS Regulation will have an impact on the ability of NN Leven to make changes to life insurance policies or savings investment insurance policies, such as the Life Insurance Policies, including, but not limited to, altering their risk and reward profile or the costs associated with them without being subject to the requirement to provide the standardised information referred to above and being subject to the enhanced supervision pursuant to the PRIIPS Regulation.

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

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

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

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by an all moneys security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that an

all moneys security right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

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

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

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

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

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

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

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

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



the relevant Originator or the relevant Originator's bankruptcy trustee (*curator*) (in case of bankruptcy) or administrator (*bewindvoerder*) (in case of emergency regulations), may be required for such foreclosure.

The Originators, the Issuer and the Security Trustee will agree that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the NHG Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Originator be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any (provided that, if the outcome thereof is negative, this will not lead to an obligation of the relevant Originator to reimburse the Issuer for the amount of the outcome). The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Originators or, in case of its bankruptcy or emergency regulations, its trustee or administrator, as the case may be, this is not certain. Furthermore, it is noted that the Joint Security Right Arrangement may not be effective against the Borrower.

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

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

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

### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in the Section 6.2 (*Description of Mortgage Loans*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or

seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

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

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

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

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

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

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

The relevant Originator has been appointed as beneficiary under the relevant Insurance Policy, or in respect of NN Leven has appointed itself, except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Originator, provided that, *inter alia*, the relevant beneficiary has given a Borrower Insurance Proceeds Instruction. The Issuer has been advised that it is unlikely that the appointment of the relevant Originator as beneficiary will be regarded as an ancillary right and that it will follow the NHG Mortgage Receivables upon assignment or pledge thereof. The Beneficiary Rights will be assigned by the relevant Originator to the Issuer and will be pledged to the Security Trustee by the Issuer (see Section 4.7 (*Security*) below). The assignment and pledge of the Beneficiary Rights will only be completed upon notification to the Insurance Company, which is not expected to occur prior to the occurrence of an Assignment Notification Event. However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The relevant Originator will only have a claim on the relevant Insurance Company as beneficiary if it accepts the appointment as beneficiary by delivering a statement to this effect to the Insurance Company. The relevant Originator can only accept such appointment as beneficiary by written notification to the relevant Insurance Company of (i) the acceptance and (ii) the written consent by the insured, unless the appointment as beneficiary has become irrevocable.

In the event that a Borrower Insurance Proceeds Instruction has been given, the Seller has undertaken in the Mortgage Receivables Purchase Agreement to use its best efforts, following an Assignment Notification Event, to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Originator and to issue the Borrower Insurance Proceeds Instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (ii) the Security Trustee under the condition precedent 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 (i) the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and (ii) the assignment and pledge of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the relevant Originator or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be, up to the amount of any claims such Originator may have on the relevant Borrower. If the proceeds are paid to the relevant Originator, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Originator and such Originator does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, for example in the case of bankruptcy of or emergency regulations applicable to the relevant Originator, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the NHG Mortgage Receivable. This may lead to the Borrower trying to invoke set-off or defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the relevant Originator or another beneficiary, as the case may be.

Accordingly, the Issuer's rights and the Security Trustee's rights as pledgee in respect of insurance policies containing a beneficiary clause or a payment instruction in favour of the Seller may be subject to limitations under Dutch insolvency law, which may, in turn, lead to losses under the Notes.

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

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

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

The Originators, the Issuer, the Servicer, the Issuer Administrator, the Swap Counterparty and the Security Trustee will enter into an Interest Rate Reset Agreement in relation to the setting of Mortgage Interest Rates on the Mortgage Loans upon reset. Pursuant to the Interest Rate Reset Agreement, the parties have agreed that in certain events (which events include - amongst others - bankruptcy of the Seller and the Seller being subjected to emergency regulations) the Swap Counterparty will be consulted in relation to the interest rate reset policy of the Seller or, as the case may be, NN Leven (or after notification of the assignment to the Borrowers, the Issuer).

When consulted with respect to the interest rate reset policy, the Swap Counterparty may take into account its own position and own interest and/or factors specific to it or the group of companies to which it belongs, subject to the Interest Rate Reset Agreement, which may deviate from the interest of, and/or factors specific to, the Noteholders. The Swap Counterparty may benefit from Mortgage Interest Rates that are set at a relatively high level, as the Swap Counterparty will receive the interest on the NHG Mortgage Receivables and must pay the interest on the Notes. If the Mortgage Interest Rates are set at a relatively high or low level this may result in a higher or lower rate of prepayments, higher or lower defaults by the Borrowers and otherwise influence the performance of the NHG Mortgage Receivables, which could in turn lead to less income available to the Issuer and ultimately to losses on the Notes.

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

Payments on the NHG Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings or liquidity, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their NHG Mortgage Receivables. The ultimate effect of this could lead to delayed and/or reduced amounts received by the Issuer which as a result could lead to delayed and/or reduced payments on the Notes

and/or the increase or decrease of the rate of repayment of the Notes.

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

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

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

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

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

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

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

Furthermore, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see Section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of 30 years. In addition, in respect of mortgage loans originated after 1 January 2014, a deductible has been introduced

which is applicable to claims under the NHG Guarantees. On any claim vis-à-vis Stichting WEW for a loss incurred, a deduction of 10% will be applied. The lender is not entitled to recover this amount from the borrower. This may result in the Issuer not being able to fully recover a loss incurred with the Stichting WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes. For a description of the NHG Guarantees, see Section 6.5 (*NHG Guarantee Programme*). It is noted that a large part of the NHG Mortgage Receivables has been originated after 2014, see Section 6.1 (*Stratification Tables*), table 4.

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

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

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

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

The credit ratings assigned to the Class A Notes by the Credit Rating Agencies take into account the NHG Guarantee granted in connection with certain of the NHG Mortgage Receivables. The NHG Guarantee is backed by the State of the Netherlands (see Section 6.5 (*NHG Guarantee Programme*)) which is currently rated 'Aaa' (stable outlook) by Moody's and 'AAA' (stable outlook) by Fitch. Moreover, Stichting WEW is rated 'Aaa' by Moody's and 'AAA' by Fitch.

In the event that (i) the State of the Netherlands ceases to be rated 'Aaa' by Moody's and 'AAA' by Fitch, respectively, or (ii) the Stichting WEW ceases to be rated 'Aaa' by Moody's and 'AAA' by Fitch, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Notes and could potentially result in a corresponding downgrade of the Class A Notes. Fitch has in 2013 published a report in which it notes that NHG-backed residential mortgage backed securities are well protected if a downgrade of the Dutch sovereign and Stichting WEW were to occur, and gives full credit to the NHG guarantee in determining credit ratings assigned to notes issued in a residential mortgaged backed securitisation transaction where the State of the Netherlands is rated at least 'AA'. However, Fitch may change its approach, see the considerations highlighted in the named report.

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

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

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

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

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. Neither of the Originators will be liable for any losses incurred by the Issuer in connection with the NHG Mortgage Receivables.

#### **Risks that the foreclosure proceeds will be insufficient**

As of the Cut-Off Date, the Mortgage Loans have a Current Loan to Original Foreclosure Value Ratio and Current Loan to Original Market Value Ratio of up to and including 130 per cent and 115 respectively. The appraisal foreclosure value (*executiewaarde*) of the property on which a Mortgage is vested is normally lower than the market value (*vrije verkoopwaarde*) of the relevant mortgaged property. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Mortgage Loan 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 Original Foreclosure Value or the Indexed Foreclosure Value of such Mortgaged Asset (see section 6.2 (*Description of Mortgage Loans*)) and it is likely that the proceeds will be below the market value. The higher the Original Loan to Original Foreclosure Value Ratio or the Current Loan to Original Market Value Ratio or the Current Loan to Indexed Foreclosure Value Ratio is, the higher the possibility that this risk will materialise. Materialisation of this risk may lead to losses under the Notes.

Agreed-upon procedures tests performed on the randomly selected audit sample of the Mortgage Loans prior to the Closing Date disclosed that within the audit sample a number of the valuation statements obtained in respect of the Mortgage Loans are no longer available, and that, in a number of cases (in the range of 2.5% to 3%), errors were made in the application of the then applicable procedures for recording the Original Foreclosure Value and the Original Market Value, and which, in each case and for certain Mortgage Loans, was disclosed to be less than the amount recorded in the applicable records or systems. The audit sample of Mortgage Loans is representative of all Mortgage Loans and the same margin of error may apply to all Mortgage Loans.

Accordingly, there is a risk that, on the enforcement of security over the relevant Mortgaged Assets not all amounts owing by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure of the related property together with any proceeds of the enforcement of any other security for the Mortgage Loan. If there is a failure to recover such amounts, this would result in a Realised Loss which may lead to losses under the Notes.

Furthermore, following completion of foreclosure of a NHG Mortgage Receivable, such that there is no more collateral securing the Mortgage Receivable, any remaining claim (*restschuld*) will be repurchased by the Seller for an amount of EUR 1.00 (one euro). Any post-foreclosure payments made by a Borrower in respect of the relevant Mortgage Loan (if any) will be collected and retained by the Seller and will therefore not be available for the Issuer to meet its obligations under the Notes.

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

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which interest payments were deducted from taxable income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be

available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest income tax rate) the interest deductibility will be reduced with 0.5% per year (i.e. 51% in 2015) until the rate is equal to the third-bracket income tax rate (currently 42%). This tax rate, as well as the rate against which the mortgage interest may be deducted, will eventually be reduced to 38% (starting in 2018).

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of losses associated with declining values of Mortgaged Assets*.

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

The Wft contain far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to *inter alia* a bank or insurer, in particular and in each case for banks to the extent the powers under the BRRD and SRM Regulations do not supersede their powers. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft (*gebeurtenis*) or being the subject of any similar event or measure under foreign law. Therefore there is a risk that the enforceability of the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Seller, the Insurance Savings Participant and the Bank Savings Participant, the Cash Advance Facility Provider, the Swap Counterparty and/or the Issuer Account Bank, may be affected on the basis of the Wft, which may lead to losses under the Notes. For banks many of these rules are superseded by the BRRD and SRM Regulation or only have a secondary role.

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

On 6 June 2012, the European Commission issued a proposal for the BRRD for dealing with ailing banks. The BRRD was adopted by the European Council on 6 May 2014 and the resolution of credit institutions and certain investment firms (the **Single Resolution Mechanism Regulation** or **SRM Regulation**) was adopted on 15 July 2014.

On 26 November 2015, the Act implementing the European Framework for the Recovery and Resolution of Banks and Investment Firms (the **Implementation Act**) has entered into force. The purpose of the Implementation Act is to implement the BRRD into Netherlands law and to facilitate the application of the Single Resolution Mechanism Regulation. In short, the BRRD and the SRM Regulation have introduced a harmonised European framework for the recovery and resolution of banks and large investment firms (and certain affiliated entities) which are failing or likely to fail. To enable the competent authorities to intervene in a timely manner, the BRRD and the SRM Regulation give them certain tools and powers. To ensure that these tools and powers are effective, the BRRD and SRM Regulation require EU member states to impose various requirements on institutions or their counterparties. With the entry into force of the Implementation Act, the European recovery and resolution framework now also applies in the Netherlands.

Under the Implementation Act, the national resolution authority (DNB), or as the case may be, the European Single Resolution Board has various powers, depending on the phase applying to an ailing institution. The framework has, among others, implications for the exclusion and suspension of contractual rights and the safeguards for contractual counterparties. If at any time any such powers are

used by DNB in its capacity as national resolution authority or, as applicable, the Minister of Finance, the Single Resolution Board or any other relevant authority in relation to a counterparty of the Issuer, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Notes.

**Underwriting criteria and procedures may not identify or appropriately assess repayment risks**

The Originators have represented that, when originating Mortgage Loans it did so in accordance with underwriting criteria and procedures it has established. The underwriting criteria and procedures may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Originators' underwriting criteria and procedures in originating a Mortgage Loan, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting criteria and procedures may not in fact compensate for any additional risk.

**Disclosure requirements CRA Regulation**

On 6 January 2015, Commission Delegated Regulation 2015/3 (the **Regulation 2015/3**) on disclosure requirements for the issuer, originator and sponsor of structured finance instruments was published in the Official Journal of the EU.

The Regulation 2015/3 will apply from 1 January 2017, with the exception of article 6(2) of the CRA Regulation, which applies from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017. As at the date of this Prospectus, certain aspects of the Regulation 2015/3 remain subject to further clarification. It should be noted, however, that pursuant to the Administration Agreement, the Issuer Administrator has been appointed as the reporting entity in respect of the Notes issued by the Issuer for the purposes of article 8b of the CRA Regulation and the corresponding implementing measures (including the disclosure, reporting and notification requirements under articles 2 to 7 of Regulation 2015/3).

On the Signing Date, there remains uncertainty as to what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with the CRA Regulation upon application of the reporting obligations.

**EU directive on credit agreements for consumers relating to residential property**

On 31 March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers. The proposed directive applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a Member State on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to purchase or retain rights in land or in an existing or proposed residential building. The proposed directive does not apply to credit granted free of interest or other charges and to certain credit granted by an employer to its employees.

The proposed directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The proposed directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders. Member States shall be allowed to impose or maintain more stringent consumer protection laws.

On 4 February 2014 the directive was adopted by the European Parliament and the Member States will be required to implement the directive into national law before 21 March 2016. However, the Dutch Minister of Finance has announced that the Netherlands will not make this deadline. The Dutch Minister of Finance aims for the implementation of the directive into national law around the summer of 2016. In this respect, a legislative proposal to amend, among other things, the Wft and the Dutch Civil Code was published for consultation on 21 May 2015. The latest revised proposal was published on 7 March 2016. Until the directive is implemented into Dutch Law, it is not possible to tell what effect the implementation



of the directive into Dutch law would have on the Mortgage Loans, the Seller, the Issuer and/or the Servicer and their respective businesses and operations.

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

Hypenn RMBS V B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law on 2 March 2016. The statutory seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its telephone number is +31 20 521 4777. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 65486617. The Issuer operates under Dutch law

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

The Issuer has an issued share capital of EUR 1 which is fully paid. The share capital of the Issuer is held by Stichting Holding Hypenn RMBS V (see Section 3.2 (*Shareholder*)).

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

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction described in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

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

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

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

The Issuer Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee. In the Issuer Management Agreement the Issuer Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from any action detrimental to any of the Issuer's rights and obligations under the Transaction Documents. In addition the Issuer

Director agrees in the Issuer Management Agreement that it shall not agree to any modification of any agreement including, but not limited to, the Transaction Documents, or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

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

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2016.

### **Capitalisation**

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

#### **Share Capital**

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

Class A1 Notes	EUR 125,000,000
Class A2 Notes	EUR 375,000,000
Class B Notes	EUR 31,000,000
Initial Bank Savings Participation	EUR 16,866,296.17
Initial Insurance Savings Participation	EUR 3,317,811.00

### 3.2 SHAREHOLDER

Stichting Holding Hypenn RMBS V is a foundation (*stichting*) incorporated under Dutch law on 1 March 2016. The statutory seat (*statutaire zetel*) of the Shareholder is in Amsterdam, the Netherlands. The registered office of the Shareholder is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its telephone number is +31 20 5214 777. The Shareholder is registered with the Commercial Register of the Chamber of Commerce under number 65475607.

The objectives of the Shareholder are, *inter alia*, to incorporate, to acquire and to hold shares in the capital of the Issuer, to conduct the management of and to administrate shares in the Issuer, to exercise any rights connected to the shares in the Issuer, to grant loans to the Issuer and to alienate and to encumber shares in the Company.

The sole managing director of the Shareholder is Intertrust Management B.V. Intertrust Management B.V. is also the Issuer Director.

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

### 3.3 SECURITY TRUSTEE

Stichting Security Trustee Hypenn RMBS V is a foundation (*stichting*) incorporated under Dutch law on 31 March 2016. The statutory seat (*statutaire zetel*) of the Security Trustee is in Amsterdam and its registered office is at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands and its telephone number is +31 20 522 2555. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce under number 65704010.

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

The sole director of the Security Trustee is SGG Securitisation Services B.V., having its registered office at Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands. The managing director of SGG Securitisation Services B.V. is H.M. van Dijk.

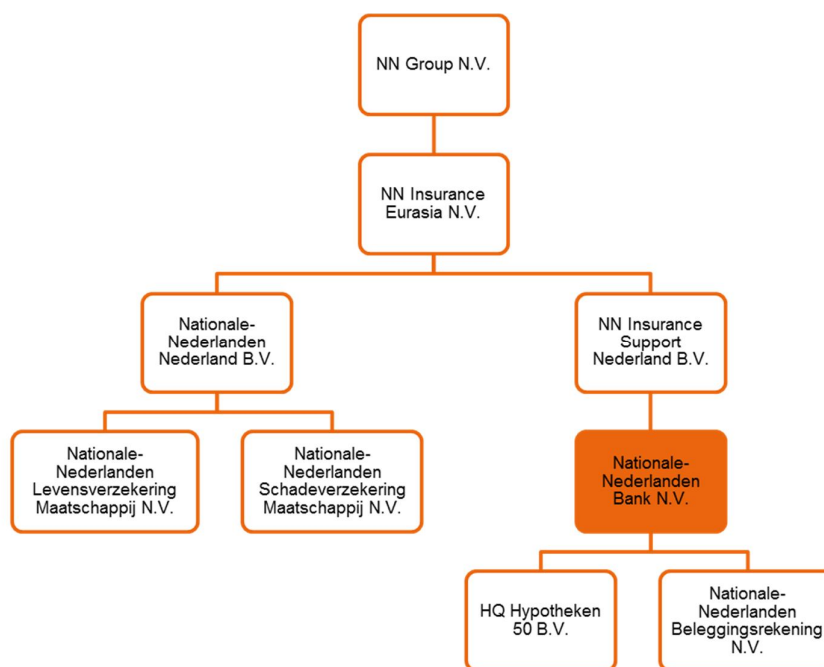
The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*), gross negligence ("*grove nalatigheid*"), fraud or bad faith, and it shall not be responsible for any act or negligence of persons or institutions selected by it with due care.

The Security Trustee Director has entered into the Security Trustee Management Agreement with the Security Trustee and the Issuer. In the Security Trustee Management Agreement the Security Trustee Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and in such manner as to not adversely affect the then current ratings assigned to the Class A Notes and (ii) refrain from taking any action detrimental to the Security Trustee's rights and the ability to meet its obligations under or in connection with the Transaction Documents. In addition the Security Trustee Director agrees in the Security Trustee Management Agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Deed.

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

### 3.4 SELLER / ORIGINATORS

Group chart (simplified)



#### NN Group

NN Group is an insurance and investment management company active in more than 18 countries, with a strong presence in a number of European countries and Japan.

NN Group offers retirement services, insurance, investments and banking products. NN Group's customers range from individuals and small and medium-sized companies, to large corporations and institutional investors. It services its customers through agents, brokers and banks, as well as directly through its websites and contact centres. NN Group's investment management business NN Investment Partners (formerly known as ING Investment Management) offers actively managed investment products and advisory services to institutional and retail customers in all major asset classes and investment styles.

NN Group was listed on 2 July 2014 and its shares are traded on Euronext Amsterdam under the listing name 'NN Group' (symbol 'NN'). Currently ING Groep N.V. (ING) holds a minority stake in NN Group. ING is required to divest its remaining interest before 31 December 2016, pursuant to the timeframe agreed with the European Commission as laid down in the restructuring plan of ING as approved by the European Commission.

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

#### NN Bank

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

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

In 2012, ING, the Dutch State and the EC agreed in the 2012 Restructuring Plan that part of the

commercial operations of the former WestlandUtrecht Bank N.V. (**WUB**) were to be combined with NN Bank. As a result, certain savings, mortgage, investments and consumer credit activities of WUB have been transferred to NN Bank since July 2013. Furthermore, all rights relating to certain pre-selected mortgage receivables with a nominal value of EUR 3.8 billion were sold and transferred to NN Bank.

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

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

#### *Executive Board*

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

#### *Licences and supervision*

In 2013, the Dutch Central Bank granted a new and more extensive banking licence to NN Bank under the Wft. NN Bank is subject to prudential supervision by DNB and conduct of business supervision exercised by the AFM.

#### **NN Leven**

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

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

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

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

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

### **3.5      SERVICER**

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

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

### **3.6 ISSUER ADMINISTRATOR**

The Issuer has appointed NN Bank to act as Issuer Administrator in accordance with the terms of the Administration Agreement, in order to provide certain of the Issuer Services in respect of the NHG Mortgage Receivables. If the Capital Requirement Trigger Event occurs or NN Bank defaults in the performance of the Issuer Services, NN Bank will be replaced by Intertrust Administrative Services B.V. Pursuant to the Administration Agreement, for the performance of the Issuer Services, the Issuer shall not pay a fee to NN Bank in its capacity as Issuer Administrator.

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



### 3.7 OTHER PARTIES

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

## 4. THE NOTES

### 4.1 TERMS AND CONDITIONS

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

The issue of the EUR 125,000,000 Class A1 mortgage-backed notes 2016 due 2097 (the **Class A1 Notes**), the EUR 375,000,000 Class A2 mortgage-backed notes 2016 due 2097 (the **Class A2 Notes** and together with the Class A1 Notes, the **Class A Notes**) and the EUR 31,000,000 Class B mortgage-backed notes 2016 due 2097 (the **Class B Notes** and together with the Class A Notes, the **Notes**) was authorised by a resolution of the managing director of the Issuer passed on 5 April 2016. The Notes are issued under the Trust Deed on the Closing Date.

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

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

Copies of the Trust Deed, Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents (see Section 8 (*General*) below) are available for inspection, free of charge, by Noteholders and prospective Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Hoogoorddreef 15, 1101 BA Amsterdam, the Netherlands, and in electronic form upon email request at [NLsecuritisation@sgggroup.com](mailto:NLsecuritisation@sgggroup.com). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

#### 1. Form, Denomination and Title

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

For as long as the Notes are represented by a Global Note and Euroclear Netherlands so permit, such Notes will be tradeable only in the minimum authorised denomination of EUR 100,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 100,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons and, if necessary, talons attached.

#### 2. Status, Priority and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* without any preference or priority among Notes of the same Class. The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes.
- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the NHG Mortgage Receivables and the Beneficiary Rights and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer Rights.
- (d) The obligations under the Notes are secured (indirectly) by the Security. The obligations under the Class A Notes (being the Class A1 Notes and the Class A2 Notes jointly) will rank in priority to the Class B Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Noteholders of a Class or Subclass and not to consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the ranking set out in the Post-Enforcement Priority of Payments determines which interest of which Secured Creditor prevails.

### 3. Covenants of the Issuer

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (e) permit the validity or effectiveness of the Transaction Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Transaction Documents;

- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii) or an account to which collateral under the Swap Agreement is transferred; and
- (h) take any action which will cause its 'centre of main interest' within the meaning of the insolvency regulation to be located outside the Netherlands.

#### 4. Interest

(a) *Period of Accrual*

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

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

(b) *Interest Periods and Notes Payment Dates*

Interest on the Class A Notes is payable by reference to the successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in July 2016.

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

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

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

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

- (i) for the Class A1 Notes, 0.28 per cent. per annum; and
- (ii) for the Class A2 Notes, 0.45 per cent. per annum,

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

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

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

- (i) for the Class A1 Notes, 0.56 per cent. per annum; and
- (ii) for the Class A2 Notes, 0.90 per cent. per annum,

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

(e) *Euribor*

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

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

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

determined in relation thereto.

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

The Reference Agent will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, determine the rates of interest referred to in paragraphs (c) and (d) above for each of the Class A1 Notes and the Class A2 Notes and calculate the amount of interest payable on each such Notes for the following Interest Period (the **Interest Amount**) by applying the relevant Interest Rates to the Principal Amount Outstanding of each of the Class A1 Notes and the Class A2 Notes, respectively, on the first day of the relevant Interest Period. The determination of the relevant Interest Rates and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

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

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

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

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

(i) *Reference Agent*

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

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

The Class B Notes will not bear any interest.

## 5. **Payment**

- (a) Payment of principal and interest in respect of the Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified

office of the Paying Agent by transfer to a euro account maintained by the payee with a bank in the Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment or other laws and regulations to which the Issuer agrees to be subject and the Issuer will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

- (b) At the Final Maturity Date, or at such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note and Coupon (a **Local Business Day**) the holder of the Note shall not be entitled to payment until the next following Local Business Day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account is open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and details of its offices are set out on the last page of the Prospectus.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

### (a) *Final redemption*

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

### (b) *Mandatory Redemption of the Notes*

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

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

The principal amount redeemable in respect of each relevant Note (each a **Redemption Amount**) in respect of a Note, on the relevant Notes Payment Date in accordance with Conditions 6(b) and 6(c), shall be the aggregate amount (if any) of the Available Redemption Funds on the Notes Calculation Date relating to such Notes Payment Date available for a Class of Notes divided by the Principal Amount Outstanding of the relevant Class subject to such redemption (rounded down to the nearest euro) and multiplied by the Principal Amount Outstanding of the relevant Note on such Notes Calculation Date, provided always that the Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Redemption Amount to redeem a Note, the Principal Amount Outstanding of

such Note shall be reduced accordingly.

(c) *Definitions*

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

**Principal Amount Outstanding** on any date shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts, that have become due and payable prior to such date, provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid shall not be so deducted.

**Available Redemption Funds** means, on any Notes Payment Date as calculated on the immediately preceding Notes Calculation Date, the aggregate amount of:

- (i) the Available Principal Funds; **less**
- (ii) any amounts which are applied in satisfaction of the Initial Purchase Price of the Substitute Mortgage Receivables and/or Further Advance Receivables on such Notes Payment Date;

(d) *Determination of the Available Principal Funds, Available Redemption Funds, Available Revenue 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, Available Revenue Funds and the Available Redemption Funds (b) the amount of the Redemption Amount due for the relevant Class of Notes on the relevant Notes Payment Date and (c) the Principal Amount Outstanding of the relevant Note on the first day following such Notes Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of a manifest error) be final and binding on all persons.
- (ii) On each Notes Calculation Date (to the extent Notes are redeemed the immediately succeeding Notes Payment Date), the Issuer shall cause each determination of (a) the Available Principal Funds, Available Revenue Funds and the Available Redemption Funds (b) the amount of the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (c) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear Netherlands and to the holders of Notes in accordance with Condition 13. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (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 this Condition (but based upon the information in its possession as to the relevant amounts and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

(e) *Optional Redemption*

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

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

(f) *Redemption for tax reasons*

All (but not some only) of the Notes may be redeemed at the option of the Issuer on any Notes



Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

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

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

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

(g) *Redemption for regulatory reasons*

All (but not some only) of the Notes may be redeemed by the Issuer, upon the direction of the Seller on any Notes Payment Date, at their Principal Amount Outstanding and subject to Condition 9(a), if:

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

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

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

7. **Taxation**

(a) *General*

All payments of, or in respect of, principal of and interest on the Notes will be made without

withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any other jurisdiction, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders.

(b) *FATCA Withholding*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

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

**8. Prescription**

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

**9. Subordination and limited recourse**

(a) *Principal*

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

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

(b) *Limited Recourse*

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

## 10. Events of Default

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

- (a) default is made for a period of 14 days or more in the payment of the principal or interest on the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of 30 days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a (preliminary) suspension of payments (*voorlopige surseance van betaling*) or for bankruptcy (*faillissement*) or has been declared bankrupt,

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Relevant Class regardless of whether an Extraordinary Resolution is passed by the holder of such Class or Classes of Notes ranking junior to the Relevant Class, unless an Enforcement Notice in respect of the Relevant Class has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Relevant Class, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Relevant Class.

## 11. Enforcement, Limited Recourse and Non-Petition

- (a) At any time after the obligations under the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note has been paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

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

## **13. Notices**

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

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

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

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

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

### **(b) Quorum**

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

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

at such meeting.

(c) Extraordinary Resolution

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

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

(d) Limitations

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

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

(e) Modifications, waiver, authorisations

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Notes and any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes or any other Transaction Document, and any consent, including to the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Credit Rating Agencies and (ii) a Credit Rating Agency Confirmation is available in connection with such modification, authorisation or waiver. Any such modification, authorisation, waiver or consent shall be binding on the Noteholders and, if the Security Trustee so required, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

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

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

- (i) it would cause (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement;
- (ii) it would impact the ranking of payments to be made to the Swap Counterparty in the relevant Priority of Payments;
- (iii) the amendment intends to structure a Transaction Document in such a way that it would have a material impact on the Swap Counterparty;
- (iv) the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement it would be required to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such amendment not been made; or
- (v) such modification is made in relation to a sale, disposal, transfer or refinancing of the NHG Mortgage Receivables by the Issuer with a view to early terminate the Swap Transaction in a manner not contemplated by the Swap Transaction, unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to provide its written consent or to make the determinations required to be made by it within 15 Business Days of written request by the Security Trustee (in which case the Security Trustee may agree to any waivers, modifications or amendments).

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

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

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

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

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

## 4.2 FORM

Each Class or Subclass, as the case may be, of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 125,000,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 375,000,000 and (iii) the case of the Class B Notes in the principal amount of EUR 31,000,000. Each Temporary Global Note will be deposited with Euroclear Netherlands on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear Netherlands, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes or Subclass, as the case may be, equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class or Subclass, as the case may be, of Notes, the Permanent Global Note will remain deposited with Euroclear Netherlands.

The Class A Notes are intended to be held in a manner which allows Eurosystem eligibility. The Class A Notes will upon issue be deposited with Euroclear Netherlands which is a recognised CSD, but this does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Class B Notes are not intended to be held in a manner which allows Eurosystem eligibility. The Notes are held in book-entry form.

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

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

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

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



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

- (i) Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes;
- (ii) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes; and
- (iii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes,

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

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

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

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

### 4.3 SUBSCRIPTION AND SALE

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

#### European Economic Area

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

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

#### United Kingdom

Each of the Lead Managers has represented and agreed that

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

#### France

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

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

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

### Italy

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:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Financial Services Act and the relevant implementing regulations (including Regulation No. 11971).

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

- (a) only by banks, investment firms (*imprese di investimento*) or financial institutions enrolled in the register provided for under article 106 of Italian Legislative Decree no. 385 of 1 September 1993, as subsequently amended from time to time (the **Italian Banking Act**), in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in Italy in accordance with the Italian Banking Act, the Financial Services Act and the relevant implementing regulations;
- (b) only to qualified investors (*investitori qualificati*) as set out above; and
- (c) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB or the Bank of Italy.

### United States

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

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

Each Lead Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering or the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **The Netherlands**

NN Bank has represented and agreed that the Class B Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in the Class B Notes in global form, or (b) in respect of the initial issue of the Class B Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class B Notes and in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of the Class B Notes within, from or into the Netherlands if all the Class B Notes (either in definitive form or as rights representing an interest in the Class B Notes in global form) are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

#### **General**

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

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

#### 4.4 REGULATORY AND INDUSTRY COMPLIANCE

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

The Seller has undertaken in the Notes Purchase Agreement to each of Rabobank, the Issuer and the Security Trustee to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 405 of the CRR, article 51 of the AIFMR and article 254 of the Solvency II Regulation. As at the Closing Date, such material net economic interest will be held by the Seller in accordance with item (d) of article 405 of the CRR, article 51(d) of the AIFMR and article 254(2)(d) of the Solvency II Regulation, by holding the Class B Notes.

The Notes Purchase Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in article 52 (a) up to and including (d) of the AIFMR, articles 408 and 409 of the CRR and articles 254 and 256 paragraph (3) sub (a) up to and including sub (c) and sub (e) of the Solvency II Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant information to investors with a view to such investor complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the Solvency II Regulation upon request.

The Issuer Administrator on behalf of the Issuer will prepare Notes and Cash Reports on a quarterly basis wherein relevant information with regard to the Mortgage Loans and NHG Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The Notes and Cash Reports can be obtained as further described in Section 8 (*General*) of this Prospectus. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with articles 405 up to and including 409 of the CRR, articles 51 and 52 of the AIFMR and articles 254 and 256 of the Solvency II Regulation and none of the Issuer, the Security Trustee, NN Bank (in its capacity as Seller, Servicer, Issuer Administrator and Lead Manager) nor Rabobank makes any representation that the information described above is sufficient in all circumstances for such purposes.

##### **Dutch Securitisation Standard**

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template Investor Report (save as otherwise indicated in the relevant Investor Report), each as published by the Dutch Securitisation Association on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes comply with the standard created for residential mortgage-backed securities by the DSA (the RMBS Standard). This has also been recognised by PCS as the Domestic Market Guideline for the Netherlands in respect of this asset class.

##### **PCS Label**

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

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

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

##### **Volcker Rule**

The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank

Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a “covered fund” under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.

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

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 531,000,000.

The proceeds of the issue of the Notes will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the NHG Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

An amount of EUR 2,524,009.07, being the Aggregate Construction Deposit Amount, will be deposited by the Issuer on the Construction Deposit Account on the Closing Date.

An amount of EUR 20,184,107.17 will be received by the Issuer on the Closing Date as consideration for the Initial Savings Participation granted to (i) the Bank Savings Participant in the Bank Savings Mortgage Receivables and (ii) the Insurance Savings Participant in the Savings Mortgage Receivables and the Switch Mortgage Receivables with a Savings Alternative. The Issuer will apply this amount towards payment (whether by set-off or otherwise) of the remaining part of the Initial Purchase Price for the NHG Mortgage Receivables purchased on the Closing Date.

## 4.6 TAXATION IN THE NETHERLANDS

### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary, with the exception of the 'Withholding Tax' section below, does not address the Netherlands tax consequences for:

- (i) investment institutions (fiscale beleggingsinstellingen);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or, in whole or in part, exempt from Netherlands corporate income tax;
- (iii) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- (iv) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative; and
- (v) individuals to whom Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

### Withholding Tax

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

### Corporate and Individual Income Tax

#### Residents of the Netherlands

##### *Corporate entities*

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).



### *Individuals*

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*meer dan normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

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

#### *Corporate entities*

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

#### *Individuals*

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (*meer dan normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

## **Gift and Inheritance Tax**

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

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

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or the individual's death.

For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For purposes of Netherlands gift, estate and inheritance taxes, (i) a gift by a Trust, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, the Settlor's Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Trust for purposes of the Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

## **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

## **Other Taxes and Duties**

No registration tax, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

## **European Union Tax Reporting and Withholding**

The EU Council Directive 2003/38/EC on the taxation of savings income (the "EU Savings Directive"), which required the automatic exchange of information between EU Member States on private savings income, was repealed by the Council of the European Union on 10 November 2015, effective for all EU Member States as of 1 January 2016, except for Austria (for which the EU Savings Directive will continue to apply until 31 December 2016).

The EU Savings Directive was repealed to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under EU Council Directive 2011/16/EU on administrative cooperation in the field of taxation as amended by EU Council Directive 2014/107/EU. The new regime under EU Council Directive 2011/16/EU (as amended) is in accordance with the global standard for automatic exchange of information published by the Organisation for Economic Co-operation and Development in July 2014. It is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes. EU Council Directive 2014/107/EU amending EU Council Directive 2011/16/EU entered into force on 1 January 2016.

For a transitional period ending on 31 December 2016, Austria will continue to levy a withholding tax at a rate of currently 35%.

#### **Common Reporting Standard**

The exchange of information is expected to be governed by the broader Common Reporting Standard ("CRS"). On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residency in another CRS country. The standards includes a requirement to look through passive entities to report on the relevant controlling persons.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Netherlands law. As a result, the Issuer and/or the Seller will be required to comply with identification obligations starting in 2016, with reporting set to begin in 2017.

Investors who are in any doubt as to their position should consult their professional (tax) advisers.

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

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

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

### *Pledge Agreements*

The Issuer will vest a right of pledge in favour of the Security Trustee on the NHG Mortgage Receivables and the Beneficiary Rights on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Deed of Assignment and Pledge and in respect of any Substitute Mortgage Receivables and Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Mortgage Receivables

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

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

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

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

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

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

## 5. CREDIT STRUCTURE

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

### 5.1 AVAILABLE FUNDS

#### **Available Revenue Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received (on the immediately succeeding Notes Payment Date) or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items under (i) up to and including (xii) less items (xiii) and (xiv) hereafter being referred to as the **Available Revenue Funds**):

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

principal due in respect of the Notes, have been paid in full; and

- (xii) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;

**less:**

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

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

**Available Principal Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts calculated on each Notes Calculation Date received or to be received (on the immediately succeeding Notes Payment Date) or held by the Issuer in respect of the immediate preceding Notes Calculation Period (items under (i) up to and including (xii) less item (xiii) hereinafter being referred to as the **Available Principal Funds**):

- (i) as repayment and prepayment of principal in part under the NHG Mortgage Receivables, and in respect of each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable with a maximum of the outcome of (a) the Outstanding Principal Amount of such NHG Mortgage Receivable less (b) the Participation in such NHG Mortgage Receivable;
- (ii) as repayment and prepayment of principal in full under the NHG Mortgage Receivables, less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the Participation in such NHG Mortgage Receivable;
- (iii) as Net Foreclosure Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the Participation in such NHG Mortgage Receivable;
- (iv) as amounts received in connection with a repurchase of NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the Participation in such NHG Mortgage Receivable;
- (v) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less with respect to each Savings Mortgage Receivable, each Switch Mortgage Receivable with a Savings Alternative and each Bank Savings Mortgage Receivable, the Participation in such NHG Mortgage Receivable;
- (vi) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vii) as Participation Increase and as amounts to be received as Initial Savings Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements;
- (viii) the Bank Savings Bonus Amount Participation;
- (ix) as amounts received on the Issuer Collection Account on such Notes Payment Date from the credit

balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to NHG Mortgage Receivables is paid to the relevant Borrower by means of set-off with the NHG Mortgage Receivables;

- (x) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- (xi) as part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date, which has not been applied towards redemption of the Notes or purchase of Substitute Mortgage Receivables and/or Further Advance Receivables on the immediately preceding Notes Payment Date; and
- (xii) the amount by which on the first Notes Payment Date (i) the aggregate proceeds of the Notes, less the Initial Savings Participation exceeds (ii) the Initial Purchase Price of the NHG Mortgage Receivables purchased at Closing;

**less:**

- (xiii) any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;

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

**Cash Collection Arrangements**

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

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

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

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

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

In the Mortgage Receivables Purchase Agreement, the Originators have undertaken that, if at any time the Seller Collection Account Bank is no longer a group company of the Seller, suitable measures will be implemented,



acceptable to the Security Trustee, to maintain the then current credit ratings of the Class A Notes, which may include instituting a collection foundation structure under which all mortgage collections will be paid to an account of a bankruptcy remote foundation.

### **Financial Collateral Agreement**

#### *Set-Off*

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

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

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

#### *Other Claim*

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

The Financial Collateral Agreement shall provide that the Issuer may on each Notes Payment Date draw from

the Financial Cash Collateral Account, with a corresponding debit to the Other Claim Financial Collateral Ledger an amount equal to the Other Claim Loss Amount, subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

## 5.2 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 Notes Payment Date immediately succeeding the relevant Notes Calculation Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the **Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements and (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof (i) the fees and expenses due and payable to the Servicer under the Servicing Agreement and (ii) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xiii) of the Available Revenue Funds), (ii) the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) the Cash Advance Facility Commitment Fee to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (iv) any amounts due to the Issuer Account Bank under the Issuer Account Agreement (for the avoidance of doubt including negative interest on the Issuer Accounts), (v) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (vi) fees and expenses due to the Reporting Services Provider under the Reporting Services Agreement;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any Swap Counterparty Subordinated Payment and any Excess Swap Collateral and any Tax Credit);
- (e) *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, or, following a Cash Advance Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Cash Advance Facility Stand-by Ledger but excluding the Cash Advance Facility Commitment Fee payable under sub-paragraph (c) above and any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (k) below;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class A1 Notes and the Class A2 Notes;
- (g) *seventh*, in or towards satisfaction, of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (i) *ninth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement;
- (k) *eleventh*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and

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

#### **Priority of Payments in respect of principal**

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

- (a) *first*, subject to the Purchase Conditions up to (but excluding) the First Optional Redemption Date, in or towards satisfaction of the Initial Purchase Price of any Substitute Mortgage Receivables and Further Advance Receivables on such Notes Payment Date;
- (b) *second* subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed in accordance with the Conditions;
- (c) *third*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed in accordance with the Conditions; and
- (d) *fourth*, subject to the Conditions, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed in accordance with the Conditions.

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

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

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

(j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

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

### 5.3 LOSS ALLOCATION

#### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising two sub-ledgers, known as the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger, respectively, will be established by or on behalf of the Issuer in order to record any Principal Deficiency, subdivided in the Class A Principal Deficiency and the Class B Principal Deficiency. The sum of any Realised Loss shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, *pro rata* according to the Principal Amount Outstanding of the Class A Notes on each Notes Payment Date, to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (g) of the Revenue Priority of Payments on each relevant Notes Payment Date).

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

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

#### Post-foreclosure proceeds

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

## 5.4 HEDGING

### Interest Rate Hedging

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

Under the Swap Agreement, the Issuer will agree to pay on the Notes Payment Date falling in July 2016 and on each Notes Payment Date thereafter an amount equal to:

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

less:

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

The Swap Counterparty will agree to pay on the Notes Payment Date falling in July 2016 and on each Notes Payment Date thereafter an amount equal to the aggregate interest due under the Class A1 Notes and the Class A2 Notes on such Notes Payment Date calculated by reference to the Interest Rate for the Class A1 Notes and the Class A2 Notes, in each case applied to an amount equal to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on such date less an amount equal to the balance standing on the Class A Principal Deficiency Ledger, if any (whereby such balance on the Class A Principal Deficiency Ledger will be subdivided between the Class A1 Notes and the Class A2 Notes *pro rata* by reference to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes) on the first day of the relevant Interest Period.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an 1992 ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined in the ISDA Master Agreement) commonly found in standard ISDA documentation except where such Events of Default and Termination Events (each as defined therein) are disapplied and/or modified and any Additional Termination Events (as defined therein) are added. The Swap Agreement will be terminable by one party *inter alia* if an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the

other party, it becomes unlawful for either party to perform its obligations under the Swap Agreement or (by the Swap Counterparty only) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

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

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

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

If the unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to have the Required Ratings, the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement (pursuant to the credit support annex which forms part of the Swap Agreement on the basis of the standard ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Closing Date depending on the value at risk of the Issuer), (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity having at least the Required Ratings and which satisfies the transfer provisions of the swap agreement, (iii) procuring another entity with at least the Required Ratings to become co-obligor in respect of its obligations under the Swap Agreement, or (iv) (in respect of Fitch) the taking of such other action as may be required to maintain or, as the case may be, restore the then current rating assigned to the Class A Notes. Failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement. While the Issuer is required to seek offers in the market from potential replacement swap providers in contemplation of a termination, the Swap Agreement does not impose an obligation on the Issuer, on termination of the Swap Agreement, to actually accept one of those offers.

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

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

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

If following the termination of the Swap Agreement (i) an amount is due by the Issuer to the Swap Counterparty as termination payment (including any Swap Counterparty Subordinated Payment), other than in relation to the return of Excess Swap Collateral or any other Unpaid Amount (as defined in the Swap Agreement), and (ii) the Issuer receives an upfront payment from a replacement swap counterparty in connection with entering into a replacement swap agreement as a result of the market value of such swap agreement, then the Issuer shall apply such amounts received from that replacement swap counterparty to pay an amount equal to such termination payment (for the avoidance of doubt minus any Unpaid Amounts owed by the Issuer to the Swap



Counterparty) outside the relevant Priority of Payments and such amount will not form part of the Available Revenue Funds.

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

The Originators, the Issuer, the Servicer, the Issuer Administrator, the Swap Counterparty and the Security Trustee will enter into an Interest Rate Reset Agreement in relation to the setting of Mortgage Interest Rates on the Mortgage Loans upon reset. Pursuant to the Interest Rate Reset Agreement, the parties have agreed that in certain events (which events include - amongst others - bankruptcy of the Seller and the Seller being subjected to emergency regulations) the Swap Counterparty will be consulted in relation to the interest rate reset policy of the Seller or, as the case may be, NN Leven (or after notification of the assignment to the Borrowers, the Issuer).

#### **EMIR**

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivative contracts which are declared subject to the clearing obligation through an authorised or recognised central counterparty when they trade with each other or with third country entities. The mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY, with constant or variable notional amounts, will be phased in from 21 June 2016.

OTC derivative contracts that are not cleared by a CCP are subject to certain other risk-mitigation requirements, including arrangements for timely confirmation of OTC derivative contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivative contracts. EMIR also contains requirements with respect to the margining of non-cleared OTC derivative contracts, which requirements are expected to be phased in from 1 September 2016. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement.

In addition, under EMIR, counterparties must report the conclusion, modification and termination of their OTC and exchange traded derivative contracts to a registered or recognised trade repository or to ESMA where a trade repository is not available. Under the Reporting Services Agreement, the Swap Counterparty undertakes that it shall ensure that the details of the Swap Transaction will be reported to the trade repository both on behalf of itself and on behalf of the Issuer.

Various regulatory and implementing technical standards pursuant to EMIR have now come into force, but certain critical technical standards have not yet been finalised or come into force. It is for example expected that additional technical standards will be adopted to subject other classes of OTC derivative contracts to the clearing obligation. The technical standards with respect to the margining of non-cleared OTC derivative contracts have also yet to be adopted.

## 5.5 LIQUIDITY SUPPORT

### **Cash Advance Facility Agreement**

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

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

## 5.6 TRANSACTION ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands, in its capacity as Issuer Account Bank, the Issuer Collection Account to which – *inter alia* – all amounts received (i) in respect of the NHG Mortgage Receivables, (ii) from the Insurance Savings Participant under the Insurance Savings Participation Agreement and from the Bank Savings Participant under the Bank Savings Participation Agreement and (iii) from the other parties to the Transaction Documents will be paid. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account, including the amounts received set out under (i), (ii) and (iii) above, in respect of the NHG Mortgage Receivables. The amount standing to the credit of the Issuer Collection Account will accrue interest at a level agreed with the Issuer Account Bank.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account in respect of the NHG Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received on each relevant Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to the relevant principal ledger or the revenue ledger, as the case may be. Further ledgers will be maintained to record amounts held in the Issuer Account in connection with any Financial Collateral Agreement and in connection with certain drawings made under the Cash Advance Facility.

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

#### *Reserve Account*

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

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

#### *Construction Deposit Account*

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

relevant Originator. The Aggregate Construction Deposit Amount as per the Cut-Off Date is EUR 2,524,009.07.

*Swap Cash Collateral Account*

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

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

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

*Financial Cash Collateral Account*

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

Amounts drawn from the Financial Cash Collateral Account as Set-Off Amount or as Other Claim Loss Amount will form part of the Available Revenue Funds.

*Rating Issuer Account Bank*

If at any time the rating of the Issuer Account Bank falls below the Requisite Credit Rating or any such rating is withdrawn by Fitch or Moody's, the Issuer will be required within the Relevant Remedy Period to (a) transfer the balance standing to the credit of the relevant Issuer Accounts to an alternative issuer account bank having at least the Requisite Credit Rating or (b) to obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank.

## 5.7 ADMINISTRATION AGREEMENT

### Issuer Services

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

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

In the Administration Agreement, the Issuer will appoint Intertrust Administrative Services B.V. to act as Issuer Administrator and to provide the Issuer Services subject to the condition precedent (*opschortende voorwaarde*) that the Capital Requirement Trigger Event has occurred and is continuing or NN Bank defaults in the performance of the Issuer Services. If NN Bank is replaced by Intertrust Administrative Services B.V. as a result of the occurrence of a Capital Requirement Trigger Event and, subsequently, such Capital Requirement Trigger Event is no longer continuing, NN Bank has the right to replace Intertrust Administrative Services to act as Issuer Administrator. Pursuant to the Administration Agreement, for the performance of the Issuer Services, the Issuer shall not pay a fee to NN Bank in its capacity as Issuer Administrator.

### Termination

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

### Calculations and reconciliation

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

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

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

Priority of Payments and items (a) up to and including (k) of the Revenue Priority of Payments have been paid in full on the Interest Reconciliation Ledger.

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

#### **Market Abuse Directive**

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 2003/6/EC of 28 January 2003 on insider dealing and market manipulation and the Directive 2014/57/EU of 16 April 2014 on criminal sanctions for insider dealing and market manipulation (together the **Market Abuse Directives**), the Regulation 596/2014 of 16 April 2014 on market abuse (the **Market Abuse Regulation**) and the Dutch legislation implementing these Directives (the Market Abuse Directives, 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.

## 6. PORTFOLIO INFORMATION

Agreed-upon procedures tests performed on the randomly selected audit sample of the Mortgage Loans specified in this Section 6 (*Portfolio Information*) prior to the Closing Date disclosed certain errors with respect to the application of the then applicable procedures for recording the Original Foreclosure Value and the Original Market Value. The audit sample of Mortgage Loans is representative of all Mortgage Loans and the same margin of error may apply to all Mortgage Loans. For further detail see Section 2 (*Risk Factors*) – *Risks that the foreclosure proceeds will be insufficient*.

### 6.1 STRATIFICATION TABLES

#### Summary of the Pool

The numerical information set out below relates to the Final Pool of Mortgage Loans as at the Cut-Off Date. All amounts are in euro. All amounts relating to principal are inclusive of any Participation, unless stated otherwise. The information set out below may not necessarily correspond to that of the NHG Mortgage Receivables actually sold and assigned to the Issuer on the Closing Date. After the Closing Date the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of NHG Mortgage Receivables and the purchase of Further Advance Receivables and Substitute Mortgage Receivables.

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

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### 1. Key Characteristics

	As per Closing
Principal balance	551,184,012.12
Value of Saving Deposits	20,184,107.17
Net principal balance	530,999,904.95
Construction Deposits	2,524,009.07
Net principal balance excl. Construction and Saving Deposits	528,475,895.88
Number of loans	3,034
Number of loanparts	5,365
Average principal balance (borrower)	181,669.09
Weighted average current interest rate	3.48%
Weighted average maturity (in years)	33.08
Weighted average remaining time to interest reset (in years)	9.13
Weighted average seasoning (in years)	4.31
Weighted average CLTOMV	91.75%
Weighted average CLTIMV	94.84%
Weighted average CLTIFV	105.57%
Weighted average OLTOMV	96.81%

## 2. Redemption Type

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Annuity	185,223,355.73	34.88%	1,650	30.75%	3.33%	28.08	95.75%
Bank Savings	129,796,751.15	24.44%	1,101	20.52%	3.51%	21.80	87.50%
Interest Only	119,595,215.89	22.52%	1,646	30.68%	3.58%	63.76	87.43%
Investment	21,052,875.98	3.96%	158	2.95%	3.10%	19.97	93.72%
Life	37,787,753.96	7.12%	386	7.19%	3.36%	17.90	97.78%
Linear	8,760,669.52	1.65%	109	2.03%	3.34%	27.41	89.95%
Savings	28,783,282.72	5.42%	315	5.87%	4.30%	19.87	94.23%
<b>Total</b>	<b>530,999,904.95</b>	<b>100.00%</b>	<b>5,365</b>	<b>100.00%</b>	<b>3.48%</b>	<b>33.08</b>	<b>91.75%</b>

## 3. Outstanding Loan Amount

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	25,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
25,000	50,000	250,000.00	0.05%	5	0.16%	3.47%	46.26	26.30%
50,000	75,000	4,714,577.63	0.89%	74	2.44%	3.37%	34.55	47.37%
75,000	100,000	13,863,338.42	2.61%	154	5.08%	3.36%	34.09	67.65%
100,000	150,000	103,116,256.86	19.42%	805	26.53%	3.41%	32.27	84.83%
150,000	200,000	175,517,316.26	33.05%	1,004	33.09%	3.42%	32.37	92.23%
200,000	250,000	166,764,189.61	31.41%	748	24.65%	3.53%	33.69	96.04%
250,000	300,000	55,505,504.76	10.45%	208	6.86%	3.59%	33.71	98.11%
300,000	350,000	11,268,121.41	2.12%	36	1.19%	3.74%	37.20	102.39%
350,000	400,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
400,000	450,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
450,000	500,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
500,000	550,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
550,000	600,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
600,000	650,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
650,000	700,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
700,000	750,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
750,000	800,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
800,000	850,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
850,000	900,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
900,000	950,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
950,000	1,000,000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
1,000,000	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		<b>530,999,904.95</b>	<b>100.00%</b>	<b>3,034</b>	<b>100.00%</b>	<b>3.48%</b>	<b>33.08</b>	<b>91.75%</b>

Average	175,016.45
Minimum	50,000.00
Maximum	341,408.21



#### 4. Origination Year

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	1999	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
1999	2000	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
2000	2001	4,115,998.11	0.78%	64	1.19%	3.44%	31.49	92.33%
2001	2002	587,956.01	0.11%	12	0.22%	4.53%	32.45	88.74%
2002	2003	479,242.13	0.09%	6	0.11%	3.32%	23.67	94.26%
2003	2004	3,036,449.93	0.57%	36	0.67%	3.27%	38.56	102.94%
2004	2005	10,602,595.74	2.00%	114	2.12%	3.47%	35.75	99.28%
2005	2006	50,755,889.79	9.56%	528	9.84%	3.16%	33.23	91.61%
2006	2007	4,506,966.20	0.85%	63	1.17%	3.52%	41.95	93.11%
2007	2008	1,060,685.88	0.20%	19	0.35%	3.71%	39.49	88.23%
2008	2009	24,675,082.50	4.65%	284	5.29%	4.64%	45.91	97.80%
2009	2010	27,110,508.03	5.11%	276	5.14%	4.05%	37.99	93.29%
2010	2011	105,677,548.18	19.90%	947	17.65%	3.19%	37.39	86.69%
2011	2012	21,697,212.10	4.09%	217	4.04%	3.41%	41.23	86.66%
2012	2013	16,059,408.41	3.02%	195	3.63%	4.26%	42.17	86.91%
2013	2014	50,147,078.67	9.44%	555	10.34%	4.11%	26.97	87.67%
2014	2015	75,395,975.52	14.20%	749	13.96%	3.60%	28.09	92.87%
2015	2016	130,049,455.34	24.49%	1,248	23.26%	3.11%	28.36	95.59%
2016	>	5,041,852.41	0.95%	52	0.97%	2.81%	29.21	99.64%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	2011
Minimum	2000
Maximum	2016

## 5. Seasoning

From ( ≥ )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	1 years	96,800,715.97	18.23%	952	17.74%	3.03%	28.42	95.57%
1 year	2 years	108,010,009.78	20.34%	1,041	19.40%	3.47%	28.22	94.25%
2 years	3 years	52,256,752.32	9.84%	573	10.68%	4.06%	26.56	87.48%
3 years	4 years	18,820,899.91	3.54%	225	4.19%	4.35%	40.57	88.29%
4 years	5 years	11,546,082.42	2.17%	136	2.53%	3.72%	43.85	85.05%
5 years	6 years	106,161,918.58	19.99%	942	17.56%	3.17%	37.70	86.31%
6 years	7 years	33,356,892.54	6.28%	323	6.02%	3.70%	36.00	92.38%
7 years	8 years	27,642,887.20	5.21%	312	5.82%	4.69%	45.98	97.54%
8 years	9 years	2,175,148.32	0.41%	37	0.69%	4.09%	45.17	96.44%
9 years	10 years	2,438,223.62	0.46%	38	0.71%	3.72%	41.75	93.31%
10 years	11 years	49,318,583.94	9.29%	511	9.52%	3.16%	33.24	90.95%
11 years	12 years	14,252,144.17	2.68%	157	2.93%	3.42%	36.27	99.35%
12 years	13 years	2,873,449.93	0.54%	34	0.63%	3.27%	38.04	102.62%
13 years	14 years	489,091.31	0.09%	6	0.11%	4.19%	25.46	94.48%
14 years	15 years	635,629.91	0.12%	11	0.21%	4.33%	29.31	98.01%
15 years	16 years	3,467,613.91	0.65%	54	1.01%	3.45%	32.22	93.63%
16 years	17 years	753,861.12	0.14%	13	0.24%	3.29%	33.16	82.13%
17 years	18 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
18 years	19 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
19 years	20 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20 years	21 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
21 years	22 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
22 years	23 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
23 years	24 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
24 years	25 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
25 years	26 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
26 years	27 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
27 years	28 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
28 years	29 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
29 years	30 years	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30 years	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	4.3 years
Minimum	0.1 years
Maximum	16.1 years

## 6. Legal Maturity

From ( ≥ )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	2015	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
2015	2020	403,213.81	0.08%	16	0.30%	3.60%	2.51	83.78%
2020	2025	1,909,973.56	0.36%	60	1.12%	3.54%	6.95	71.10%
2025	2030	10,492,875.52	1.98%	160	2.98%	3.59%	11.74	71.48%
2030	2035	54,781,464.13	10.32%	612	11.41%	3.48%	16.67	84.76%
2035	2040	92,641,181.95	17.45%	824	15.36%	3.63%	20.84	94.04%
2040	2045	178,512,800.08	33.62%	1,585	29.54%	3.61%	26.76	92.63%
2045	2050	115,437,396.20	21.74%	1,033	19.25%	3.08%	29.16	96.85%
2050	>	76,820,399.70	14.47%	1,075	20.04%	3.55%	83.84	87.57%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	2049
Minimum	2017
Maximum	2099

## 7. Remaining Tenor

From ( >= )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	1 years	3,153.53	0.00%	1	0.02%	2.45%	0.97	29.26%
1 year	2 years	133,660.00	0.03%	2	0.04%	3.70%	1.50	111.44%
2 years	3 years	96,296.99	0.02%	6	0.11%	3.90%	2.37	57.46%
3 years	4 years	215,475.31	0.04%	8	0.15%	3.32%	3.51	75.59%
4 years	5 years	242,252.77	0.05%	10	0.19%	3.27%	4.56	55.01%
5 years	6 years	196,722.89	0.04%	6	0.11%	3.19%	5.61	76.99%
6 years	7 years	248,215.49	0.05%	9	0.17%	3.47%	6.52	57.32%
7 years	8 years	669,875.48	0.13%	18	0.34%	3.56%	7.41	82.54%
8 years	9 years	606,317.27	0.11%	19	0.35%	3.91%	8.56	66.28%
9 years	10 years	2,247,093.11	0.42%	34	0.63%	3.28%	9.43	64.92%
10 years	11 years	1,012,821.20	0.19%	15	0.28%	3.46%	10.57	71.21%
11 years	12 years	1,787,393.73	0.34%	30	0.56%	3.93%	11.47	75.15%
12 years	13 years	2,310,498.78	0.44%	35	0.65%	3.55%	12.52	69.13%
13 years	14 years	3,383,996.44	0.75%	59	1.10%	3.67%	13.59	75.60%
14 years	15 years	9,926,601.15	1.87%	128	2.39%	3.34%	14.53	79.41%
15 years	16 years	11,314,770.47	2.13%	129	2.40%	3.48%	15.51	79.19%
16 years	17 years	6,436,820.22	1.21%	63	1.17%	3.69%	16.54	84.68%
17 years	18 years	10,606,903.66	2.00%	126	2.35%	3.49%	17.52	86.32%
18 years	19 years	19,845,070.85	3.74%	188	3.50%	3.45%	18.61	92.82%
19 years	20 years	44,384,796.94	8.36%	381	7.10%	3.21%	19.45	92.59%
20 years	21 years	5,880,871.30	1.11%	48	0.89%	3.71%	20.47	89.65%
21 years	22 years	5,465,657.40	1.03%	59	1.10%	3.65%	21.44	93.29%
22 years	23 years	18,654,899.77	3.51%	186	3.47%	4.48%	22.57	97.60%
23 years	24 years	20,695,988.94	3.90%	157	2.93%	3.64%	23.60	95.36%
24 years	25 years	51,229,340.99	9.65%	384	7.16%	3.18%	24.51	93.39%
25 years	26 years	6,535,445.72	1.23%	61	1.14%	3.78%	25.44	92.63%
26 years	27 years	11,377,389.49	2.14%	126	2.35%	4.30%	26.73	93.16%
27 years	28 years	42,835,654.41	8.07%	422	7.87%	4.05%	27.53	89.13%
28 years	29 years	94,097,423.18	17.72%	843	15.71%	3.45%	28.73	95.22%
29 years	30 years	81,136,091.77	15.28%	737	13.74%	3.00%	29.26	96.70%
30 years	>	76,820,399.70	14.47%	1,075	20.04%	3.55%	83.84	87.57%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	33.1 years
Minimum	1.0 years
Maximum	83.8 years

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	107.69%
Minimum	15.58%
Maximum	139.25%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	241,000.00	0.05%	2	0.07%	3.01%	83.84	12.31%
20%	30%	1,060,131.50	0.20%	14	0.46%	3.36%	50.67	23.42%
30%	40%	1,863,909.47	0.35%	20	0.66%	3.15%	58.06	28.09%
40%	50%	5,738,624.00	1.08%	55	1.81%	3.33%	43.72	37.55%
50%	60%	8,800,160.23	1.66%	82	2.70%	3.29%	53.08	45.42%
60%	70%	11,185,475.63	2.11%	85	2.80%	3.47%	33.15	52.97%
70%	80%	20,125,921.68	3.79%	143	4.71%	3.43%	30.65	63.42%
80%	90%	28,003,199.70	5.27%	178	5.87%	3.36%	30.60	71.78%
90%	100%	40,045,070.58	7.54%	229	7.55%	3.42%	30.12	81.49%
100%	110%	92,009,803.21	17.33%	489	16.12%	3.54%	30.26	92.53%
110%	120%	202,447,482.99	38.13%	1,112	36.65%	3.37%	30.84	98.68%
120%	130%	111,224,219.60	20.95%	580	19.12%	3.71%	38.64	103.49%
130%	140%	8,248,906.36	1.55%	45	1.48%	3.55%	35.11	106.44%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	107.63%
Minimum	15.58%
Maximum	139.25%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	102.02%
Minimum	13.18%
Maximum	129.82%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	373,287.63	0.07%	4	0.13%	2.92%	74.73	12.76%
20%	30%	2,234,515.37	0.42%	29	0.96%	3.38%	55.03	23.27%
30%	40%	3,145,124.75	0.59%	35	1.15%	3.31%	41.65	30.88%
40%	50%	7,597,741.30	1.43%	71	2.34%	3.34%	42.50	40.51%
50%	60%	12,806,278.74	2.41%	108	3.56%	3.33%	43.30	49.18%
60%	70%	16,290,613.24	3.07%	116	3.82%	3.39%	32.01	58.98%
70%	80%	28,374,126.22	5.34%	185	6.10%	3.41%	30.48	68.10%
80%	90%	35,481,084.43	6.68%	218	7.19%	3.44%	30.68	77.18%
90%	100%	62,637,363.26	11.80%	338	11.14%	3.53%	31.02	87.35%
100%	110%	120,607,573.87	22.71%	627	20.67%	3.53%	31.13	95.88%
110%	120%	189,808,812.81	35.75%	1,031	33.98%	3.47%	33.25	101.74%
120%	130%	51,643,377.33	9.73%	272	8.97%	3.45%	37.20	109.35%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	102.02%
Minimum	13.18%
Maximum	129.82%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	105.57%
Minimum	13.90%
Maximum	154.77%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	321,000.00	0.06%	3	0.10%	2.87%	83.84	12.13%
20%	30%	1,769,432.52	0.33%	24	0.79%	3.41%	57.77	23.01%
30%	40%	3,669,722.72	0.69%	42	1.38%	3.23%	42.88	30.34%
40%	50%	5,900,569.48	1.11%	58	1.91%	3.61%	36.61	41.91%
50%	60%	11,194,409.97	2.11%	99	3.26%	3.35%	40.96	47.83%
60%	70%	15,924,182.48	3.00%	117	3.86%	3.45%	34.72	59.02%
70%	80%	24,160,515.27	4.55%	162	5.34%	3.45%	30.58	67.67%
80%	90%	37,187,407.36	7.00%	226	7.45%	3.45%	29.00	77.07%
90%	100%	69,103,280.96	13.01%	376	12.39%	3.58%	29.53	90.04%
100%	110%	138,969,395.11	26.17%	759	25.02%	3.40%	29.95	96.81%
110%	120%	93,910,772.62	17.69%	513	16.91%	3.28%	32.42	98.70%
120%	130%	58,553,438.48	11.03%	301	9.92%	3.46%	36.77	101.26%
130%	140%	53,136,873.38	10.01%	267	8.80%	3.84%	39.59	105.38%
140%	150%	16,387,935.60	3.09%	83	2.74%	3.89%	42.59	108.18%
150%	>	810,969.00	0.15%	4	0.13%	3.60%	39.43	112.10%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	105.57%
Minimum	13.90%
Maximum	154.77%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	96.81%
Minimum	12.06%
Maximum	125.33%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	376,469.63	0.07%	4	0.13%	2.93%	74.81	14.26%
20%	30%	1,752,101.88	0.33%	20	0.66%	3.21%	61.70	25.06%
30%	40%	2,737,068.17	0.52%	29	0.96%	3.36%	48.86	32.28%
40%	50%	9,740,289.86	1.83%	91	3.00%	3.26%	51.25	41.94%
50%	60%	10,853,234.28	2.04%	87	2.87%	3.40%	37.09	50.73%
60%	70%	19,193,570.86	3.61%	139	4.58%	3.39%	31.24	60.48%
70%	80%	30,171,132.40	5.68%	198	6.53%	3.41%	30.61	70.50%
80%	90%	39,196,053.22	7.38%	230	7.58%	3.37%	29.92	79.10%
90%	100%	80,121,747.36	15.09%	452	14.90%	3.36%	31.38	90.18%
100%	110%	273,494,624.34	51.51%	1,450	47.79%	3.49%	32.00	99.73%
110%	120%	62,920,223.40	11.85%	331	10.91%	3.77%	38.33	106.30%
120%	130%	443,389.55	0.08%	3	0.10%	2.98%	39.94	99.10%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	96.81%
Minimum	12.06%
Maximum	125.33%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	91.75%
Minimum	11.59%
Maximum	114.83%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	909,590.35	0.17%	10	0.33%	2.99%	73.22	16.57%
20%	30%	2,946,251.70	0.55%	35	1.15%	3.35%	54.56	26.06%
30%	40%	5,007,427.15	0.94%	55	1.81%	3.34%	38.17	35.71%
40%	50%	12,056,602.09	2.27%	107	3.53%	3.34%	45.25	45.54%
50%	60%	15,351,843.51	2.89%	112	3.69%	3.39%	34.85	55.19%
60%	70%	27,966,131.68	5.27%	191	6.30%	3.38%	30.69	65.68%
70%	80%	37,584,452.07	7.08%	232	7.65%	3.42%	30.85	75.13%
80%	90%	59,922,653.74	11.28%	334	11.01%	3.46%	31.65	85.54%
90%	100%	140,362,929.70	26.43%	732	24.13%	3.57%	31.79	96.14%
100%	110%	202,470,360.69	38.13%	1,088	35.86%	3.48%	33.10	102.81%
110%	120%	26,421,662.27	4.98%	138	4.55%	3.38%	37.43	111.76%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	91.75%
Minimum	11.53%
Maximum	114.83%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
20%	30%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
30%	40%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
40%	50%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	100%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
100%	110%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
110%	120%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
120%	130%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
130%	140%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	94.84%
Minimum	12.23%
Maximum	138.14%



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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	10%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
10%	20%	567,590.35	0.11%	6	0.20%	3.08%	66.82	14.86%
20%	30%	2,565,145.38	0.48%	35	1.15%	3.47%	48.49	25.45%
30%	40%	4,743,155.54	0.89%	52	1.71%	3.31%	38.76	34.66%
40%	50%	10,341,530.13	1.95%	94	3.10%	3.45%	40.40	44.77%
50%	60%	14,858,296.82	2.80%	112	3.69%	3.37%	41.45	54.60%
60%	70%	23,918,354.96	4.50%	166	5.47%	3.45%	30.02	64.75%
70%	80%	36,376,523.22	6.85%	232	7.65%	3.43%	29.02	74.73%
80%	90%	55,018,356.81	10.36%	316	10.42%	3.48%	30.41	85.39%
90%	100%	194,140,384.42	36.56%	1,050	34.61%	3.42%	29.61	97.62%
100%	110%	82,093,635.34	15.46%	434	14.30%	3.31%	34.04	98.88%
110%	120%	69,427,955.96	13.07%	351	11.57%	3.65%	38.11	103.59%
120%	130%	34,727,889.73	6.54%	175	5.77%	3.94%	42.17	107.49%
130%	140%	2,221,086.29	0.42%	11	0.36%	3.75%	38.35	110.26%
140%	150%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
150%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	34.84%
Minimum	12.23%
Maximum	138.14%

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

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	0.5%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
0.5%	1.0%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
1.0%	1.5%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
1.5%	2.0%	1,417,981.72	0.27%	26	0.48%	1.82%	27.45	91.82%
2.0%	2.5%	41,930,764.34	7.90%	439	8.18%	2.46%	37.90	86.11%
2.5%	3.0%	111,817,492.20	21.06%	1,057	19.70%	2.83%	34.05	91.46%
3.0%	3.5%	181,621,875.96	34.20%	1,730	32.25%	3.23%	31.61	92.46%
3.5%	4.0%	78,771,557.57	14.83%	779	14.52%	3.76%	31.01	93.26%
4.0%	4.5%	50,956,629.88	9.60%	559	10.42%	4.16%	29.13	90.30%
4.5%	5.0%	31,375,242.38	5.91%	373	6.95%	4.76%	35.87	90.85%
5.0%	5.5%	21,153,745.82	3.98%	258	4.81%	5.29%	38.94	93.71%
5.5%	6.0%	11,556,951.83	2.18%	138	2.57%	5.65%	43.75	99.12%
6.0%	6.5%	397,663.25	0.07%	6	0.11%	6.19%	17.52	75.99%
6.5%	7.0%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
7.0%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	3.48%
Minimum	1.82%
Maximum	6.50%

## 15. Remaining Interest Rate Fixed Period

From ( ≥ )	Until ( < )	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	12 months	28,296,638.36	5.33%	361	6.73%	2.83%	39.48	90.17%
12 months	24 months	10,376,628.52	1.95%	147	2.74%	3.76%	42.58	89.13%
24 months	36 months	29,252,764.88	5.51%	349	6.51%	4.36%	39.31	97.15%
36 months	48 months	18,212,761.22	3.43%	224	4.18%	3.88%	35.01	94.34%
48 months	60 months	47,514,386.97	8.95%	490	9.13%	3.16%	36.39	87.54%
60 months	72 months	4,671,038.68	0.88%	57	1.06%	4.13%	30.04	90.32%
72 months	84 months	12,499,831.46	2.35%	126	2.35%	4.20%	43.23	89.96%
84 months	96 months	41,478,888.75	7.81%	423	7.88%	4.20%	27.57	88.54%
96 months	108 months	99,809,463.78	18.80%	937	17.47%	3.44%	29.16	94.12%
108 months	120 months	105,596,115.85	19.89%	951	17.73%	2.99%	31.45	92.05%
120 months	132 months	1,778,574.98	0.33%	18	0.34%	4.24%	41.87	97.82%
132 months	144 months	2,525,317.95	0.48%	37	0.69%	3.69%	29.49	76.03%
144 months	156 months	5,228,117.16	0.98%	64	1.19%	5.23%	40.86	93.52%
156 months	168 months	4,774,246.01	0.90%	56	1.04%	3.78%	29.73	85.10%
168 months	180 months	51,896,963.92	9.77%	487	9.08%	3.16%	33.74	89.56%
180 months	192 months	2,090,824.17	0.39%	25	0.47%	4.01%	22.41	78.19%
192 months	204 months	3,064,001.92	0.58%	34	0.63%	5.04%	33.32	84.73%
204 months	216 months	3,430,806.07	0.65%	33	0.62%	4.63%	24.01	93.64%
216 months	228 months	18,228,904.28	3.43%	164	3.06%	4.01%	28.90	95.50%
228 months	240 months	39,524,515.95	7.44%	374	6.97%	3.33%	35.29	94.21%
240 months	252 months	45,000.00	0.01%	1	0.02%	2.02%	83.84	40.20%
252 months	264 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
264 months	276 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
276 months	288 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
288 months	300 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
300 months	312 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
312 months	324 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
324 months	336 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
336 months	348 months	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
348 months	360 months	704,108.07	0.13%	7	0.13%	3.31%	29.82	96.31%
360 months	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

Weighted Average	110 months
Minimum	0 months
Maximum	359 months

## 16. Interest Payment Type

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Fixed	527,933,142.43	99.42%	5,313	99.03%	3.48%	33.06	91.74%
Floating	3,066,762.52	0.58%	52	0.97%	2.03%	36.97	93.02%
<b>Total</b>	530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

## 17. Property Description

Property	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Flat / Apartment	95,955,358.66	18.07%	648	21.36%	3.44%	32.68	94.38%
House	435,044,546.29	81.93%	2,386	78.64%	3.48%	33.17	91.16%
<b>Total</b>	530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

## 18. Geographical Distribution (by province)

Province	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Drenthe	20,453,653.76	3.85%	123	4.05%	3.37%	32.38	92.72%
Flevoland	15,647,837.37	2.95%	92	3.03%	3.42%	32.59	93.79%
Friesland	16,928,051.08	3.19%	113	3.72%	3.36%	33.84	90.39%
Gelderland	57,989,741.09	10.92%	313	10.32%	3.47%	33.94	92.28%
Groningen	21,382,063.35	4.03%	135	4.45%	3.41%	32.38	94.00%
Limburg	25,668,211.18	4.83%	152	5.01%	3.48%	33.03	90.89%
Noord-Brabant	77,630,439.35	14.62%	417	13.74%	3.46%	33.41	89.85%
Noord-Holland	73,814,839.89	13.90%	405	13.35%	3.38%	33.31	90.80%
Overijssel	33,370,600.62	6.28%	200	6.53%	3.46%	33.59	91.08%
Utrecht	38,743,229.85	7.30%	210	6.92%	3.50%	31.75	89.66%
Zeeland	13,050,935.01	2.46%	85	2.80%	3.40%	31.62	92.17%
Zuid-Holland	136,320,290.40	25.67%	789	26.01%	3.53%	32.98	93.42%
<b>Total</b>	<b>530,999,904.95</b>	<b>100.00%</b>	<b>3,034</b>	<b>100.00%</b>	<b>3.48%</b>	<b>33.08</b>	<b>91.75%</b>

## 19. Geographical Distribution (by economic region)

Province	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NL111 - Oost-Groningen	4,657,973.67	0.88%	32	1.05%	3.52%	31.87	93.66%
NL112 - Delfzijl en omgeving	960,230.87	0.18%	8	0.26%	3.36%	41.74	85.81%
NL113 - Overig Groningen	15,763,864.81	2.97%	95	3.13%	3.37%	31.96	94.60%
NL121 - Noord-Friesland	8,978,271.54	1.69%	63	2.08%	3.40%	33.80	88.33%
NL122 - Zuidwest-Friesland	2,858,782.19	0.54%	17	0.56%	3.08%	34.84	99.71%
NL123 - Zuidoost-Friesland	5,090,997.35	0.96%	33	1.09%	3.44%	33.35	88.78%
NL131 - Noord-Drenthe	7,748,682.18	1.46%	45	1.48%	3.37%	30.46	90.51%
NL132 - Zuidoost-Drenthe	5,971,816.45	1.12%	38	1.25%	3.28%	31.84	98.27%
NL133 - Zuidwest-Drenthe	6,733,161.13	1.27%	40	1.32%	3.45%	35.08	90.34%
NL211 - Noord-Overijssel	8,871,785.07	1.67%	53	1.75%	3.37%	32.43	88.57%
NL212 - Zuidwest-Overijssel	7,151,951.37	1.35%	44	1.45%	3.40%	30.47	91.20%
NL213 - Twente	17,346,864.18	3.27%	103	3.39%	3.52%	35.48	92.32%
NL221 - Veluwe	18,625,431.09	3.51%	97	3.20%	3.45%	35.21	93.19%
NL224 - Zuidwest-Gelderland	7,545,604.03	1.42%	40	1.32%	3.55%	30.07	92.19%
NL225 - Achterhoek	11,446,264.03	2.16%	62	2.04%	3.53%	34.70	92.18%
NL226 - Arnhem/Nijmegen	20,372,441.94	3.84%	114	3.76%	3.42%	33.77	91.55%
NL230 - Flevoland	15,647,837.37	2.95%	92	3.03%	3.42%	32.59	93.79%
NL310 - Utrecht	38,743,229.85	7.30%	210	6.92%	3.50%	31.75	89.66%
NL321 - Kop van Noord-Holland	5,633,004.19	1.06%	36	1.19%	3.42%	31.11	87.90%
NL322 - Alkmaar en omgeving	5,960,510.00	1.12%	33	1.09%	3.19%	37.27	90.75%
NL323 - IJmond	4,901,248.68	0.92%	26	0.86%	3.46%	34.56	92.76%
NL324 - Agglomeratie Haarlem	6,863,126.50	1.29%	40	1.32%	3.35%	34.95	83.23%
NL325 - Zaanstreek	4,579,369.79	0.86%	24	0.79%	3.34%	32.92	95.41%
NL326 - Groot-Amsterdam	39,246,057.55	7.39%	210	6.92%	3.40%	32.69	92.13%
NL327 - Het Gooi en Vechtstreek	6,631,523.18	1.25%	36	1.19%	3.42%	32.93	88.66%
NL331 - Agglomeratie Leiden en Bollenstreek	13,321,844.31	2.51%	71	2.34%	3.56%	32.84	90.42%
NL332 - Agglomeratie 's-Gravenhage	24,230,175.22	4.56%	146	4.81%	3.63%	34.66	94.94%
NL333 - Delft en Westland	7,240,119.20	1.36%	39	1.29%	3.81%	32.85	94.86%
NL334 - Oost-Zuid-Holland	10,125,682.36	1.91%	54	1.78%	3.63%	29.62	89.54%
NL335 - Groot-Rijnmond	64,341,767.85	12.12%	387	12.76%	3.55%	32.10	93.89%
NL336 - Zuidoost-Zuid-Holland	17,060,701.46	3.21%	92	3.03%	3.62%	36.06	93.52%
NL341 - Zeeuwsch-Vlaanderen	5,645,148.06	1.06%	38	1.25%	3.35%	31.80	93.75%
NL342 - Overig Zeeland	7,405,786.95	1.39%	47	1.55%	3.43%	31.48	90.96%
NL411 - West-Noord-Brabant	25,176,698.99	4.74%	135	4.45%	3.42%	32.77	92.75%
NL412 - Midden-Noord-Brabant	15,657,526.49	2.95%	85	2.80%	3.57%	35.14	89.37%
NL413 - Noordoost-Noord-Brabant	15,779,420.18	2.97%	82	2.70%	3.45%	32.75	88.63%
NL414 - Zuidoost-Noord-Brabant	21,016,793.69	3.96%	115	3.79%	3.43%	33.40	87.64%
NL421 - Noord-Limburg	7,970,737.44	1.50%	49	1.62%	3.35%	35.06	86.86%
NL422 - Midden-Limburg	4,980,605.00	0.94%	28	0.92%	3.66%	33.66	92.95%
NL423 - Zuid-Limburg	12,716,868.74	2.39%	75	2.47%	3.49%	31.50	92.61%
<b>Total</b>	<b>530,999,904.95</b>	<b>100.00%</b>	<b>3,034</b>	<b>100.00%</b>	<b>3.48%</b>	<b>33.08</b>	<b>91.75%</b>

## 20. Construction Deposits (as percentage of net principal outstanding amount)

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
No construction deposit	0%	506,750,029.34	95.43%	2,901	95.62%	3.49%	33.31	91.57%
0%	10%	15,818,913.06	2.98%	90	2.97%	3.26%	27.94	95.35%
10%	20%	3,362,917.58	0.63%	18	0.59%	3.10%	29.72	98.57%
20%	30%	1,647,997.21	0.31%	9	0.30%	2.92%	28.27	89.14%
30%	40%	2,539,394.98	0.48%	11	0.36%	3.09%	28.43	99.09%
40%	50%	880,652.78	0.17%	5	0.16%	3.03%	27.94	83.57%
50%	60%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
60%	70%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
70%	80%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
80%	90%	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
90%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Average	0.43%
Minimum	0.00%
Maximum	46.59%

## 21. Occupancy

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
For Own Use	530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%
<b>Total</b>	530,999,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

## 22. Employment Status Borrower

Province	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Employee	414,702,867.63	78.10%	2,337	77.03%	3.48%	32.97	92.12%
Pensioner	8,334,922.05	1.57%	66	2.18%	3.44%	49.93	58.26%
Self-Employed	17,104,639.25	3.22%	91	3.00%	3.36%	30.84	88.55%
Temporary Employment	72,715,646.95	13.69%	417	13.74%	3.46%	32.98	96.42%
Other	18,141,829.07	3.42%	123	4.05%	3.66%	30.24	82.88%
<b>Total</b>	530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

## 23. Loan to Income

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
<	0.5	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
0.5	1.0	543,770.52	0.10%	7	0.23%	3.49%	40.59	24.10%
1.0	1.5	3,165,568.47	0.60%	34	1.12%	3.54%	36.12	48.43%
1.5	2.0	10,676,012.91	2.01%	97	3.20%	3.46%	34.70	56.85%
2.0	2.5	27,102,505.00	5.10%	188	6.20%	3.38%	30.91	74.14%
2.5	3.0	51,396,393.20	9.68%	325	10.71%	3.39%	33.22	83.93%
3.0	3.5	89,026,580.43	16.77%	501	16.51%	3.46%	32.13	90.04%
3.5	4.0	125,011,853.78	23.54%	680	22.41%	3.53%	32.90	94.90%
4.0	4.5	145,995,882.26	27.49%	790	26.04%	3.54%	33.86	96.11%
4.5	5.0	66,726,234.25	12.57%	350	11.54%	3.39%	33.18	98.15%
5.0	5.5	8,857,796.92	1.67%	47	1.55%	3.27%	34.28	102.82%
5.5	6.0	2,497,307.21	0.47%	15	0.49%	3.43%	31.49	99.88%
6.0	6.5	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
6.5	7.0	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
7.0	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	3.73
Minimum	0.61
Maximum	5.96

## 24. Debt Service to Income

From ( > )	Until ( <= )	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
>	5%	1,390,894.07	0.26%	17	0.56%	2.91%	69.18	33.56%
5%	10%	9,604,553.02	1.81%	83	2.74%	3.00%	60.89	51.71%
10%	15%	37,696,166.47	7.10%	255	8.40%	3.20%	35.46	81.28%
15%	20%	134,560,493.13	25.34%	768	25.31%	3.27%	33.12	92.07%
20%	25%	186,275,085.48	35.08%	1,033	34.05%	3.40%	32.54	94.55%
25%	30%	116,077,708.17	21.86%	616	20.30%	3.79%	31.84	94.13%
30%	35%	34,231,939.43	6.45%	191	6.30%	4.03%	30.88	92.95%
35%	40%	8,174,336.64	1.54%	50	1.65%	3.68%	24.02	93.50%
40%	45%	1,501,279.00	0.28%	9	0.30%	3.79%	29.72	84.32%
45%	50%	741,762.69	0.14%	6	0.20%	3.75%	22.57	65.30%
50%	55%	55,988.00	0.01%	1	0.03%	3.15%	19.17	31.10%
55%	60%	455,050.04	0.09%	3	0.10%	3.82%	29.34	101.73%
60%	65%	146,850.91	0.03%	1	0.03%	3.30%	15.66	73.43%
65%	70%	87,791.90	0.02%	1	0.03%	3.76%	25.08	29.26%
70%	>	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>		530,999,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

Weighted Average	22.31%
Minimum	2.12%
Maximum	65.12%

## 25. Loanpart Payment Frequency

Description	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Monthly	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%
<b>Total</b>	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

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

Description	Net Principal Balance	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
NHG Guarantee	530,399,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%
No Guarantee	0.00	0.00%	0	0.00%	0.00%	0.00	0.00%
<b>Total</b>	530,399,904.95	100.00%	3,034	100.00%	3.48%	33.08	91.75%

## 27. Originator

Originator	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Nationale-Nederlanden Levensverzekering Mij N.V.	322,660,270.89	60.76%	3,402	63.41%	3.58%	36.38	89.86%
Nationale-Nederlanden Bank N.V.	208,339,634.06	39.24%	1,963	36.59%	3.32%	27.97	94.66%
<b>Total</b>	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

## 28. Servicer

Servicer	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Nationale-Nederlanden Bank N.V.	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%
<b>Total</b>	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

## 29. Capital Insurance Policy Provider

Insurance Policy Provider	Net Principal Balance	% of Total	Nr of Loanparts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
No policy attached	493,212,150.99	92.88%	4,979	92.81%	3.43%	34.24	91.28%
AEGON	601,983.50	0.11%	5	0.09%	3.03%	24.00	102.21%
ALLIANZ	172,500.00	0.03%	2	0.04%	4.32%	23.52	102.03%
ASR	169,225.41	0.03%	2	0.04%	3.25%	19.73	74.61%
AVERO	29,000.00	0.01%	1	0.02%	3.10%	24.66	54.00%
CONSERVATRIX N.V.	115,604.83	0.02%	3	0.06%	2.87%	14.93	97.06%
DAZURE	130,604.00	0.02%	1	0.02%	2.95%	19.64	103.43%
DBV	18,151.00	0.00%	1	0.02%	2.95%	19.69	89.70%
DELTA LLOYD	46,000.00	0.01%	1	0.02%	2.60%	5.71	98.23%
EXTERNE MY	151,000.00	0.03%	1	0.02%	3.20%	15.67	108.75%
FALCON	159,948.00	0.03%	1	0.02%	2.50%	24.39	104.54%
GRAVENHAGE	86,000.00	0.02%	1	0.02%	2.80%	16.22	83.36%
INTERLLOYD	63,600.00	0.01%	1	0.02%	2.50%	19.48	101.58%
NN LEVEN	24,910,308.85	4.69%	219	4.08%	3.26%	18.08	97.76%
REAAL	914,452.00	0.17%	8	0.15%	3.35%	19.26	103.93%
RVS	35,000.00	0.01%	1	0.02%	4.73%	8.25	84.99%
RVS LEVEN	10,157,376.37	1.91%	137	2.55%	3.66%	16.90	97.36%
ZWITSER	27,000.00	0.01%	1	0.02%	2.95%	8.64	66.01%
<b>Total</b>	530,399,904.95	100.00%	5,365	100.00%	3.48%	33.08	91.75%

## 6.2 DESCRIPTION OF MORTGAGE LOANS

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

### Mortgage Loan Types

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

- (a) Bank Savings Mortgage Loans (*bankspaarhypotheken*);
- (b) Savings Mortgage Loans (*spaarhypotheken*);
- (c) Life Mortgage Loans (*levenhypotheken*);
- (d) Investment Mortgage Loans (*beleggingshypotheken*);
- (e) Switch Mortgage Loans (*switchhypotheken*);
- (f) Linear Mortgage Loans (*lineaire hypotheken*);
- (g) Annuity Mortgage Loans (*annuïteitenhypotheken*);
- (h) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*); and
- (i) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

### Mortgage Loan Type

### Description

#### Bank Savings Mortgage Loans:

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

Subject to the terms and conditions of the Bank Savings Mortgage Loans, on each of the "*Drempeldatums*" (as defined in the terms and conditions of the Bank Savings Mortgage Loans), the Borrower is entitled to a bonus amount, the aggregate of which is payable upon repayment of the Bank Savings Mortgage Loan.

#### Savings Mortgage Loans

A portion of the Mortgage Loans (or parts thereof) will be in the form of Savings Mortgage Loans, which consist of Mortgage Loans entered into by the relevant Originator and the relevant Borrowers combined with a Savings Insurance Policy with the Insurance Savings Participant. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Savings Participant in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan, no principal is paid by the Borrower prior to maturity of the Savings Mortgage Loan. Instead, the Borrower/insured pays a Savings Premium on a monthly basis. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Savings Participant to the relevant Borrower is equal to the principal amount due by the Borrower to the relevant Originator at maturity of the Savings Mortgage Loan. The Savings Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Savings Mortgage Loan.

**Switch Mortgage Loan**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Switch Mortgage Loans. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a Savings Investment Insurance Policy with the Insurance Savings Participant whereby the premiums paid are invested in Investment Alternatives and/or Savings Alternatives. It is the intention that the Switch Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The Borrowers have the possibility to switch (*omzetten*) their investments in the Investment Alternative to and from the relevant Savings Alternative. The Savings Investment Insurance Policies are pledged to the relevant Originator as security for repayment of the relevant Switch Mortgage Loan.

**Life Mortgage Loan**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Life Mortgage Loans, which have the benefit of Life Insurance Policies taken out by Borrowers with an Insurance Company. Under a Life Mortgage Loan, no principal is paid until maturity. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the investments under the Life Insurance Policy. The Insurance Policies are pledged to the relevant Originator.

The Borrower has the choice between (i) the Traditional Alternative (as defined hereafter), (ii) the Unit-Linked Alternative (as defined hereafter) or (iii) a combination of (i) and (ii). **Traditional 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 (bond) investments chosen by the relevant Insurance Company with a guaranteed minimum yield of 3 per cent. per year (lowered from a guaranteed minimum yield of 4 per cent. per September 1999). **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.

**Investment Mortgage Loans**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Investment Mortgage Loans. Under an Investment Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an instalment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The Seller has represented that under the Investment Mortgage Loans, the securities are purchased on behalf of the relevant Borrower by the relevant Originator for the account of the Borrowers and these securities are held in custody by an admitted institution of *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* in accordance with the Wge or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduct Supervision of Financial Enterprises (*Nadere regeling gedragstoezicht financiële ondernemingen Wft*). The rights under these investments are pledged to the relevant Originator as security for repayment of the relevant Investment Mortgage Loan.

**Linear Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.



**Annuity Mortgage Loans:**

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

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans from which NHG Mortgage Receivables result may have been granted up to an amount equal to 90 per cent. of the Foreclosure Value of the Mortgaged Asset at origination. Some of the Interest-only Mortgage Loans do not have a specified maturity date and therefore qualify as perpetual Interest-only Mortgage Loans.

## 6.3 ORIGINATION AND SERVICING

### Origination

#### General

Mortgage Loans have been originated, until 1 July 2013, by NN Leven (including former RVS (which entity merged with NN Leven on 28 December 2011)) and, as of 1 July 2013, by NN Bank. The Mortgage Loans are serviced – both regular and special servicing – by NN Bank.

#### Introduction

The Mortgage Loans are distributed through independent intermediaries. This distribution process is managed by NN Bank.

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

#### *Code of Conduct (Gedragscode Hypothecaire Financieringen)*

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

#### *Income*

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

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

A check is completed on every borrower with the BKR. A negative credit registration on the borrower's name will, in principle, lead to a rejection of the mortgage loan request. Deviations from this policy have to be approved by Credit Risk Management.

#### *Collateral*

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

The independent registered valuer has to be known to the relevant intermediary of NN Bank and has to be a member of a selected organisation, being either the Dutch Association of Real Estate Brokers (*Nederlandse Vereniging van Makelaars*), "VastgoedPro" the Dutch association for real estate professionals, the "*Vereniging Bemiddeling Onroerend Goed*" and the "NVR" the Dutch association for land agents and is registered with either

"Stichting VastgoedCert, kamer Wonen" or with "Stichting Certificering VBO-Makelaars". As of 1 January 2010 all valuation reports must be validated and as of 1 July 2011 all validating institutes must be certified by *Stichting Taxaties en Validaties*. As of 1 July 2013 all validation institutes must also have an agreement with *Stichting Taxaties en Validaties*.

The independent registered valuer must be independent and may therefore not take part in the purchase or sale of the relevant property and must operate in the area in which the property is located. In general, the market value of a property is usually the purchase price (see below for market values derived from WOZ valuations). NN Leven and NN Bank do not grant a mortgage loan when the purchase price is lower than EUR 90,000. In 2016, the maximum principal amount outstanding under a mortgage loan is 102 per cent. of the market value of the property. This will be decreased to 100 per cent. in 2018. The applicable percentage will depend on the type of a borrower's employment, the type of property, the use of the property and the type of the mortgage loan. In case of refinancing or in case of substantial lower loan costs exceptions are possible until 112.5 per cent of the market value of the property. A ratio above 112.5 per cent. may only be accepted in case of a residual debt on an existing NN Bank mortgage loan. In such a case the borrower has to comply with the affordability criteria at all times. Deviations from the debt-to-income housing ratios are not allowed.

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

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

#### *Mortgage Analysis Program*

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

#### *Acceptance*

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

#### *Insurance*

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

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

## *Security*

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

## **Servicing**

As of 1 July 2013, NN Bank has taken over the role of servicing and arrears management from the former WestlandUtrecht Bank N.V. With this transfer, all servicing and special servicing related systems, staff and policies have moved to NN Bank.

### *Mortgage loan administration*

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

### *Interest collection*

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

### *Special Servicing*

The Special Servicing department of NN Bank consists of three teams: Short Term recovery, Long Term recovery and Damage Control.

## **Short Term recovery**

In the event of a failure on automatic debiting from the borrower's bank account the file is immediately transferred to the Short Term Special Servicing department of NN Bank. The special servicing activities on average consist of three phases. In the first phase the goal is to re-instate the normal payment pattern and to retain the borrower within the limited period of one month after the arrears have occurred. First, an automatically generated letter is immediately sent to the borrower announcing a second attempt to collect the payment. If this attempt fails another automatically generated letter is sent to the borrower announcing NN Bank's wish for personal contact. During this contact the aim is to establish if this is an incident or a more structural problem. The borrower receives personal attention by an experienced team. When the arrears are deemed an incident the process allows a repayment scheme of maximum three months.

When the arrears are deemed a structural problem the file is transferred to the Long Term recovery team.

## **Long Term recovery**

The Long Term recovery team sends an e-mail to the borrower requesting a fully filled out budget form with amongst others, proof of income and debts as these arrears are deemed to be caused by structural problems. The borrower is also checked for other debts with the National Credit Register (**BKR**). The Long Term recovery

team performs a debt analysis and – if deemed necessary and possible restructures borrower's contract, with a goal for a long time solution where the borrower is retained. In order to establish the possibilities, in addition to the budget form, options are investigated to reduce expenses and increase income. If required, borrowers are visited by specialised field agents to clarify a situation and/or discuss the various options available, repayment schemes (if required with additional security rights such a transfer of rights on a legally allowed part of income), restructuring and related matters. Restructuring agreements and repayment schemes are confirmed in writing and files are monitored monthly. If deemed necessary and/or useful to all parties concerned a budget coach or job coach can be engaged.

Meanwhile a valuation is made by an independent estate agent to establish the Originator's risk. Furthermore, NN Bank is obliged to register an outstanding debt of more than 120 days (i.e. 4 monthly installments) with the BKR.

If a borrower does not comply with agreed or suggested solutions, NN Bank has the option to take legal action such as attachments on income and/or other assets, which may reduce the outstanding arrears, either in full or partially.

In that case, or if it is clear that there is no prospect of the interest to be paid in the (near) future, the borrower's file is handed over to the Damage Control team with specialised employees to initiate the sale of the real estate property. This conclusion is sent to borrowers by e-mail in order to inform them on the next steps/phase.

### **Loss Mitigation**

The aim is to sell the real estate property on the open market through the intermediation of an estate agent. A new contact is made with a borrower and if the borrower is motivated to come to a solution, NN Bank can allow the borrower to sell the property itself where NN Bank monitors the asking price and actual value. Furthermore, the borrower is invited to pay it arrears as much as possible in order to "buy time".

If a borrower is not motivated or for example in case of a divorce or departure abroad or at the borrower's request, NN Bank requests a power of attorney (drawn up by solicitors) allowing it to sell the real estate property on the open market. Depending on the property's value, (partial) payments by the borrower and/or interest in the property, the period to sell may vary.

Only if a borrower does not cooperate in the above described manner NN Bank, on behalf of the relevant Originator, forecloses on the mortgaged property by means of a public auction.

Each of the Originators has the right to publicly sell (auction) the mortgaged property if the borrower remains in breach of its obligations and no other arrangements are made. As a first ranking mortgagee, the relevant Originator does not have to obtain court permission prior to foreclosing on the mortgaged property. However, after giving such notification, Dutch law requires that before a lender can foreclose on a borrower's mortgaged property, the borrower must be notified in writing that he is in default and must be given reasonable time to comply with the lender's claims. If the proceeds from the foreclosure (auction) of the mortgaged property do not fully cover the claim of the relevant lender, this deficit will be handled as described below under "*Outstanding amounts/deficit after sale of property*". In case of a borrower's bankruptcy, the relevant Originator may foreclose on the borrower's property as if there was no bankruptcy. Nevertheless, foreclosure must take place within a reasonable time to be decided upon by the court.

If an Originator decides to sell the mortgaged property, it is required to notify the parties directly involved, including the borrower as well as the person owning the mortgaged property securing the mortgage loan (in the event that these are not the same parties). The notification must include the amount outstanding and the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale. Prior to foreclosure, the relevant Originator will request a new valuation report (or will index the most recent one when it is less than three months old). Based on calculation, the relevant Originator may decide that the property should be sold either in a private sale through the courts or by public auction in order to maximise the sale value of the mortgaged property. A "private court" sale can be conducted in preference to a public auction depending on offers made. However, this private sale is undertaken under similar rules as a public auction. In the event of a public auction, when notification of foreclosure is made by the relevant Originator, formal instructions are given to a civil law notary. The date of the sale will be set by the civil law notary. Such procedure takes three to a maximum of four months on average (depending on the region and the number of other foreclosures being

undertaken). During the auction, employees of the Damage Control team are present. Their goal is to ensure that the minimum price determined beforehand is achieved. The distribution of the foreclosure proceeds depends on whether there is only one mortgagee or whether there are more than one. If there is only one, the proceeds will be distributed to that party after deducting the costs of foreclosure. If there is more than one mortgagee, the distribution of proceeds takes place according to the priority of the mortgage rights under the proviso that the proceeds of the sale exceed the first mortgagees claim. Throughout the foreclosure process, the relevant Originator follows the requirements set forth in Dutch law and its procedures.

#### **Outstanding amounts/deficit after sale of property**

If a residual debt remains after foreclosure, the borrower(s) concerned remain(s) liable for this residual debt. For all cooperating borrowers contact is made by the Damage Control team with the aim to come to an acceptable repayment scheme through which (part of) the remaining debt is repaid. Maintenance and checks on this scheme is handled by a collecting agency. In the event that a borrower is not willing to comply with a scheme, a collection agency is consulted to determine whether the claim can be collected. If the borrower still does not wish to agree to a payment scheme, other measures can also be taken, including attachment on the borrower's income or other assets.

#### **Fraud desk**

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

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

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

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

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. The mortgage debt growth continued until Q4 2012, when total Dutch mortgage debt stock peaked at EUR 652 billion. The correction on the housing market caused a modest decline in mortgage debt in subsequent years, but as the market has been recovering since 2013, there is recently again a tendency to higher debt growth visible. In Q3 2015, the mortgage debt stock of Dutch households equalled EUR 638 billion<sup>1</sup>.

### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for 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 to 38.0% in 2042 (2016: 50.5%).

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.

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

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<sup>1</sup> Dutch Central Bank. Statistics table 11.1: Aggregate household balance sheet

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 102% (including all costs such as stamp duties), but it will be gradually lowered to 100% by 2018, by 1% per annum. 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. Existing house prices (*PBK-index*) continued to increase in the fourth quarter of 2015, by 0.7 per cent on a quarterly basis. This is in line with the rise in sales numbers. Compared to a year ago, prices also rose (3.6 per cent.). Nonetheless, by comparison with the peak in 2008, the average price drop amounts to 15.9 per cent.

In the fourth quarter of 2015, the upward momentum in housing sales was maintained. The Land Registry registered a total of 52,435 transactions, which was the highest number since 2007. Forward looking indicators, such as the sales figures by the Dutch association of real estate agents (NVM), suggest that the more positive sales momentum will prevail in the first quarter of 2016.

#### **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.

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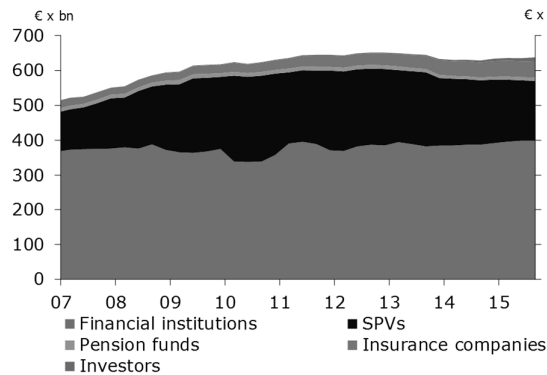
<sup>2</sup> Under the “explain” clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct

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



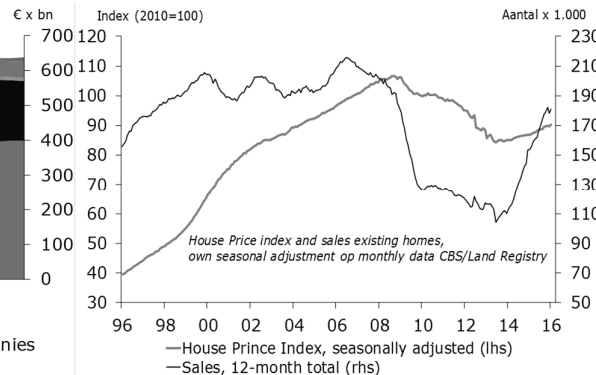
For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. In 2015, the Dutch Land Registry (*Kadaster*) recorded 2,309 forced sales by auction.

Chart 1: Total mortgage debt



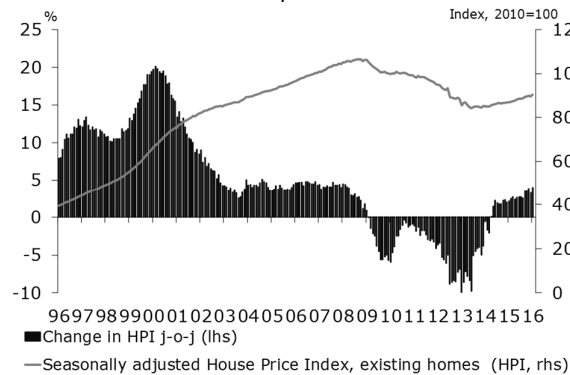
Source: Dutch Central Bank

Chart 2: Sales and prices



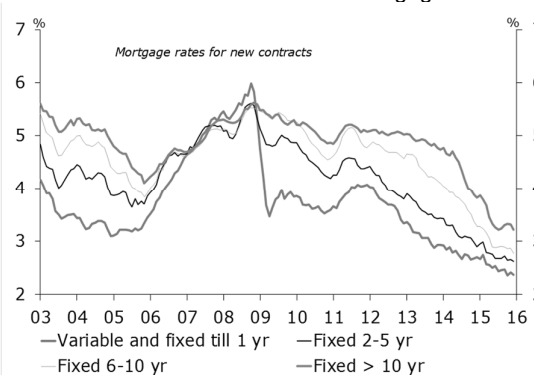
Source: Statistics Netherlands

Chart 3: Price index development



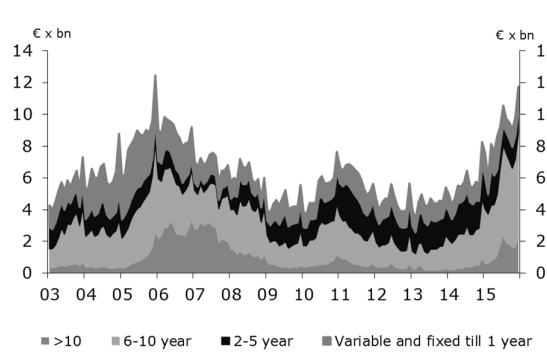
Source: Statistics Netherlands

Chart 4: Interest rate on new mortgage loans



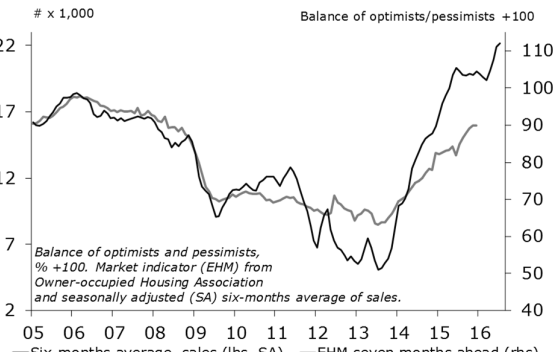
Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence points to rise in sales



Source: Delft University OTB, Rabobank

## 6.5 NHG GUARANTEE PROGRAMME

### NHG Guarantee

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

Since 1 January 1995 Stichting 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 2 (Risk Factors) above).

### Financing of Stichting WEW

Stichting WEW finances itself, inter alia, by a one-off charge to the borrower of 1.00 per cent. (as of 1 January 2014) of the principal amount of the mortgage loan. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 50 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference, and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent. of the difference between Stichting WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of Stichting WEW) to meet its obligations under guarantees issued.

### Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG 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 Bureau Krediet Registratie ("BKR"), a central credit agency used by all financial institutions in The Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (Stichting

Fraudepreventie Hypotheken, "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

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

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

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs Stichting WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. 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. Permission of Stichting WEW is required in case of a private sale unless sold for an amount higher than 95% of the market value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

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

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

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 monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, inter alia, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional

mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, inter alia, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

#### **Main NHG underwriting criteria (*Normen*) as of 1 July 2015)**

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

- 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, for workers with flexible working arrangements or during a probational period (*proeftijd*) a three year history of income statements, for self-employed three year annual statements.
- The maximum loan based on the income of the borrowers is based on the *toetsinkomen toegestane financieringslasten* 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 terms of less than 10 years on the basis of a percentage determined and published by the AFM, which is based on a weighted average (according to market share) of the mortgage interest rate of at least five of the six large mortgage originators. According to law, the applicable interest rate is a minimum of five per cent.
- The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

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

- As of 1 January 2013, for new borrowers the redemption types are limited to annuity mortgage loans and linear mortgage loans with a maximum term of 30 years.
- As of 1 July 2014, the maximum amount of the mortgage loan was €265,000. This amount has been reduced to €245,000 as of 1 July 2015 and will remain to be €245,000 for at least another year as of 1 July 2016 (the maximum amount was €290,000 from July 2013 until July 2014, €320,000 from July 2012 until July 2013, €350,000 from July 2009 until July 2012 and €265,000 from January 2007 until July 2009). For borrowers with an existing NHG mortgage (as of 1 July 2014) taking a further advance relating to the improvement of an existing property, the maximum loan amount is the amount as applicable under the relevant main NHG underwriting criteria (*normen*) at the time of granting such further advance).
- The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - o For the purchase of existing properties, the maximum 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) 6 per cent. of the amount under (i) plus (ii). The maximum loan to market value is 102 per cent. 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.
  - o For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) the purchase or construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase or construction cost) and (ii) 6 per cent. of the amount under (i). The maximum loan to market value is 102 per cent.
- A risk insurance policy should cover at least the amount by which the mortgage loan exceeds 80% of the market value of the property.

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase the NHG Mortgage Receivables and will accept the assignment of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller by means of a registered Deed of Assignment and Pledge as a result of which legal title to the NHG Mortgage Receivables and, to the extent legally possible and upon notification thereof to the relevant Insurance Company, the Beneficiary Rights relating thereto is transferred to the Issuer. In addition, pursuant to the Mortgage Receivables Purchase Agreement, on each Notes Payment Date up to (but excluding) the First Optional Redemption Date, the Seller may, subject to the Purchase Conditions being met, assign Substitute Mortgage Receivables and Further Advance Receivables to the extent not previously assigned. This quarterly (sale and) assignment will be effectuated by the Seller and the Issuer signing a Deed of Assignment and Pledge and by registering such deed (see Section 7.4 (*Portfolio Conditions*)). The assignment of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the relevant Originator. Each Originator will pay or procure payment to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the NHG Mortgage Receivables.

#### Purchase Price

The purchase price for the NHG Mortgage Receivables shall consist of the Initial Purchase Price which shall be payable on the Closing Date or, in case of Substitute Mortgage Receivables and Further Advance Receivables, on the relevant Notes Payment Date and the Deferred Purchase Price. The Initial Purchase Price in respect of the NHG Mortgage Receivables purchased on the Closing Date will be EUR 551,184.012.12, which is equal to the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables at the Cut-Off Date. An amount equal to EUR 2,524,009.07, being the Aggregate Construction Deposit Amount at Closing, will be withheld by the Issuer and will be deposited on the Construction Deposit Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

#### Repurchase

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

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

Mortgage Loan other than a Life Mortgage Loan, a Bank Savings Mortgage Loan, a Savings Mortgage Loan, an Annuity Mortgage Loan or a Linear Mortgage Loan, as applicable; or

- (vi) the relevant Originator agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer during the Mortgage Calculation Period on or before the Mortgage Collection Payment Date immediately succeeding such Mortgage Calculation Period; or
- (vii) on the Notes Payment Date immediately following the date on which the relevant Originator agrees with a Borrower under and in respect of such NHG Mortgage Receivable to grant a Further Advance under the relevant Mortgage Loan, inter alia, if and to the extent that the Further Advance Receivables do not meet the Purchase Conditions; or
- (viii) in respect of Interest-only Mortgage Loans without a specified maturity date, a third party assumes the debt of a Borrower under the relevant Interest-only Mortgage Loan without a specified maturity date (*overnemen van schuld*).

Furthermore, the Seller has the option to repurchase and accept the re-assignment from the Issuer:

- (i) if the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables is higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Potential Set-Off Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Potential Set-Off Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables; and
- (ii) if the aggregate Other Claims Amount related to the NHG Mortgage Receivables is higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, of only (but not more than) such number of NHG Mortgage Receivables and the Beneficiary Rights relating thereto having the highest Other Claims Amount connected to it as selected by the Seller, as a result of which, following such repurchase, the aggregate Other Claims Amount related to the NHG Mortgage Receivables will be lower than or equal to 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables.

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

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

If on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class B Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Seller has the option (but not the obligation) to repurchase the NHG Mortgage Receivables.

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

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

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

Pursuant to the Mortgage Receivables Purchase Agreement, if the Clean-Up Call Option is exercised by the

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

*Right of first refusal*

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

*Purchase price*

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

**Assignment Notification Events**

if – *inter alia* –:

- (a) a default is made by an Originator in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) an Originator fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document (as defined in Condition 3) to which it is a party and such failure, if capable of being remedied, is not remedied within 20 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the NHG Mortgage Receivables, or under any of the Transaction Documents to which the Seller is a party or if any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) an Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into emergency regulations (*noodregeling*) as referred to in Chapter 3 of Wft or special measures under the Special Measures Financial Institutions Act or SRM Regulation, or (preliminary) suspension of payments (*voorlopige surseance van betaling*), or for bankruptcy (*faillissement*) or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) an Originator has taken any corporate action or other steps have been taken or legal proceedings

have been instituted against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or legal demerger ("*juridische splitsing*") or its assets are placed under administration (*onder bewind gesteld*); or

(f) an Originator has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the other Transaction Documents; or

(g) a Pledge Notification Event has occurred,

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

(i) notify or ensure that the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of the assignment of the NHG Mortgage Receivables and Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself; and

(ii) if so requested by the Security Trustee and/or the Issuer, make the appropriate entries in the relevant public registers (*Dienst van het Kadaster en de Openbare Registers*) relating to the assignment of the NHG Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries the Seller shall grant an irrevocable power of attorney to the Issuer and the Security Trustee,

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

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



## 7.2 REPRESENTATIONS AND WARRANTIES

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

- (a) the NHG Mortgage Receivable and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of Substitute Mortgage Receivables and/or Further Advance Receivables, the relevant Notes Payment Date;
- (b) the NHG Mortgage Receivable was originated by the relevant Originator and the relevant Originator is entitled to collect (*inningsbevoegd*) the NHG Mortgage Receivable;
- (c) the Seller has full right and title to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and it has power (*is beschikkingsbevoegd*) to sell and assign the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and transfer of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the NHG Mortgage Receivables are capable of being transferred or pledged;
- (d) the Seller has not been notified and is not aware of anything affecting its title to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) the NHG Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the NHG Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the NHG Mortgage Receivables and the Beneficiary Rights relating thereto;
- (f) each NHG Mortgage Receivable is secured by a first ranking or first and sequential lower ranking Mortgage on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands and governed by Dutch law;
- (g) each Mortgage Loan is denominated in euro;
- (h) the Mortgage Conditions do not violate any applicable laws, rules or regulations;
- (i) each mortgage deed used by the relevant Originator in respect of a Mortgage Loan does not contain any specific wording to the extent that the Mortgage or Borrower Pledge will not follow the receivable if it is assigned to a third party;
- (j) each Mortgaged Asset concerned was, at the time of initial underwriting, valued (i) by an independent qualified valuer, whereby valuations are not older than twelve months prior to the date of the mortgage application by the Borrower, (ii) in case the valuation of the Mortgage Loans was based on an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property (*Wet Waardering Onroerende Zaken*), the original foreclosure value did not exceed 100% (or 90% of the market value if originated after 1 August 2011) of such valuation by the Netherlands tax authorities, or (iii) in case of newly built Mortgaged Assets, the foreclosure value is based upon the construction costs, i.e. the sum of (a) purchase price of the land + building costs (the so-called *koop/aanneemovereenkomst*) and (b) 50% of the additional works (*meerwerk*) and (c), as the case may be, increased by the surrender of a long lease, building interest and loss of interest with a maximum of 4% of the aggregate amount of the items mentioned under (a) and (b) in this paragraph. In case of Further Advances or renewals, the valuation assessment of the Mortgaged Asset for purposes of underwriting was performed not more than six months prior to the date of the application by the Borrower for a Further Advance or renewal. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction;
- (k) each NHG Mortgage Receivable and each Mortgage and Borrower Pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;

- (l) all Mortgages and Borrower Pledges granted to secure the NHG Mortgage Receivables (i) constitute valid mortgage rights (*hypothekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register (*Dienst van het Kadaster en de Openbare Registers*), (ii) have first priority or first and sequentially lower ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium up to an amount equal to at least 40 per cent. of such Outstanding Principal Amount, therefore in total up to a minimum amount equal to 140 per cent. of the Outstanding Principal Amount of the NHG Mortgage Receivable;
- (m) each of the Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and in the forms of mortgage deeds attached to the Mortgage Receivables Purchase Agreement;
- (n) each of the Mortgage Loans offered by it has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, and with the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") and the relevant Originator's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Dutch residential mortgages;
- (o) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Originator and the securities are purchased on behalf of the relevant Borrower by:
  - (i) an investment firm (*beleggingsonderneming*) in the meaning ascribed thereto in the Wft, being either a broker (*bemiddelaar*) or an asset manager (*vermogensbeheerder*), which is by law obliged to administer the securities in the name of the relevant Borrower through a bank (see the next paragraph) or a separate securities giro (*effectengiro*); or
  - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depository vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
- (p) 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 Originator 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 Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Life Mortgage Receivable;
- (q) with respect to Savings Mortgage Loans, the relevant Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Originator has been validly appointed as beneficiary (*begunstigde*) under such policy which has been notified to the Savings Insurance Participant or (ii) the Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of such Savings Mortgage Loan;
- (r) each Switch Mortgage Loans has the benefit of a valid right of pledge on the rights under a Savings Investment Insurance Policy and either (i) the relevant Originator has been validly appointed as beneficiary (*begunstigde*) under such Savings Investment Insurance Policies upon the terms of such Switch Mortgage Loans and the relevant Savings Investment Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of such Switch Mortgage Loan;
- (s) with respect to Life Mortgage Loans taken out with an Insurance Company other than NN Leven (i) the Life Mortgage Loan and the Life Insurance Policy are in the relevant Originator's or the Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (ii) the Borrower is not obliged to enter into the Life Insurance Policy with an Life Insurance Company which is a group company of the relevant Originator;

- (t) with respect to Bank Savings Mortgage Loans, the relevant Originator has the benefit of a valid right of pledge on the rights under the relevant Bank Savings Account;
- (u) each receivable under a mortgage loan (*hypothecaire lening*) which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (v) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts (*leningdelen*);
- (w) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (x) with respect to the NHG Mortgage Receivables secured by a mortgage right on a long lease (*erfpacht*), the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Originator provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (y) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (z) each Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (aa) the particulars as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and the Escrow List of Loans relating to the Mortgage Loans are correct and complete in all material respects;
- (bb) (i) each Mortgage Loan has the benefit of an NHG Guarantee, (ii) each NHG Guarantee connected to the Mortgage Loan was granted for the full Outstanding Principal Amount of the Mortgage Loan at origination and constitutes legal, valid and binding obligations of the Stichting WEW, enforceable in accordance with their terms, (iii) the NHG Guarantee was in compliance with all terms and conditions (*voorwaarden en normen*) applicable to it at the time of origination of the Mortgage Loans or relevant loan part and (iv) the relevant Originator has not done anything or omitted to do anything which could compromise the enforceability of its claim nor is the relevant Originator aware of any reason why any claim under any NHG Guarantee granted by Stichting WEW in respect of the Mortgage Loan or relevant loan part should not be met in full and in a timely manner;
- (cc) other than the Construction Deposit, the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary;
- (dd) the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables on the Cut-Off Date is equal to the Initial Purchase Price;
- (ee) interest payments in respect of the NHG Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
- (ff) 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;
- (gg) the Loan Files contain evidence of (i) the existence and ranking of the Mortgages, (ii) the principal sum for which the Mortgages were vested and (iii) the valuation of the Mortgage Assets;
- (hh) it can be determined in its administration which Beneficiary Rights relate to which NHG Mortgage Receivables;
- (ii) payments made under the NHG Mortgage Receivables are not subject to withholding tax;

- (jj) the Mortgage Conditions do not contain confidentiality provisions which restrict the Seller in exercising its rights under the Mortgage Loan; and
- (kk) to the best of its knowledge, the Mortgage Loan has not been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its terms or its enforceability or collectability.

### 7.3 MORTGAGE LOAN CRITERIA

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

- (i) the Mortgage Loans are either:
  - (a) Bank Savings Mortgage Loans (*bankspaarhypotheken*);
  - (b) Savings Mortgage Loans (*spaarhypotheken*);
  - (c) Life Mortgage Loans (*levenhypotheken*);
  - (d) Investment Mortgage Loans (*beleggingshypotheken*);
  - (e) Switch Mortgage Loans (*switchhypotheken*);
  - (f) Linear Mortgage Loans (*lineaire hypotheken*);
  - (g) Annuity Mortgage Loans (*annuïteitenhypotheken*);
  - (h) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
  - (i) Mortgage Loans which combine any of the above mentioned types of mortgage loans;
- (ii) each Mortgage Loan has the benefit of an NHG Guarantee;
- (iii) the Borrower is a private individual, a resident of the Netherlands and not an employee of the Seller or any of its group companies;
- (iv) each Mortgage Loan is secured by a first ranking Mortgage or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking Mortgages;
- (v) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (vi) interest payments are scheduled to be made monthly by direct debit;
- (vii) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*) or as a revolving credit mortgage loan (*krediethypotheek*);
- (viii) each Mortgaged Asset is located in the Netherlands;
- (ix) on the Cut-Off Date or, in the case of Substitute Mortgage Receivables or Further Advances, the first day of the month wherein the Issuer purchased the Substitute Mortgage Receivables or Further Advance Receivables resulting from such Further Advances, no amounts due under any of the Mortgage Loans acquired on such date were overdue and unpaid;
- (x) each Mortgage Loan (or all Loan Parts in respect of a Mortgage Loan) has a fixed rate of interest or a floating rate of interest;
- (xi) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
- (xii) other than the Construction Deposit, the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary;
- (xiii) where compulsory under the applicable Mortgage Conditions, the Mortgage Loan has a Life Insurance Policy or Risk Insurance Policy attached to it;
- (xiv) none of the Borrowers has a negative BKR registration (*BKR coding*) upon origination;
- (xv) all Mortgage Loans have been executed on or after 1 January 2000;
- (xvi) each Mortgage Loan, save for Interest-only Mortgage Loans in respect of which an offer is made prior to 24 September 2012 has a legal maturity of not more than thirty (30) years and one month;
- (xvii) the Mortgage Loan has not been based on a self-certified income statement or advisor-verified income

statement of the Borrower;

- (xviii) the Outstanding Principal Amount of each Mortgage Loan did not exceed the maximum loan amount as stipulated by the NHG Underwriting Criteria at the time of origination;
- (xix) the Outstanding Principal Amount of each Mortgage Loan at the Cut-Off Date does not equal or exceed 130 per cent. of the foreclosure value of the Mortgaged Asset at origination;
- (xx) the Outstanding Principal Amount of each Mortgage Loan does at the Cut-Off Date not equal or exceed 115 per cent. of the market value of the Mortgaged Asset at origination;
- (xxi) each Mortgage Loan has a maximum loan-to-income of 6.0;
- (xxii) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more Loan Parts (*leningdelen*);
- (xxiii) each Mortgage Loan has a positive Outstanding Principal Amount;
- (xxiv) the Mortgage Loans do not include equity-release mortgage loans where Borrowers have monetised their properties for either a lump sum of cash or regular periodic income; and
- (xxv) the Aggregate Construction Deposit Amount of all Mortgage Loans does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables as at the Closing Date.

## 7.4 PORTFOLIO CONDITIONS

### Purchase of Substitute Mortgage Receivables and Further Advance Receivables

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Notes Payment Date up to, but excluding, the First Optional Redemption Date use the Purchase Available Amount, subject to the satisfaction of the Purchase Conditions, to purchase and accept the assignment of Substitute Mortgage Receivables up to the Substitute Available Amount and/or Further Advance Receivables from the Seller, if and to the extent offered by the Seller.

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

### Purchase Conditions

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

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the NHG Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables and/or Further Advance Receivables to be sold and assigned by the Seller to the Issuer (with certain exceptions to reflect that the Substitute Mortgage Receivables and Further Advance Receivables are sold and may have been originated after the Closing Date);
- (b) no Notification Event has occurred and is continuing;
- (c) there has been no failure by the Seller to repurchase any NHG Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant Substitute Mortgage Receivables and/or Further Advance Receivables;
- (e) in the case of Substitute Mortgage Receivables, the purchase price payable in respect of the Substitute Mortgage Receivables does not exceed the Substitute Available Amount;
- (f) from the earlier of (i) the Notes Payment Date on which the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level for the first time or (ii) the Notes Payment Date falling in April 2018, the amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
- (g) no drawing has been made or has been requested under the Cash Advance Facility Agreement;
- (h) there is no debit balance on the Class A Principal Deficiency Ledger;
- (i) the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables in respect of which one or more payments are in arrears for a period exceeding 60 days does not exceed 2.0 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables;
- (j) the aggregate Outstanding Principal Amount of Further Advance Receivables sold and assigned by the Seller to the Issuer during the immediately preceding 12 calendar months does not exceed 1.0 per cent. of the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables as at the Closing Date;
- (k) The weighted average Current Loan to Original Foreclosure Value Ratio of all Mortgage Loans, including the Mortgage Loans from which the Substitute Mortgage Receivables and Further Advance Receivables to be purchased on such date result, does not exceed the weighted average Current Loan to Original Foreclosure Value Ratio of all Mortgage Loans as at the Closing Date; and
- (l) the Aggregate Construction Deposit Amount of all Mortgage Loans, including the Mortgage Loans from which the Substitute Mortgage Receivables to be purchased on such date result, does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables as at the Closing Date.

Each of the Purchase Conditions may be amended, supplemented or removed by the Issuer with the prior approval of the Security Trustee and subject to a Credit Rating Agency Confirmation with respect to each Credit Rating Agency.

When the Issuer purchases and accepts assignment of any Substitute Mortgage Receivable or Further Advance Receivable, it will at the same time create a right of pledge on such NHG Mortgage Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.



## 7.5 SERVICING AGREEMENT

### Servicing Agreement

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

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or the Servicer no longer holds a licence as intermediary (*bemiddelaar*) or offeror of credit (*aanbieder*) under the Wft. In addition the Servicing Agreement may be terminated by the Servicer and by the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) written approval of the Security Trustee, which approval may not be unreasonably withheld (ii) appointment of a substitute servicer and (iii) a Credit Rating Agency Confirmation. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed. The Issuer has undertaken in the Trust Deed that it shall, upon the occurrence of a termination event, use its commercially reasonable efforts, or procure that the Issuer Administrator shall use its commercially reasonable efforts, to ensure (if necessary) that the relevant steps contemplated in the Servicing Agreement are taken which include, after terminating the Servicing Agreement, all steps reasonably required to find a substitute servicer.

## 7.6 SUB-PARTICIPATION

### **Insurance Savings Participation Agreement**

Under the Insurance Savings Participation Agreement the Issuer will grant to the Insurance Savings Participant an Insurance Savings Participation in the Savings Mortgage Receivables and Switch Mortgage Receivables, provided that this will only apply to a Switch Mortgage Receivables to which a Savings Alternative is connected.

### **Insurance Savings Participation**

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

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

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

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

### **Reduction of Insurance Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, based upon a default in the performance, whether in whole or in part, by the Insurance Savings Participant or, for whatever reason, an Insurance Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Savings Investment Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, the

Insurance Savings Participation of such Insurance Savings Participant in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Insurance Savings Participation Redemption Available Amount shall be adjusted accordingly.

#### **Enforcement Notice**

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

- (iii) declare that the obligations of the Insurance Savings Participant under the Insurance Savings Participation Agreement are terminated;
- (iv) declare the Insurance Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount or, as the case may be, the Participation Enforcement Available Amount received or collected by the Issuer or, as the case may be, the Security Trustee under the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative.

#### **Termination**

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

#### **Bank Savings Participation Agreement**

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

#### **Bank Savings Participation**

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

- (i) the Initial Bank Savings Participation at (a) the Closing Date or (b) thereafter in each case of the purchase and assignment of Substitute Bank Savings Mortgage Receivables by the Issuer at the relevant Notes Payment Date;
- (ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the Bank Savings Participant on the relevant Bank Savings Account in relation to the Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date,
- (iii) any Bank Savings Bonus Amount accrued during the Mortgage Calculation Period immediately preceding such Mortgage Collection Payment Date;

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

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

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

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

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

#### **Enforcement Notice**

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

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

#### **Termination**

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

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on or about 5 April 2016.
2. Application has been made to list the Class A Notes on 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 8,500.
3. The Class A1 Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 138874494 and ISIN NL0011821129.
4. The Class A2 Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 138874508 and ISIN NL0011821137.
5. The Class B Notes have been accepted for deposit taking and settlement through Euroclear Netherlands and will bear common code 138874559 and ISIN NL0011821145.
6. The address of Euroclear Netherlands is: Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.
7. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 2 March 2016.
8. There are no legal, arbitration or governmental proceedings and neither the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, in the previous twelve months.
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:
  - (i) the Deed of Incorporation of the Issuer, including its Articles of Association;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Deed of Assignment and Pledge;
  - (iv) the Notes Purchase Agreement;
  - (v) the Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Parallel Debt Agreement;
  - (viii) the Issuer Rights Pledge Agreement;
  - (ix) the Issuer Mortgage Receivables Pledge Agreement;
  - (x) the Servicing Agreement;
  - (xi) the Administration Agreement;
  - (xii) the Issuer Account Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Swap Agreement;
  - (xv) the Bank Savings Participation Agreement;
  - (xvi) the Insurance Savings Participation Agreement;
  - (xvii) the Cash Advance Facility Agreement;
  - (xviii) any Financial Collateral Agreement;
  - (xix) the Interest Rate Reset Agreement; and
  - (xx) the Reporting Services Agreement.
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.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).
11. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Class A 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 offices of the Security Trustee and of the Paying Agent. The Issuer does not publish interim accounts.

12. 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'.

13. The Issuer, or the Issuer Administrator on its behalf, confirms that it will undertake that:

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

- (I) privately-placed with investors which are not in the Originator Group;
- (II) retained by a member of the Originator Group; and
- (III) publicly-placed with investors which are not in the Originator Group;

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

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

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

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

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

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

18. Important Information and responsibility statements:

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts such responsibility accordingly. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the

Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts such responsibility accordingly.

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

## 9. GLOSSARY OF DEFINED TERMS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (See Section 4.4 (Regulatory and Industry Compliance) (the RMBS Standard). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term.

### 9.1 DEFINITIONS

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

+	<b>Actual Collected Transfer Amount</b> has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	<b>Administration Agreement</b> means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
	<b>AFM</b> means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
	<b>Aggregate Construction Deposit Amount</b> means the aggregate of the Construction Deposits in respect of all Mortgage Loans;
+	<b>Agreement to Assign</b> means the mortgage receivables purchase agreement between the Seller and NN Leven dated 1 July 2013;
	<b>AIFMR</b> means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
	<b>All Moneys Mortgage</b> means any mortgage right ( <i>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 part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;



N/A	<b>Annuity Mortgage Receivable;</b>
	<b>Arranger</b> means Rabobank;
	<b>Assignment Actions</b> means any of the actions specified as such in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
+	<b>Assignment I</b> means the transfers of the legal title to the NHG Mortgage Receivables which have been originated by NN Leven from NN Leven to the Seller effected prior to the Closing Date through a notarial deed of assignment and several registered deeds of assignment;
+	<b>Assignment II</b> means the transfer of the legal title to the NHG Mortgage Receivables from the Seller to the Issuer by means of a private deed of assignment which is registered on the Closing Date with the Netherlands tax authorities;
	<b>Assignment Notification Event</b> means any of the events specified as such in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
	<b>Assignment Notification Stop Instruction</b> has the meaning ascribed thereto in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
	<b>Available Principal Funds</b> has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	<b>Available 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 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	<b>Bank Savings Account</b> means in respect of a Bank Savings Mortgage Loan, a blocked savings account held in the name of a Borrower with the Bank Savings Participant;
+	<b>Bank Savings Bonus Amount</b> means each bonus amount in respect of a Bank Savings Mortgage Loan to which the Borrower becomes entitled on a <i>Drempeldatum</i> (as defined in the terms and conditions of the Bank Savings Mortgage Loans), during the Mortgage Calculation Period immediately preceding the Mortgage Collection Payment Date;
+	<b>Bank Savings Bonus Amount Participation</b> means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to aggregate Bank Savings Bonus Amount, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;
+	<b>Bank Savings Bonus Amount Participation Fraction</b> means in respect of each Bank Savings Mortgage Receivable, an amount equal to the Bank Savings Bonus Amount Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;
	<b>Bank Savings Deposit</b> means, in respect of a Bank Savings Mortgage Loan, the balance standing to the credit of the relevant Bank Savings Account;
	<b>Bank Savings Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;

*	<b>Bank Savings Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Bank Savings Mortgage Loan;
	<b>Bank Savings Participant</b> means the Seller;
	<b>Bank Savings Participation</b> means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the sum of (i) the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable and (ii) each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, whereby the sum of (i) and (ii) does not exceed the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;
	<b>Bank Savings Participation Agreement</b> means the bank savings participation agreement between the Issuer, the Bank Savings Participant and the Security Trustee dated the Signing Date;
	<p><b>Bank Savings Participation Increase</b> means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: <math>(P \times I) + S</math>, whereby:</p> <p>P = Participation Fraction;</p> <p>S = the amount received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant; and</p> <p>I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;</p>
	<b>Bank Savings Participation Redemption Available Amount</b> has the meaning ascribed thereto in Section 7.6 ( <i>Sub-Participation</i> ) of this Prospectus;
	<b>Basel II</b> means the capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards Revised Framework" published on 26 June 2004 by the Basel Committee on Banking Supervision;
	<b>Basel III</b> means the capital accord amending Basel II under the title "Basel III: a global regulatory framework for more resilient banks and banking systems" published in December 2010 by the Basel Committee on Banking Supervision;
*	<b>Basic Terms Change</b> means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest or principal in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, (vi) in the definition of Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) of Schedule 1 to the Trust Deed;
	<b>Beneficiary Rights</b> means all claims which the relevant Originator has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the relevant Originator has been appointed by the Borrower as beneficiary ( <i>begunstigde</i> ) in connection with the relevant NHG Mortgage Receivable;

	<b>BKR</b> means National Credit Register ( <i>Bureau Krediet Registratie</i> );
+	<b>BNG Bank</b> means N.V. Bank Nederlandse Gemeenten, a public limited liability company organised under Dutch law and established in 's-Gravenhage, the Netherlands;
	<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 NHG 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 Pledge</b> means a right of pledge ( <i>pandrecht</i> ) on the rights of the relevant Borrower in 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 NHG Mortgage Receivable, including a Borrower Insurance Pledge and a Borrower Investment Pledge;
*	<b>Business Day</b> means a TARGET 2 Settlement Day and provided that such day is also a day on which banks are generally open for business in Amsterdam;
+	<b>Capital Requirement Trigger Event</b> means, the event upon which (i) the Seller fails to meet the capital requirements under CRR, including but not limited to the requirements as set out in article 92 thereof, in force at any date after the Closing Date, as evidenced by a certificate issued by the Seller to the Issuer and the Security Trustee two (2) Business Days prior to each Notes Payment Date, for two consecutive Notes Payment Dates on which a certificate is issued and/or (ii) (a) the Issuer has not received a certificate at the required date as referred to in (i) above and has notified the Seller of such failure and (b) such failure remains unremedied after the expiry of 10 Business Days;
	<b>Cash Advance Facility</b> means the cash advance facility provided by the Cash Advance Facility Provider to the Issuer pursuant to the Cash Advance Facility Agreement;
	<b>Cash Advance Facility Agreement</b> means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Signing Date;
*	<b>Cash Advance Facility Maximum Amount</b> means (a) as long as any of the Class A Notes is outstanding, an amount equal to the greater of (i) 1.5 per cent. of the Principal Amount Outstanding of the Class A Notes on such date and (ii) 0.75 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date and (b) on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, zero;
	<b>Cash Advance Facility Provider</b> means BNG Bank;
	<b>Cash Advance Facility Stand-by Drawing</b> means the drawing by the Issuer of the entire undrawn portion under the Cash Advance Facility Agreement if a Cash Advance Facility Stand-by Drawing Event occurs;

+	<b>Cash Advance Facility Stand-by Drawing Event</b> means any of the events specified as such in Section 5.5 ( <i>Liquidity Support</i> ) of this Prospectus;
*	<b>Cash Advance Facility Stand-by Ledger</b> means a ledger created for the purpose of recording any Cash Advance Facility Stand-by Drawing in accordance with the Administration Agreement;
	<b>Class A Notes</b> means the Class A1 Notes and the Class A2 Notes;
	<b>Class A1 Notes</b> means the EUR 125,000,000 class A1 mortgage-backed notes 2016 due 2097;
	<b>Class A2 Notes</b> means the EUR 375,000,000 class A2 mortgage-backed notes 2016 due 2097;
+	<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 31,000,000 class B mortgage-backed notes 2016 due 2097;
+	<b>Class B Principal Deficiency Ledger</b> means the principal deficiency ledger relating to the Class B Notes;
*	<b>Clean-Up Call Option</b> means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the NHG Mortgage Receivables outstanding which right may be exercised on any Notes Payment Date on which the aggregate Principal Amount Outstanding of the Notes (in case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date;
	<b>Closing Date</b> means 11 April 2016 or such later date as may be agreed between the Issuer and the Lead Managers;
+	<b>Code</b> means the U.S. Internal Revenue Code of 1986;
*	<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> ), as amended from time to time;
	<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 the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Originator, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;
	<b>Construction Deposit Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	<b>Coupons</b> means the interest coupons appertaining to the Notes;
	<b>CPR</b> means Constant Prepayment Rate;
	<b>CRA Regulation</b> means Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 462/2013 of 21 May 2013;

	<b>CRD</b> means directive 2006/48/EC of the European Parliament and of the Council (as amended by directive 2009/111/EC);
	<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 Fitch and Moody's;
	<p><b>Credit Rating Agency Confirmation</b> 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 ratings of the 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 ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: <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 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) No 648/2012;
+	<b>CRS</b> means Common Reporting Standard, and information standard for the automatic exchange of information developed in the context of the Organisation for Economic Co-operation and Development;
	<b>Current Loan to Indexed Foreclosure Value Ratio</b> means the ratio calculated by dividing the outstanding principal amount of a NHG Mortgage Receivable by the Indexed Foreclosure Value of the Mortgaged Asset;
	<b>Current Loan to Original Foreclosure Value Ratio</b> means the ratio calculated by dividing the outstanding principal amount of a NHG Mortgage Receivable by the Original Foreclosure Value of the

	Mortgaged Asset;
+	<b>Current Loan to Original Market Value Ratio</b> means the ratio calculated by dividing the Outstanding Principal Amount of a NHG Mortgage Receivable by the Original Market Value of the Mortgaged Asset;
	<b>Cut-Off Date</b> means 29 February 2016;
	<b>Deed of Assignment and Pledge</b> means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;
*	<b>Deferred Purchase Price</b> means part of the purchase price for the NHG Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;
	<b>Deferred Purchase Price Instalment</b> 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;
	<b>Definitive Notes</b> means Notes in definitive bearer form in respect of any Class of Notes;
+	<b>Deposit Agreement</b> means the deposit agreement between the Seller, the Issuer, the Security Trustee and the Agent (as defined therein) dated the Signing Date;
+	<b>DGS</b> means the deposit guarantee scheme ( <i>depositogarantiestelsel</i> ) within the meaning of the Wft;
	<b>Directors</b> means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;
	<b>DNB</b> means the Dutch central bank ( <i>De Nederlandsche Bank N.V.</i> );
	<b>DSA</b> means the Dutch Securitisation Association;
+	<b>Dutch Civil Code</b> means the <i>Burgerlijk Wetboek</i> ;
	<b>EMIR</b> means Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
+	<p><b>Enforcement Available Amount</b> 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 any of the Pledge Agreements to which the Security Trustee is a party (i) on the Pledged Assets, other than the Savings Mortgage Receivables, the Switch Mortgage Receivables with a Savings Alternative and the Bank Savings Mortgage Receivables, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; plus (ii) on each Savings Mortgage Receivable, each Switch Mortgage Receivables with a Savings Alternative and each Bank Savings Mortgage Receivable, including, without limitation, amounts recovered under or in connection with the trustee indemnification, but only to the extent such amounts exceed the Participation in such Savings Mortgage Receivable, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivable; 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, less a part <i>pro rata</i> to the proportion the aggregate Participation in all</p>

	<p>Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings Alternative and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG Mortgage Receivables;</p> <p>in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors, other than to the Participants, pursuant to the Trust Deed and (ii) a part <i>pro rata</i> to the proportion the Outstanding Principal Amount of all NHG Mortgage Receivables minus the aggregate Participation in all Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings Alternative and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;</p>
	<p><b>Enforcement Notice</b> means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (<i>Events of Default</i>);</p>
	<p><b>EONIA</b> means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;</p>
+	<p><b>Escrow List of Loans</b> means, at the Closing Date, the list providing the details of the Mortgage Loans as set out in Schedule 1 to the Mortgage Receivables Purchase Agreement, and at each relevant Notes Payment Date, the list providing the details of the Mortgage Loans as set out in the relevant Deed of Assignment and Pledge, which list includes (i) the name and address of the Borrower and (ii) the address of the Mortgaged Asset, if different from (i), and which list shall be held in escrow by a civil law notary as further set out in Clause 17 of the Mortgage Receivables Purchase Agreement;</p>
+	<p><b>Estimated Collected Transfer Amount</b> has the meaning ascribed thereto in Section 5.1 (<i>Available Funds</i>) of this Prospectus;</p>
	<p><b>EUR, euro or €</b> means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;</p>
	<p><b>Euribor</b> has the meaning ascribed thereto in Condition 4(c) (<i>Interest</i>);</p>
+	<p><b>Euribor Reference Banks</b> has the meaning ascribed to it in Condition 4(e) (<i>Interest</i>);</p>
	<p><b>Euroclear</b> means Euroclear Bank SA/NV as operator of the Euroclear System;</p>
	<p><b>Euroclear Netherlands</b> means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.;</p>
	<p><b>Euronext Amsterdam</b> means Euronext in Amsterdam;</p>
	<p><b>Eurosystem Eligible Collateral</b> means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;</p>
	<p><b>Events of Default</b> means any of the events specified as such in Condition 10 (<i>Events of Default</i>);</p>
+	<p><b>Excess Swap Collateral</b> means, (x) in respect of the date the Swap Agreement is terminated, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the amounts owed by the Swap Counterparty (if any) to the Issuer (for the avoidance of doubt, calculated prior to any netting or set-off of an Unpaid Amount (as defined in the Swap Agreement) equal to the value of the collateral) and (y) in respect of any other valuation date under the Swap Agreement, collateral of a value equal to the</p>

	amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date;
	<b>Exchange Date</b> means the date not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;
*	<b>Extraordinary Resolution</b> means a resolution 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;
+	<b>FATCA Withholding</b> means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);
	<b>Final Maturity Date</b> means the Notes Payment Date falling in October 2097;
+	<b>Final Pool</b> means the pool of Mortgage Loans as selected on the Cut-Off Date that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement;
+	<b>Financial Cash Collateral Account</b> means the financial cash collateral account designated as such in the Issuer Account Agreement created for the purpose of recording amounts pursuant to the Financial Collateral Agreement comprising two ledgers, the Set-Off Financial Cash Collateral Ledger and the Other Claim Financial Collateral Agreement, in accordance with the Administration Agreement;
+	<b>Financial Collateral Agreement</b> means a financial collateral agreement between the Issuer, the Seller and the Security Trustee which may be entered into after the Closing Date;
	<b>First Optional Redemption Date</b> means the Notes Payment Date falling in April 2021;
	<b>Fitch</b> means Fitch Ratings Ltd., and includes any successor to its rating business;
	<b>Foreclosure Value</b> means the foreclosure value of the Mortgaged Asset;
+	<b>FTT</b> means financial transaction tax;
*	<b>Further Advance</b> means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage as a Mortgage Loan;
*	<b>Further Advance Receivable</b> means the NHG Mortgage Receivable resulting from a Further Advance;
	<b>Global Note</b> means any Temporary Global Note or Permanent Global Note;
	<b>Higher Ranking Class</b> 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 Post-Enforcement Priority of Payments;
*	<b>Indexed Foreclosure Value</b> means, in respect of a sale of NHG Mortgage Receivables by the Issuer



	in accordance with the Trust Deed on any date, if the Foreclosure Value was assessed within one month prior to the such date, such Foreclosure Value or, if the Foreclosure Value was assessed more than one month prior to such date, such Foreclosure Value indexed to median price levels of the year in which the relevant Notes Payment Date falls as reported by the <i>Kadaster</i> or, in case no such report is available, as reported by any other authoritative organisation in this field;
	<b>Initial Bank Savings Participation</b> means, (a) in respect of Bank Savings Mortgage Receivables purchased on the Closing Date, or (b) thereafter in case of the purchase and assignment by the Issuer of Substitute Bank Savings Mortgage Receivables, on the relevant Notes Payment Date, an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the first day of the month immediately preceding the month in which the relevant NHG Mortgage Receivable is purchased or in which the relevant Mortgage Collection Payment Date falls;
	<b>Initial Insurance Savings Participation</b> means, (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, purchased on the Closing Date, or (b) thereafter in case of the purchase and assignment by the Issuer of Substitute Savings Mortgage Receivables and Substitute Switch Mortgage Receivables with a Savings Alternative, on the relevant Notes Payment Date or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Loan with a Savings Alternative, the next succeeding Mortgage Collection Payment Date, an amount equal to the sum of the Savings Premium received by the relevant Insurance Savings Participant with accrued interest up to the first day of the month immediately preceding the month in which the relevant NHG Mortgage Receivable is purchased or in which the relevant Mortgage Collection Payment Date falls;
*	<b>Initial Purchase Price</b> means, in respect of any NHG Mortgage Receivable, its Outstanding Principal Amount on (i) the Cut-Off Date or (ii) in case of a Substitute Mortgage Receivable or a Further Advance Receivable, the first day of the month immediately preceding the month wherein the relevant Substitute Mortgage Receivable or Further Advance Receivable is purchased;
	<b>Initial Savings Participation</b> means an Initial Bank Savings Participation and/or an Initial Insurance Savings Participation;
*	<b>Insurance Company</b> means NN Leven or any other insurance company established in the Netherlands;
	<b>Insurance Policy</b> means a Life Insurance Policy and/or a Risk Insurance Policy and/or Savings Insurance Policy and/or Savings Investment Insurance Policy;
	<b>Insurance Savings Participant</b> means NN Leven;
	<b>Insurance Savings Participation</b> means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the sum of (i) the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable and (ii) the Insurance Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, whereby the sum of (i) and (ii) does not exceed the Outstanding Principal Amount of such Savings Mortgage Receivable or Switch Mortgage Receivable;
	<b>Insurance Savings Participation Agreement</b> means the insurance savings participation agreement between the Issuer and the Insurance Savings Participant and the Security Trustee dated the Signing Date;
*	<b>Insurance Savings Participation Increase</b> means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: $(P \times I) + S$ , whereby:

	<p>P = Participation Fraction;</p> <p>S = the amount received by the Issuer pursuant to the Insurance Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable or the relevant Switch Mortgage Receivable with a Savings Alternative from the Insurance Savings Participant; and</p> <p>I = the amount of interest due by the Borrower on the relevant Savings Mortgage Receivable or the relevant Switch Mortgage Receivable with a Savings Alternative and actually received by the Issuer in respect of such Mortgage Calculation Period;</p>
	<b>Insurance Savings Participation Redemption Available Amount</b> has the meaning ascribed thereto in section 7.6 ( <i>Sub-Participation</i> ) of this Prospectus;
+	<b>Interest Amount</b> means, in respect of an Interest Period, the amount of interest payable on each of the Class A1 Notes and the Class A2 Notes;
*	<b>Interest Determination Date</b> has the meaning ascribed thereto in Condition 4(e) ( <i>Interest</i> );
	<b>Interest-only Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;
N/A	<b>Interest-only Mortgage Receivable;</b>
	<b>Interest Period</b> means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in July 2016 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
	<b>Interest Rate</b> means the rate of interest applicable from time to time to a Class of Notes other than the Class B Notes as determined in accordance with Condition 4 ( <i>Interest</i> );
+	<b>Interest Rate Reset Agreement</b> means the interest rate reset agreement between the Issuer, Originators, the Servicer, the Issuer Administrator, the Swap Counterparty and the Security Trustee dated the Signing Date;
+	<b>Interest Reconciliation Ledger</b> means the ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;
+	<b>Investment Alternative</b> means the alternative whereby the premiums paid are invested in certain investment funds selected by the Borrower;
	<b>Investment Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;
	<b>Investor Report</b> means any of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;
	<b>Issuer</b> means Hypenn RMBS V 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 BNG Bank;
	<b>Issuer Accounts</b> means any of the Issuer Transaction Accounts, the Construction Deposit Account, the Swap Cash Collateral Account and the Financial Cash Collateral Account;
	<b>Issuer Administrator</b> means NN Bank or, as the case may be, Intertrust Administrative Services B.V.;
	<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 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 Participation Agreements, the Administration Agreement, the Cash Advance Facility Agreement and the Swap Agreement;
	<b>Issuer Rights Pledge Agreement</b> means the issuer rights pledge agreement between, amongst others, the Issuer, the Security Trustee, the Seller and the Servicer dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;
+	<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>Issuer Transaction Accounts</b> means any of the Issuer Collection Account and the Reserve Account;
+	<b>Joint Security Right Arrangements</b> has the meaning ascribed thereto in Section 2 ( <i>Risk Factors</i> ) of this Prospectus;
*	<b>Lead Managers</b> means Rabobank and NN Bank;
	<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 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 NHG Mortgage Receivable resulting from a Life Mortgage Loan;
	<b>Linear Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;
N/A	<b>Linear Mortgage Receivable</b> ;

	<b>Listing Agent</b> means Rabobank;
+	<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 ( <i>Payment</i> );
	<b>Management Agreement</b> means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;
+	<b>Markets in Financial Instruments Directive</b> means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, as the same may be amended;
*	<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 Netherlands 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;
	<b>Master Definitions Agreement</b> means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;
	<b>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 NHG Mortgage Receivables;
*	<b>Mortgage Calculation Date</b> means a Business Day after the last day of each Mortgage Calculation Period and before the Mortgage Collection Payment Date;
	<b>Mortgage Calculation Period</b> means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first mortgage calculation period which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of April 2016;
	<b>Mortgage Collection Payment Date</b> means the 2nd Business Day of each calendar month;
	<b>Mortgage Conditions</b> means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;
+	<b>Mortgage Interest Rates</b> means the rate(s) of interest from time to time chargeable to Borrowers under the NHG Mortgage Receivables;
*	<b>Mortgage Loan Amendment</b> means an amendment by the relevant Originator and the relevant Borrower of the terms of the relevant Mortgage Loan, or part of such relevant Mortgage Loan, as a result of which such relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement;
	<b>Mortgage Loan Criteria</b> means the criteria relating to the Mortgage Loans set forth as such in Section 7.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;

*	<b>Mortgage 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), after any purchase and assignment of any Substitute Mortgage Receivables and Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Substitute Mortgage Loan and/or Further Advances, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
N/A	<b>Mortgage Receivable;</b>
	<b>Mortgage Receivables Purchase Agreement</b> means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;
+	<b>Mortgage Report</b> means the report to be prepared by the Servicer for the purpose of determining the amounts to be paid on the next succeeding Mortgage Collection Payment Date in accordance with the Servicing Agreement;
+	<b>Mortgage Report Date</b> means the 10th Business Day following the end of each Mortgage Calculation Period;
	<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</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 (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant NHG Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant NHG Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such NHG Mortgage Receivable;
	<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 Receivable</b> means any and all rights of the relevant Originator (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the relevant Originator (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;
+	<b>NN Bank</b> means Nationale-Nederlanden Bank N.V., a public company incorporated under Dutch law and established in 's-Gravenhage, the Netherlands;
+	<b>NN Insurance Eurasia</b> means NN Insurance Eurasia N.V., a public company incorporated under Dutch law and established in Amsterdam, the Netherlands;
+	<b>NN Leven</b> means Nationale-Nederlanden Levensverzekering Maatschappij N.V., a public company

	incorporated under Dutch law and established in Rotterdam, the Netherlands;
	<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 and the Class B Notes;
	<b>Notes and Cash Report</b> means the report which will be published quarterly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
	<b>Notes Calculation Date</b> means, in respect of a Notes Payment Date, the fourth Business Day prior to such Notes Payment Date;
	<b>Notes Calculation Period</b> means, in respect of a Notes Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and ends on and includes the last day of June 2016;
	<b>Notes Payment Date</b> means the 17th day of July, October, January and April of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;
	<b>Notes Purchase Agreement</b> means the notes purchase agreement relating to the Notes between the Lead Managers, the Issuer and the Seller dated the Signing Date;
	<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 Foreclosure Value Ratio</b> means the ratio calculated by dividing the original principal amount of a NHG Mortgage Receivable at the moment of origination by the Original Foreclosure Value of the Mortgaged Asset
	<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>Originator</b> means in respect of Mortgage Loans originated by NN Leven, NN Leven, and in respect of Mortgage Loans originated by NN Bank, the Seller;
+	<b>Originator Group</b> means any Originator together with (i) its holding company, (ii) its subsidiaries and (iii) any other affiliated company as set out in the published accounts of any such company, but excluding any entities that are in the business of investing in securities and whose investment decisions are taken independently of, and at arm's length from, such Originator;
*	<b>Other Claim</b> means any claim the relevant Originator, as applicable, has against the Borrower, other than a NHG Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;
+	<b>Other Claim Amount</b> means an amount equal to 50 per cent. of the aggregate of all Other Claims in respect of the NHG Mortgage Receivables;
+	<b>Other Claim Financial Cash Collateral Ledger</b> means the ledger created for the purpose of crediting or debiting any Other Claim Amount in accordance with the Administration Agreement;
+	<b>Other Claim Loss Amount</b> means any Realised Loss as a result of a breach by an Originator of the

	Joint Security Right Arrangements;
	<b>Outstanding Principal Amount</b> means, at any moment in time, (i) the outstanding principal amount of a NHG Mortgage Receivable at such time and (ii), after a Realised Loss of the type (a) and (b) of the definition in respect of such NHG Mortgage Receivable, zero;
	<b>Parallel Debt</b> has the meaning ascribed thereto in Section 4.7 ( <i>Security</i> ) of this Prospectus;
	<b>Parallel Debt Agreement</b> means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
*	<b>Participants</b> means each of the Bank Savings Participant and the Insurance Savings Participant
	<b>Participation</b> means, in respect of each Savings Mortgage Receivable and each Switch Mortgage Receivable with a Savings Alternative, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;
	<b>Participation Agreement</b> means the Bank Savings Participation Agreement or the Insurance Savings Participation Agreement;
+	<p><b>Participation Enforcement Available Amount</b> means amounts corresponding to the sum of:</p> <ul style="list-style-type: none"> <li>(i) amounts equal to the Participation in each Savings Mortgage Receivable, Switch Mortgage Receivable with a Savings Alternative or Bank Savings Mortgage Receivable, or if the amount recovered is less than the Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered under or in connection with the trustee indemnification under the Mortgage Receivables Purchase Agreement; and,</li> <li>(ii) part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement under or in connection with the trustee indemnification, whereby the relevant part will be equal to a part pro rata to the proportion the aggregate Participation in all Savings Mortgage Receivables, Switch Mortgage Receivables with a Savings Alternative or Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG Mortgage Receivables:</li> </ul> <p>in each case less the sum of (i) any amount paid by the Security Trustee to the Participants pursuant to the Parallel Debt Agreement and (ii) a part <i>pro rata</i> to the proportion the aggregate Participation in all Savings Mortgage Receivables, Switch Mortgage Receivable with a Savings Alternative and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all NHG Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee, in connection with any of the Transaction Documents;</p>
*	<b>Participation Fraction</b> means in respect of each Savings Mortgage Receivable, each Switch Mortgage Receivables with a Savings Alternative and each Bank Savings Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Savings Mortgage Receivable, Switch Mortgage Receivables with a Savings Alternative and Bank Savings Mortgage Receivable, on the first day of the relevant Mortgage Calculation Period;
+	<b>Participation Increase</b> means the Bank Savings Participation Increase and/or the Insurance Savings Participation Increase;
	<b>Participation Redemption Available Amount</b> means any of the Bank Savings Participation Redemption Available Amount and the Insurance Savings Redemption Available Amount;

	<b>Paying Agency Agreement</b> means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Signing Date;
*	<b>Paying Agent</b> means Rabobank;
+	<b>PCS Label</b> means the Prime Collateralised Securities label;
	<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 and the Issuer Rights Pledge Agreement;
	<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 NHG Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights;
	<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 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
+	<p><b>Potential Set-Off Amount</b> means on any Notes Payment Date an amount equal to:</p> <ul style="list-style-type: none"> <li>(i) prior to the notification of the Borrowers of the assignment of the NHG Mortgage Receivables to the Issuer, the sum of all amounts in respect of the NHG Mortgage Receivables, which amounts are, in respect of each NHG Mortgage Receivable separately, the lower of: <ul style="list-style-type: none"> <li>(a) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by the Borrower of the NHG Mortgage Receivable(s) with the relevant Originator on the last day of the immediately preceding Notes Calculation Period; and</li> <li>(b) the aggregate Outstanding Principal Amount of such Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and</li> </ul> </li> <li>(ii) after the notification of the Borrowers of the assignment of the NHG Mortgage Receivables to the Issuer, the sum of all amounts in respect of the NHG Mortgage Receivables, which amounts are, in respect of each NHG Mortgage Receivable separately, the lower of: <ul style="list-style-type: none"> <li>(a) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by such Borrower with the relevant Originator on the last day of the immediately preceding Notes Calculation Period;</li> <li>(b) the aggregate Outstanding Principal Amount of such NHG Mortgage Receivable(s) on the last day of the immediately preceding Notes Calculation Period; and</li> <li>(c) the aggregate deposits (other than Construction Deposits and/or Bank Savings Deposits), to the extent they exceed the amount claimable under the DGS, held by</li> </ul> </li> </ul>



	such Borrower with the relevant Originator on the date the relevant Borrower is notified of the assignment of the NHG Mortgage Receivable(s) to the Issuer;
*	<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 NHG Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;
	<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 Principal Deficiency Ledger;
	<b>Principal Deficiency Ledger</b> means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;
+	<b>Principal Reconciliation Ledger</b> means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;
	<b>Principal Shortfall</b> means an amount equal to (i) the balance of the Principal Deficiency Ledger of the relevant Class divided by (ii) the number of Notes of the relevant Class of Notes on the relevant 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 7 April 2016 relating to the issue of the Notes;
	<b>Prospectus Directive</b> means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;
+	<b>Purchase Available Amount</b> means, at any Notes Payment Date up to (but excluding) the First Optional Redemption Date, the Available Principal Funds;
+	<b>Purchase Conditions</b> means the conditions specified as such in Section 7.4 ( <i>Portfolio Conditions</i> ) of this Prospectus;
+	<b>Rabobank</b> means Coöperatieve Rabobank U.A.;
	<b>Realised Loss</b> has the meaning ascribed thereto in Section 5.3 ( <i>Loss Allocation</i> ) of this Prospectus;
+	<b>Reconciliation Ledger</b> means each of the Principal Reconciliation Ledger and the Interest Reconciliation Ledger;
	<b>Redemption Amount</b> means the principal amount redeemable in respect of a Note as described in Condition 6 ( <i>Redemption</i> );
	<b>Redemption Priority of Payments</b> means the priority of payments set out as such in Section 5.2 ( <i>Priority of Payments</i> ) in this Prospectus;
	<b>Reference Agent</b> means Rabobank;
	<b>Regulation S</b> means Regulation S of the Securities Act;
*	<b>Regulatory Call Option</b> means upon the occurrence of a Regulatory Change, the right of the Seller to

	repurchase and accept re-assignment of all (but not only part) of the NHG Mortgage Receivables;;
	<b>Regulatory Change</b> has the meaning ascribed thereto in Condition 6 ( <i>Redemption</i> );
	<b>Relevant Class</b> has the meaning ascribed thereto in Condition 10 ( <i>Events of Default</i> );
	<b>Relevant Remedy Period</b> means thirty (30) calendar days;
+	<b>Reporting Services Agreement</b> means the reporting services agreement between the Issuer and the Swap Counterparty dated on or about the Signing Date;
+	<b>Reporting Services Provider</b> means Rabobank;
+	<b>Required Ratings</b> means (i) in respect of its long-term unsecured, unsubordinated and unguaranteed debt obligations, a rating of at least 'Baa1' by Moody's, (ii) in respect of the long-term issuer default rating, a rating of at least 'A' by Fitch and (iii) in respect of its short-term issuer default rating, a rating of at least 'F1' by Fitch;
	<b>Requisite Credit Rating</b> means the rating of (i) 'Prime-1' (short-term) by Moody's and (ii) 'F1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch;
	<b>Reserve Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	<b>Reserve Account Target Level</b> means an amount equal to (a) on the Closing Date, zero, (b) as long as any Class A Notes are outstanding, on any Notes Calculation Date after the Closing Date, 1.0 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date and (c) on the Notes Payment Date on which the Class A Notes have been or are to be redeemed in full, zero;
	<b>Revenue Priority of Payments</b> means the priority of payments set out in Section 5.2 ( <i>Priority 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 the Insurance Company;
	<b>RMBS Standard</b> means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;
+	<b>Savings Alternative</b> means the alternative whereby the premiums paid are deposited into an account held in the name of the Insurance Savings Participant with the relevant Originator;
*	<b>Savings Insurance Policy</b> means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element with a savings element with an agreed interest rate which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;
	<b>Savings Investment Insurance Policy</b> means an insurance policy taken out by any Borrower, in connection with a Switch Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;
*	<b>Savings Mortgage Loan</b> means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the Insurance Savings Participant under a Savings Insurance Policy;

*	<b>Savings Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Savings Mortgage Loan;
*	<b>Savings Premium</b> means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the Insurance Company on the basis of the Savings Insurance Policy;
	<b>Secured Creditors</b> means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Reference Agent, (vi) the Cash Advance Facility Provider, (vii) the Issuer Account Bank, (viii) the Noteholders, (ix) the Seller, (x) the Swap Counterparty and (xi) the Participants;
	<b>Securities Act</b> means the United States Securities Act of 1933 (as amended);
	<b>Security</b> means any and all security interest created pursuant to the Pledge Agreements;
	<b>Security Trustee</b> means Stichting Security Trustee Hypenn RMBS V, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>Security Trustee Director</b> means SGG Securitisation Services B.V.;
	<b>Security Trustee Management Agreement</b> means the security trustee management agreement between the Security Trustee, the Security Trustee Director and the Issuer dated the Signing Date;
	<b>Seller</b> means NN Bank;
*	<b>Seller Collection Account</b> means the bank account maintained by the Seller Collection Account Holder with the Seller Collection Account Bank into which payments made by the relevant Borrowers under or in connection with the NHG Mortgage Receivables will be paid;
	<b>Seller Collection Account Bank</b> means ING Bank N.V.;
+	<b>Seller Collection Account Holder</b> means NN Insurance Eurasia;
	<b>Servicer</b> means NN Bank;
	<b>Servicing Agreement</b> means the servicing agreement between the Servicer, the Issuer and the Security Trustee dated the Signing Date;
+	<b>Set-Off Amount</b> means, in respect of any NHG Mortgage Receivable, an amount equal to the full amount due in respect of such NHG Mortgage Receivable in respect of the Notes Calculation Period immediately preceding such Notes Payment Date, if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the relevant Originator to it and the relevant Originator has not reimbursed the Issuer for such amount on the relevant Notes Payment Date, has not received such amount in respect of the Notes Calculation Period immediately preceding such Notes Payment Date;
+	<b>Set-Off Financial Cash Collateral Ledger</b> means the ledger created for the purpose of crediting or debiting any Potential Set-Off Amount in accordance with the Administration Agreement;
	<b>Shareholder</b> means Stichting Holding Hypenn RMBS V, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>Shareholder Director</b> means Intertrust Management B.V.;
	<b>Shareholder Management Agreement</b> means the shareholder management agreement between the

	Shareholder, the Shareholder Director and the Security Trustee dated the Signing Date;
	<b>Signing Date</b> means 7 April 2016 or such later date as may be agreed between the Issuer, the Security Trustee and the Lead Managers;
	<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>Special Measures Financial Institutions Act</b> means <i>Wet bijzondere maatregelen financiële ondernemingen</i> and the rules and regulations promulgated pursuant thereto as implemented in the Wft;
	<b>Stichting WEW</b> means Stichting Waarborgfonds Eigen Woningen;
+	<b>Subclass</b> means in respect of a Class of Notes a sub-class thereof;
+	<b>Substitute Available Amount</b> means, on any Notes Payment Date up to (but excluding) the First Optional Redemption Date, an amount equal to the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables which have been repurchased by and re-assigned to the Seller during the immediately preceding Notes Calculation Period as a result of (i) any of the representations and warranties relating to the Mortgage Loans and the NHG Mortgage Receivables having been untrue or incorrect in any material respect, (ii) the Potential Set-Off Amount related to the NHG Mortgage Receivables being higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables and (iii) the Other Claims Amount related to the NHG Mortgage Receivables being higher than 0.50 per cent. of the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables;
+	<b>Substitute Bank Savings Mortgage Loan</b> means a bank savings mortgage loan granted by the relevant Originator to the relevant borrower to which a Bank Savings Deposit is attached, which may consist of one or more Loan Parts 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;
+	<b>Substitute Bank Savings Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Substitute Bank Savings Mortgage Loan;
+	<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 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;
+	<b>Substitute Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Substitute Mortgage Loan;
+	<b>Substitute Savings Mortgage Loan</b> means a savings mortgage loan granted by the relevant Originator to the relevant borrower to which a Savings Insurance Policy is attached, which may consist of one or more Loan Parts 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;
+	<b>Substitute Savings Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Substitute Savings Mortgage Loan;
+	<b>Substitute Switch Mortgage Loan</b> means a switch mortgage loan granted by the relevant Originator

	to the relevant borrower to which a Savings Investment Insurance Policy is attached, which may consist of one or more Loan Parts 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;
+	<b>Substitute Switch Mortgage Receivable</b> means the NHG Mortgage Receivable resulting from a Substitute Switch Mortgage Loan;
*	<b>Swap Agreement</b> means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) and any transaction thereunder between the Issuer, the Swap Counterparty and the Security Trustee dated on or before the Closing Date;
*	<b>Swap Cash Collateral Account</b> means the bank account of the Issuer designated as such in the Issuer Account Agreement and any further account opened to hold Swap Collateral in the form of cash;
	<b>Swap Collateral</b> means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
	<b>Swap Counterparty</b> means Rabobank;
+	<b>Swap Counterparty Subordinated Payment</b> means any termination payment due and payable as a result of the occurrence of (i) an Event of Default where the Swap Counterparty is the Defaulting Party or (ii) an Additional Termination Event arising pursuant to the occurrence of a Rating Event (all as defined in the Swap Agreement);
+	<b>Swap Notional Fraction</b> means the quotient of (a) the aggregate Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on the close of business of the first day of the relevant Interest Period and (b) the Principal Amount Outstanding of all Notes on the close of business of the first day of the relevant Interest Period, in case of each of (a) and (b), less an amount equal to the balance standing on the relevant sub-ledger of the Principal Deficiency Ledger, if any (whereby such balance on the Class A Principal Deficiency Ledger will be subdivided between the Class A1 Notes and the Class A2 Notes <i>pro rata</i> by reference to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes);
	<b>Swap Transaction</b> means any of the swap transactions entered into under the Swap Agreement;
	<b>Switch Mortgage Loan</b> means any Mortgage Loan or part thereof that is in the form of a switch mortgage loan offered by the relevant Originator, under which loan the Borrower does not pay principal towards redemption of the principal amount outstanding prior to the maturity but instead takes out a Savings Investment Insurance Policy;
	<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 Condition 9(a) ( <i>Principal</i> );

+	<b>Tax Credit</b> means any tax credit obtained by the Issuer as further described in the Swap Agreement;
	<b>Tax Event</b> means any change in tax law, after the date of the Swap Agreement, due to which the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax;
	<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 Deposit Agreement, the Administration Agreement, the Issuer Account Agreement, the Cash Advance Facility Agreement, the Swap Agreement, the Servicing Agreement, the Bank Savings Participation Agreement, the Insurance Savings Participation Agreement, the Pledge Agreements, the Notes Purchase Agreement, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Interest Rate Reset Agreement, any Financial Collateral Agreement, the Reporting Services Agreement and the Trust Deed;
	<b>Trust Deed</b> means the trust deed between, amongst others, the Issuer and the Security Trustee dated the Signing Date;
*	<b>Unit-Linked Alternative</b> 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;
	<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> ); and
	<b>WOZ</b> means the Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ) as amended from time to time.

## 9.2 INTERPRETATION

### 2. INTERPRETATION

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

Any reference in this Prospectus to:

an **Act** or a **statute** or **treaty** shall be construed as a reference to such Act, statute or treaty as the same may have been, or may from time to time be, amended or, in the case of an Act or a statute, re-enacted;

**this Agreement** or an **Agreement** or **this Deed** or a **deed** or a **Deed** or a **Transaction Document** or any of the Transaction Documents (however referred to or defined) shall be construed as a reference to such document or agreement as the same may be amended, supplemented, restated, novated or otherwise modified from time to time;

a **Class** of Notes shall be construed as a reference to the Class A Notes or the Class B Notes, as applicable;

a **Class A**, **Class A1**, **Class A2** or **Class B** Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, Principal Shortfall or a Redemption pertaining to, as applicable, the relevant Class or, as the case may be, Subclass of Notes;

**encumbrance** includes any mortgage, charge or pledge or other limited right (*beperkt recht*) securing any obligation of any person, or any other arrangement having a similar effect;

**Euroclear Netherlands** includes any additional or alternative system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as Eurosystem Eligible Collateral;

the **records of Euroclear Netherlands** are to the records that each of Euroclear Netherlands holds for its customers which reflect the amount of such customers' interests in the Notes;

**foreclosure** includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

**holder** means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

**including** or **include** shall be construed as a reference to **including without limitation** or **include without limitation**, respectively;

**indebtedness** shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a **law** shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a **month** shall be construed as a reference to a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the **Notes**, the **Conditions**, any **Transaction Document** or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a **person** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a **preliminary suspension of payments**, **suspension of payments** or **moratorium of payments** shall, where applicable, be deemed to include a reference to the suspension of payments (*(voorlopige) surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

**principal** shall be construed as the English translation of *hoofdsom* or, if the context so requires, *pro resto hoofdsom* and, where applicable, shall include premium;

**repay**, **redeem** and **pay** shall each include both of the others and **repaid**, **repayable** and **repayment**, **redeemed**, **redeemable** and **redemption** and **paid**, **payable** and **payment** shall be construed accordingly;

a **successor** of any party shall be construed so as to include an assignee or successor in title (including after a novation) of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under a Transaction Document or to which, under such laws, such rights and obligations have been transferred;

any **Transaction Party** or **party** or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and transferees and any subsequent successors and transferees in accordance with their respective interests; and

**tax** includes any present or future tax, levy, impost, duty or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same).

In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.



## **10. REGISTERED OFFICES**

### **THE ISSUER**

Hypenn RMBS V B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER, SERVICER AND ISSUER ADMINISTRATOR**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

### **ORIGINATORS**

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

Nationale-Nederlanden Levensverzekering Maatschappij N.V.  
Weena 505  
3013 AL Rotterdam  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Hypenn RMBS V  
Hoogoorddreef 15  
1101 BA Amsterdam  
The Netherlands

### **SWAP COUNTERPARTY**

Coöperatieve Rabobank U.A.  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

### **CASH ADVANCE FACILITY PROVIDER AND ISSUER ACCOUNT BANK**

N.V. Bank Nederlandse Gemeenten  
Koninginnegracht 2  
2514 AA 's-Gravenhage  
The Netherlands

### **PAYING AGENT, REFERENCE AGENT AND LISTING AGENT**

Coöperatieve Rabobank U.A.  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

### **LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER**

NautaDutilh N.V.

Strawinskylaan 1999  
1077 XV Amsterdam  
The Netherlands

**AUDITOR**

KPMG Accountants N.V.  
Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

**EUROCLEAR NETHERLANDS**

Euroclear Netherlands  
Herengracht 459-469  
1017 BS Amsterdam  
The Netherlands

**LEAD MANAGERS**

Coöperatieve Rabobank U.A.  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

Nationale-Nederlanden Bank N.V.  
Prinses Beatrixlaan 35-37  
2595 AK 's Gravenhage  
The Netherlands

**ARRANGER**

Coöperatieve Rabobank U.A.  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands