

RMBS/Netherlands Presale Report

Dutch MBS XIV B.V.

Expected Ratings*

Class	Amount (EURm)	Final Maturity	Rating	CE (%)
A	1,429.5	2037	AAA	4.70
I/O Strip	n.a	2012	AAA	n.a.
B	22.5	2037	AA	3.20
C	17.3	2037	A	2.05
D	13.5	2037	BBB	1.15
E	7.0	2037	BB	0.68
F	10.2	2079	NR	0.00

Analysts

Arjen Wink
+44 20 7862 4147
arjen.wink@fitchratings.com

Nicolas Ardoint
+44 20 7417 4369
nicolas.ardoint@fitchratings.com

Lara Patrignani
+44 20 7417 4262
lara.patrignani@fitchratings.com

Performance Analytics

Charlotte Eady
+44 20 7417 3523
charlotte.eady@fitchratings.com

* Expected ratings do not reflect final ratings and are based on information provided by the issuer as of 1 October 2005.

■ Summary

This EUR1.5 billion transaction is a securitisation of Dutch residential mortgage loans owned by NIB Capital Bank N.V. (“NIBCapital”) through its 100% subsidiaries Hypinvest B.V., Seyst Hypotheken B.V., Royal Residentie Hypotheken B.V., Amstelstaete Hypotheken B.V., Nieuwegein Hypotheken B.V., Zwaluw Hypotheken B.V., Muzen Hypotheken B.V., IKS Hypotheken B.V., Capitalium B.V., Estate B.V., Atrios B.V., Quion I B.V., Quion III B.V., Quion 14 B.V., Quion 30 B.V. and Nationale Hypotheek Maatschappij B.V. (“the sellers”). Fitch Ratings has assigned expected ratings to the notes issued by Dutch MBS XIV B.V. (“DMBS XIV” or “the issuer”) as indicated at left. The mortgages are, and will continue to be, serviced by STATER Nederland B.V. (“STATER”) and Quion Groep B.V. (“Quion”, rated ‘RPS2_{NL}’ and ‘RSS3_{NL}’).

The sellers are all wholly-owned indirect subsidiaries of NIBCapital. NIBCapital was downgraded on 9 August 2005 to ‘A/F1’ from ‘AA-(AA minus)/F1+’ following the announcement that a consortium led by J.C. Flowers & Co LLC had signed an agreement to acquire all shares in NIBCapital. The downgrade reflects weaker potential support from the consortium relative to the bank’s existing ultimate shareholders, the Dutch public sector pension funds ABP&PGGM.

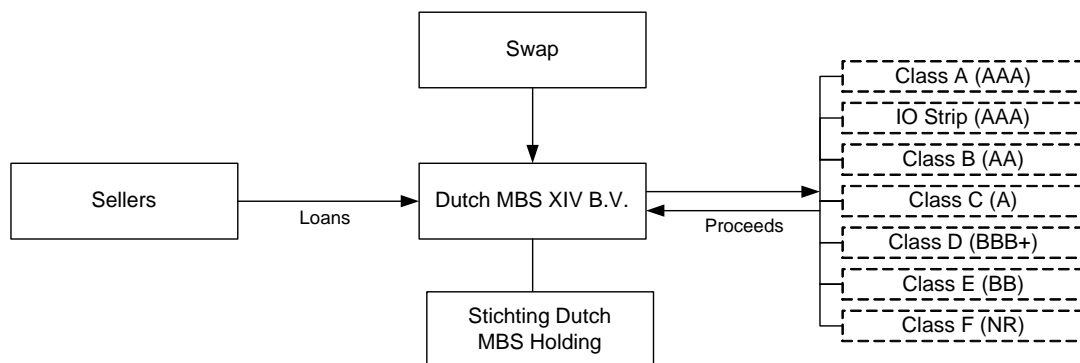
NIBCapital specialises in domestic residential mortgage lending, in which it has been involved since 1996, lending to mid-sized corporates in the Benelux region as well as providing leveraged, asset and project finance in select international sectors.

DMBS XIV is a special-purpose company incorporated under the laws of the Netherlands with limited liability as a “*besloten vennootschap met beperkte aansprakelijkheid*” (“B.V.”), and registered in the Commercial Register of the Chamber of Commerce of Amsterdam. The shares of the issuer are owned by Stichting Dutch MBS Holding, established under the laws of the Netherlands as a “*stichting*” (foundation).

At closing, the issuer will acquire from the sellers a portfolio of residential mortgage loans that will form the collateral for the notes. The portfolio consists of first-ranking or first- and sequentially lower ranking fixed-rate and floating-rate mortgages secured over residential property in the Netherlands. The legal ownership of the mortgage loans in the portfolio will be transferred by the sellers to the issuer using the new silent assignment law, through a registered deed of assignment (see **Legal Structure** below).

The expected ratings are based on the quality of the collateral, available credit enhancement, a sound legal structure, underwriting and servicing of the mortgage loans, the liquidity facility, the guaranteed investment contract (“GIC”) and the interest rate swap provided by BNP Paribas. At closing, credit enhancement, provided by subordination, will total 4.70% for the Class A notes, 3.20% for the Class B notes, 2.05% for the Class C notes, 1.15% for the Class D notes and 0.68% for the Class E notes.

Structure Diagram



Source: Transaction documents

Fitch affirmed its ratings of Dutch MBS I to XI (upgrading 15 tranches) and affirmed its ratings on Provide Orange 2003- I on 31 October 2005. Details of the transactions' performance are available at www.fitchresearch.com.

To determine appropriate levels of credit enhancement, Fitch analysed the collateral using the default model it developed specifically for analysing Dutch residential mortgages (see "*Dutch RMBS Default Model 2004*", dated 1 September 2004 and available at www.fitchratings.com). The cash flow test showed that each class of rated notes could withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall.

■ Special Reports

The following special reports provide additional detail on Fitch's rating approach to, and the performance of, the residential mortgage-backed securities ("RMBS") market; all are available at www.fitchratings.com:

- "*Dutch RMBS Default Model 2004*", 1 September 2004;
- "*Dutch RMBS Performance Bulletin 2004*", 4 November 2004;
- "*Legal Issues in Dutch RMBS*", 13 June 2002;
- "*Rating European Mortgage Loan Servicers – the Netherlands Market Addendum*", 26 November 2004;
- "*A Guide to Cash Flow Analysis for RMBS in Europe*", 20 December 2002;
- "*Fitch Issuer Report Grades*", 25 November 2004;
- "*Rising Stars? Fitch Issuer Report Grades H1 2005 Update*", 7 June 2005.

■ Credit Committee Highlights

- 10.0% of the loans are in relation to borrowers with self-certified income. Fitch applied a conservative base default adjustment to these products to account for the greater risk of unproven income and uncertainty over the affordability.
- Around 0.6% of the portfolio by balance relates to residential mortgages granted for the purchase of residential property with partially commercial use (where a maximum of 50% by value relates to shops or offices). Fitch assumed the highest debt-to-income ("DTI") class (Class 5) for partially commercial loans. Approximately 0.7% of the portfolio relates to loans where no information on the property type is available. Fitch applied a conservative based default adjustment to these loans.
- Approximately 58.3% of the portfolio by value relates to interest-only loans (64.2% in Dutch MBS XII) which carry balloon repayment risk. Fitch has increased the default probability for these loans to take account for the additional risk.
- 30.1% of the pool comprises life insurance mortgages (32% in Dutch MBS XII) which carry residual set-off risk as well as an uncertain yield on the underlying investment vehicle. Fitch has increased the default probability on these loans to account for these additional risks.
- 9.3% relate to savings mortgages (0% in Dutch MBS XII) and 1.6% relate to investment mortgages (3.6% in Dutch MBS XII).
- The portfolio has a weighted average original loan to foreclosure value ("WAOLTFV") of 90.7% (85.8% in Dutch MBS XII) and a

Key Information

Key Parties

Issuer: Dutch MBS XIV B.V.

Lead Managers: NIB Capital Bank N.V.

Sellers: Hypinvest B.V., Seyst Hypotheken B.V., Royal Residentie Hypotheken B.V., Amstelstaete Hypotheken B.V., Nieuwegein Hypotheken B.V., Zwaluw Hypotheken B.V., Muzen Hypotheken B.V., IKS Hypotheken B.V., Capitalium B.V., Estate B.V., Atrios B.V., Quion 1 B.V., Quion 3 B.V., Quion 14 B.V., Quion 30 B.V. and Nationale Hypotheek Maatschappij BV

Trustee: Stichting Security Trustee Dutch MBS XIV

Servicer: STATER Nederland B.V. and Quion Groep B.V.

Liquidity Facility Provider: NIB Capital Bank N.V.

Liquidity Facility Guarantor: BNP Paribas

GIC Provider: ING Bank N.V.

Interest Swap Counterparty: BNP Paribas

Paying Agent: NIB Capital Bank N.V.

Interest Payments: Floating, payable quarterly in arrears from

Principal Payments: Sequential; i.e. Class A through Class F, starting on the relevant redemption date on a quarterly basis

Legal Maturity: 2037

Collateral

Type of Loans: First-ranking and first- and junior-ranking residential mortgage loans secured by property in the Netherlands

Total Amount: App. EUR1,500,000,000

WA Original LTMV*: 81.0 %

Regional Concentration: 21.2% in Zuid - Holland

Pool Cut-off Date: 1 October 2005

* Based on original outstanding and market value of 1/0.885 of the foreclosure value

weighted average original loan to market value ("WAOLTMV") of 81% (74.4% in Dutch MBS XII).

- Around 30.8% of the portfolio by balance relates to loans with a OLTMV above 100% (compared to 19% in Dutch MBSXII).
- Approximately 0.43% of the portfolio pays quarterly mortgage instalments.

- 10.2% of the portfolio by balance is backed by an NHG guarantee (national mortgage guarantee) and granted and regulated by *the Stichting Waarborgfonds Eigen Woningen* ("WEW"). The NHG guarantee covers, *inter alia*, outstanding principal, unpaid accrued interest and repossession costs. Due to the lack of historical payout ratios on loss amounts, Fitch gave credit to the NHG-guaranteed loans in its recovery calculation by assuming that a conservative proportion of losses are indemnified.
- 5.7% of the loans consist of construction loans (in which the construction deposits represent more than EUR 2,500 as of the pool cut-off date). The construction element of the loan principal has yet to be disbursed to the borrower.
- The portfolios originated by NIBCapital and its subsidiaries and securitised in earlier transactions have performed well: 90+ day arrears remain below 1.40% of the outstanding loan balance.
- The mortgages are owned by 16 100%-owned indirect subsidiaries of NIBCapital. A portion of the portfolio was originated by different entities and later assigned to the sellers (see **Origination and Servicing**).
- Weighted average seasoning is 28 months in line with previous Dutch MBS deals.
- DTI information was available on a loan-by-loan basis; the vast majority of borrowers had DTI ratios that fell into Fitch's Class 2 and 3 (DTI of 20%-40%).
- Additional risk is the set-off risk associated with insurance policies. Fitch believes this risk is limited by a number of legal and operational hurdles that the borrower would need to address to invoke set-off (see **Set-Off**).
- As in Dutch MBS XII, the transaction structure includes an interest-only ("I/O") strip which will rank *pro rata* with the Class A notes and pays based on a notional equal to the initial balance of the notes. The legal maturity of this I/O strip will be until the first optional redemption date in 2012.
- Similar to Dutch MBS XII, the Class F notes will pay a coupon equal to three-month EURIBOR with no margin.
- The interest rate swap counterparty will pay to the issuer the scheduled interest due under the

notes at each quarterly payment date on the initial principal outstanding note balance (including delinquent and defaulted loans) and interest due on the IO strip in exchange for the scheduled interest income due on the mortgage loans, any prepayment penalties and the GIC interest, less certain senior expenses (including the servicing fee).

- Similarly to Dutch MBS XII, and in contrast to other European RMBS transactions, the structure does not envisage a principal deficiency ledger (PDL) mechanism and a reserve fund. Losses will be allocated to the notes in reverse sequential order starting from the unrated Class F notes.
- Substitution due to the repurchase of mortgage receivables by the sellers is permitted subject to certain conditions, among which, loan-to-foreclosure value ("LTFV") ratios.

■ Financial Structure

The notes will all receive floating-rate interest in arrears at a margin over three-month EURIBOR. On the first optional redemption date, in 2012, to repay the notes, a step-up margin will apply if the notes are not called.

All interest, prepayment penalties and principal payments received by the pool servicer on the first day of each month are passed on the third day to the issuer's current or redemption account, held in the name of DMBS XIV with ING Bank N.V..

In the event of a downgrade of ING Bank, as GIC provider, below 'F1', within 30 days it will either: 1) be replaced or obtain a guarantee from a third party with a suitable rating; 2) provide collateral to guarantee its obligations; or 3) find another appropriate solution acceptable to Fitch in order to maintain the then outstanding ratings of the notes.

■ Priority of Payments

Revenue payments, which include interest and prepayment penalties on the mortgage loans, will be allocated, prior to enforcement, in the following priority of payments:

- the issuer's senior fees and expenses (including those payable to the trustee, issuer administrator, servicer and paying agent);
- repayment of any drawings on the liquidity facility;
- payments due under the swap agreement (except termination payments due to a default of the swap counterparty or a settlement amount);

- settlement payments under the swap agreement (except termination payments due to a default of the swap counterparty), interest on the Class A notes and interest due on the I/O strip *pro rata*;
- interest on the Class B notes;
- interest on the Class C notes;
- interest on the Class D notes;
- interest on the Class E notes;
- interest on the Class F notes;
- any gross-up or other amounts due under the liquidity facility agreement;
- termination payments under the swap agreement due to a default of the swap counterparty and other subordinated payments under the swap.

After enforcement, both principal and revenue funds are applied to repay outstanding note principal and interest in order of seniority.

The interest on the I/O strip will be calculated with reference to the initial balance of the notes.

Principal Redemption

All principal receipts will be applied to pay down the Class A notes. The remaining notes will be paid sequentially, once the Class A notes have been redeemed in full and only after the first optional redemption date. If the Class A notes are redeemed prior to the first optional redemption date, principal receipts will be transferred to the redemption account to be passed through, sequentially, to the Class B, C, D, E and F notes after the first optional redemption date, with each class being paid once the previous class, ranking higher in priority, has been paid in full.

The issuer has the option of calling the notes on or after the first optional redemption date in 2012 provided that proceeds from the mortgage receivables are sufficient to pay all amounts due and payable to the noteholders. If the call is not exercised, the EUR-denominated notes will receive three-month EURIBOR plus triple the margin on the Class A, double the margin on the Class B and C notes, one and a half times the margin on the Class D notes, one and a quarter times the margin on the Class E notes. The Class F notes have no step-up margin. Furthermore, the interest payable on the I/O strip will cease on this date.

The notes are subject to provisions allowing for redemption upon the occurrence of certain tax and regulatory events affecting the financial position of DMBS XIV.

Realised losses incurred quarterly will be allocated to reduce the principal outstanding on the notes in reverse sequential order, i.e. from Class F to A.

Unless previously redeemed, the notes' legal maturity is [] for the Class A notes and [] for Class B to F.

Interest Rate Risk

DMBS XIV has entered into an interest rate swap agreement with BNP Paribas at closing. Under this agreement, the issuer will be obliged to pay BNP Paribas, monthly, the scheduled interest income due on the mortgage loans, any prepayment penalties and the GIC, less certain senior expenses (including the servicing fee).

BNP Paribas, as swap counterparty, will pay to the issuer the interest payable on the outstanding note balance and the IO strip.

In the event of a downgrade of BNP Paribas below 'F1' or 'A', it will either: a) be replaced with suitably rated swap counterparty; b) obtain a guarantee from a suitably rated counterparty; or c) provide mark to market collateral in order to preserve the then outstanding ratings of the notes.

Substitution

The transaction structure includes a substitution option up to final maturity equivalent to the amount received as a result of the repurchase of mortgages in this transaction.

To the extent the seller agrees to make a further advance to a borrower (or if it agrees to certain product switches), then that seller is required to repurchase the loan concerned. The issuer may apply the proceeds received from such repurchases to acquire substitute mortgage loans to the extent they are available.

The substitution of mortgage loans is subject to a number of conditions that aim to preserve the credit quality of the transaction, including:

- no notification event has occurred;
- loans over 60 days in arrears do not exceed 2.0% of the aggregate outstanding mortgage balance;
- the weighted average original LTFV of the loans in the portfolio does not exceed that at closing unless agreed by the rating agencies;
- the ceiling on substitution mortgages is 20% per annum of the principal balance outstanding on such date;
- losses do not exceed 0.40% of the aggregate outstanding principal amount;
- self-certified loans do not exceed 10% of the aggregate outstanding mortgage balance;
- the current rating of the notes is not adversely affected.

Construction Deposits

Some 5.92% of the pool will consist of construction loans, where an element of the loan principal has yet to be disbursed to the borrower, dependent upon the fulfilment of certain conditions.

Credit Enhancement

Credit enhancement, provided by subordination, for the Class A notes totals 4.70% *pari passu*, 3.20% for the Class B notes, 2.05% for the Class C notes, 1.15% for the Class D notes and 0.68% for the Class E notes.

Liquidity Facility

In addition to the credit enhancement provided by subordination, a 364-day liquidity facility will be provided by NIBCcapital to meet shortfalls in the scheduled interest payments on the notes after the application of available funds from the reserve account. Drawings on the liquidity facility at a given payment date will be recouped from cash flows received in subsequent months. The facility will equate to 3.0% of the note outstanding principal, subject to a floor of 1.0% of the initial note balance.

In the event of a downgrade of BNP Paribas, the liquidity facility guarantor, below 'F1', within 30 days it will either: 1) be replaced as liquidity provider, or obtain a guarantee from a third party with a suitable rating, 2) provide collateral to guarantee its obligations, or 3) find another appropriate solution acceptable to Fitch in order to maintain the then outstanding ratings of the notes.

■ Legal Structure

DMBS XIV, the issuer, is a special-purpose company incorporated under the laws of the Netherlands with limited liability as a B.V. and is registered on the Commercial Register of the Chamber of Commerce of Amsterdam. The shares of the issuer are owned by Stichting Dutch MBS Holding, established under the laws of the Netherlands as a *stichting*.

On 1 October 2004, a new law became effective whereby the special-purpose vehicle ("SPV") issuer used in RMBS can obtain legal ownership of the receivables without having to notify the borrowers of the assignment of receivables. The sellers will use this new law by transferring the legal title to the mortgage receivables by registering the deed of assignment with the relevant tax authorities. In addition to the assignment, the mortgages and other rights of the issuer are pledged to the security trustee via various pledge agreements.

The forms of mortgage deed used by the sellers provide that in case of an assignment of the

mortgage loan to a third party, the mortgage right will partially follow, *pro rata*, the loan.

All mortgage loans will be secured by mortgage rights which secure not only the initial mortgage loan but also any amounts which the borrower may be due or become due to the sellers.

This creates some problems for the issuer as the mortgage continues to serve as security for the borrower's other debts. To mitigate this risk, the sellers will undertake in the mortgage receivables purchase agreement that it shall not grant or acquire any other claim against a borrower.

In addition, the sellers and issuer have agreed the following: in case of foreclosure the security trustee and/or the issuer will be entitled to a share equal to the outstanding principal amount of the mortgage loan, increased with interest and costs, and the share of the sellers will be equal to any remaining proceeds. If the sellers breaches its obligations under these agreements then they shall compensate the issuer and/or the Security Trustee (as applicable) for any loss which incurs as a result thereof. Receipt of such amount by the issuer and/or the security trustee is subject to the ability of the sellers to actually make such payments.

Notification Events

Notification events relate to, *inter alia*, breach of obligations under the documents of the sellers or a severe economic deterioration on the part of the seller. Notification events include:

- failure by any of the sellers to perform or comply with any of their obligations;
- instances where any representation, warranty or statement made by any of the sellers proves to have been (and continues to be after a grace period) untrue or incorrect in any material respect;
- any of the sellers enters into a suspension of payments or bankruptcy;
- the direct or indirect shareholding interest of NIBCcapital in any of the sellers falls at any time below 51% without prior written consent from the ratings agencies;
- Any of the unguaranteed debt obligations of NIBCcapital are downgraded below 'BB+'.

Representations and Warranties

The mortgage sale agreement contains representations and warranties given by the originator in relation to the pool of mortgages. No search of title will be conducted by the issuer or the trustee, rather they will rely on the representations and warranties discussed below. Following an

irremediable breach of any of the representations or warranties, the sellers will be required to repurchase the loan(s) in question. Representations and warranties include:

- each loan is secured on residential property in the Netherlands;
- each property was subject to an independent valuation on origination of the loan;
- each loan is a first (or first and consecutive) ranking mortgage loan;
- each loan is a legal, valid and binding obligation of the borrower;
- loans are subject to a maximum LTFV of 125%. This can rise to 130%, as long as the amount exceeding the 125% can be used to provide mortgage insurance that protects the borrower against unemployment or disability;
- none of the loans were in arrears as at the cut-off date.

■ Collateral

Loan Portfolio Summary

Pool Characteristics (As of 1 October 2005)

Original Principal Balance (%)	
Current Principal Balance (EUR)	1,668,300,943
WA Original LTMV	81.0
WA Current LTFV	80.7
WA Indexed** Current LTMV	76.5
WA Seasoning (Months)	28.0
WA Interest Margin	4.41
WA Remaining Maturity (Years)	
Average Current Loan per Borrower (EUR)	163,319
Number of Borrowers	10,215
Oldest Loan in Portfolio	14 Apr 1977
Most Recent Loan in Portfolio	01 Sep 2005
Mortgage Type (%)	
Interest-Only	58.34
Life Insurance	30.15
Investment	1.60
Savings	9.25
Other	0.66
NHG Loans	10.2
Interest Rate Type (%)	
Fixed-Rate	90.7
Floating-Rate	9.3
Payment Frequency (%)	
Monthly	99.6
Quarterly	0.4
Employment Type (%)	
Self Employed	12.4
Regional Concentration (%)	
Zuid-Holland	21.2
Noord-Holland	17.9
Noord-Brabant	16.9
Lien Position (%)	
First Ranking*	100

* Lower ranking mortgages are only included in the portfolio to the extent that a related prior-ranking mortgage is also included in the portfolio.

** Based on Fitch's Indexation methodology

Source: Fitch/NIBCcapital

Loan Types

The following types of mortgage loans, originated by the sellers or Zwitterleven, Nationale Nederlanden/Tiel Utrecht/Goudse, are included in the portfolio: self-certified, savings, interest only, life, investment, annuity and linear.

Self-Certification Mortgages

In December 2004, NIBCapital introduced a self-certified product where the borrower's proof of income is assessed exclusively by the intermediaries. A standardised income statement is filled by the borrower together with the intermediary and signed by the intermediary as proof of income. Self-certified mortgages are originated according to similar underwriting criteria as standard products originated by NIBCapital. Certain underwriting criteria limits are set on self-certification mortgage products such as that the maximum OLVFV should not exceed 70%, and the maximum loan amount cannot exceed EUR455,000. Property valuations securing the self certified mortgages are undertaken by two licensed surveyor companies appointed by NIBCapital with national coverage and the valuation costs are covered by NIBCapital. In addition, no construction accounts are permitted.

Interest-Only Mortgages

The borrower repays in full at maturity of the mortgage. Interest-only mortgage loans are granted to a maximum of 90% of foreclosure value or 75% of foreclosure value if combined with another loan type which covers the excess over the 75% threshold.

Life Mortgages

These mortgages consist of loans combined with life and capital insurance, which is pledged to the relevant insurance company.

The capital premium paid by the borrower is invested in certain investment funds or in a fixed income product. The borrower has the opportunity of switching between funds during the life of the mortgage but may incur a cost for doing so. At maturity, the accrued capital will be applied to the repayment of the mortgage loan.

Investment Mortgages

The borrower repays the principal in full at maturity with funds accumulated through investments. The mortgage loans sold and assigned to the issuer will be in the form of the "first alternative", whereby the borrower does not pay principal prior to maturity of the mortgage loan, but undertakes to invest, on an instalment basis, an agreed amount in certain investment funds selected by the borrower.

The investment funds are managed by, among others, Swiss Life Asset Management, Insinger de Beaufort and Optimix, and are administrated in the name of the borrower and held with a bankruptcy remote *stichting*.

Savings Mortgages

These are interest-only loans linked to a savings policy. The premium payable will vary such that the capital generated by the savings policy is targeted to equal the amount payable by the borrower on maturity of the mortgage loan (i.e. 100% target capital).

In Dutch securitisation transactions, amounts accumulated under a savings policy will be "placed" with the issuer by the savings provider (with a participation granted to the savings policy provider). This means that funds accumulated on the savings policy to date are immediately available to the issuer to repay the savings mortgage loan on maturity. Other mortgage products (such as life or investment mortgages) entail a risk that the proceeds of the related investment or life policy could be paid to counterparty other than the issuer, resulting in residual set-off risk. The participation structure of savings mortgages eliminates this risk.

■ Origination and Servicing

NIBCapital has appointed STATER and Quion as the sub-servicers. The duties of the sub-servicers include the collection of payments of principal, interest and other amounts in respect of the mortgage loans and the implementation of arrears procedures including the enforcement of the mortgages.

STATER is the sub-servicer for all mortgage loans originated by: Hypinvest B.V., Seyst Hypotheken B.V., Royal Residentie Hypotheken B.V., Amstelstaete Hypotheken B.V., Nieuwegein Hypotheken B.V., Zwaluw Hypotheken B.V., Capitalium B.V., Estate B.V., Muzen Hypotheken B.V. and Atrios B.V. (together, "Sellers A").

Quion is the servicer for all mortgage loans originated by: IKS Hypotheken B.V., Quion I B.V., Quion III B.V., Quion 14 B.V., Quion 30 B.V. and Nationale Hypotheek Maatschappij B.V. (together, "Sellers B").

The sellers are 100%-owned but indirect subsidiaries of NIBCapital. The entire issued share capital in each of the sellers is held by BV NIB Mortgage Backed Assets B.V..

Servicing

STATER acts as the sub-servicer for loans originated by Sellers A.

Sellers A originate and distribute via partnerships. These intermediaries, such as mortgage advisers, insurance agents and real estate brokers, submit loan applications to the STATER mortgage system, Stater Hyachris System (“SHS”).

The SHS origination system ensures all loans pass through a “rules engine” that filters the loans according to the underwriting criteria. All applicants are automatically checked on the national credit register (Bureau Krediet Registratie). Supporting documents required include employment references, salary statements and, in the case of self-employed borrowers, an accountant’s statement covering the three previous years. Once initially approved, the relevant paperwork is forwarded by the broker, which is checked against the transmitted data and again validated for compliance with criteria. Loans are then agreed on a designated mandate basis by STATER.

Upon acceptance, a loan proposal is sent to the prospective borrower. If signed, the documentation is then approved by a second underwriter. The file is electronically stored and the paperwork filed by STATER. The relevant information is sent to the notary who finalises the mortgage deed.

Quion

Quion acts as the sub-servicer for loans originated by Sellers B.

Quion has two different operating models, the generic funding model and specific funding models. In Quion’s generic funding model, a group of different mortgage lenders offer identical mortgage products under standardised conditions, competing on interest rates offered. Quion matches a borrower with the mortgage lender offering the lowest interest rate, acting as a mediator. In the generic funding model, the underwriting criteria are set by Quion in consultation with the sellers. In specific funding models, the underwriting rules for mortgage loans are set by the sellers.

Mortgages originated by Quion I B.V., Quion III B.V., Quion 14 B.V. and Quion 30 B.V. are originated under the generic funding model; mortgages originated by Nationale Hypotheek Maatschappij B.V. and IKS Hypotheken B.V. are originated under the specific funding models.

In the Generic Funding Model, the mortgage loans are distributed through a network of over 1,750 independent intermediaries and insurance companies.

Quion enters the applications in the mortgage origination system (HYPOS). HYPOS automatically checks the underwriting criteria. If HYPOS gives a

STOP advice the application will be declined. Overrules are not allowed for mortgages with an NHG guarantee.

Quion will submit an offer to the intermediary if the loan complies with all the underwriting criteria. The borrower must accept, sign and return the offer together with the required documentation. The approved documents are filed and entered into the administration system (HYPAS). The relevant information is sent to the notary who finalises the mortgage deed.

Fitch Default Model Output

Rating Level	WAFF* (%)	WARR** (%)	Loss Severity (%)	MVD*** (%)
AAA	14.10	67.04	37.45	41.54
AA	11.28	72.11	32.38	35.76
A	8.46	76.82	27.67	29.98
BBB	5.64	81.23	23.27	23.97
BB	2.82	85.31	19.18	17.95

Recovery time (years): Interest accrued on contractual rate for 1 year
 Recovery cost: fixed EUR 5,000 and 6% of the value of the property after the application of indexation and MVDs
 * Weighted Average Foreclosure Frequency
 ** Weighted Average Recovery Rate
 *** Market Value Decline
 Source: Fitch

If the proceeds from foreclosure are insufficient to cover the debt, the lender may sell any pledged life insurance or investment deposit. The process must be completed within a reasonable time period or the bankruptcy trustee will take over. The bankruptcy trustee’s costs will be covered by the lender.

The debtor management team chooses the appropriate method of disposal (e.g. private sale, public auction) to maximise the proceeds. The sale usually occurs six weeks after a public announcement of the foreclosure and the date set by the notary.

■ Credit Analysis

Fitch’s methodology for assigning credit ratings to Dutch residential mortgage transactions in general is described in **Appendix 1**. The following are particular areas of focus and concern for Fitch with regard to DMBS XIV, given together with an outline of the factors incorporated into the agency’s analysis to deal with these concerns.

Default Probability

Mortgage Types

Approximately 58.34% of the loans are **interest-only** mortgages. Such mortgages carry a balloon risk given that the originators rely on the repayment

ability of the borrower at maturity of their mortgage loan. Interest rates may rise materially in the future, potentially causing payment shocks for borrowers. Fitch believes that interest-only mortgages are subject to a greater propensity to default. Although conservative underwriting criteria for interest-only loans are applied, Fitch increases the base default probability for interest-only mortgages. The LTFV for interest-only loans is limited to 90% or 75% if combined with another loan type which covers the excess over the 75% threshold.

Some 30.15% of the mortgage portfolio is life insurance mortgages and 1.60% of the loans are investment mortgages. These mortgages carry a greater degree of risk, given that they involve either set-off risk or an uncertain yield generated by the life insurance policy. Therefore Fitch increased the base default probability for these types of mortgages.

Savings mortgages, which make up 9.25% of the total portfolio, accumulate the premiums in a savings insurance policy. Under this mortgage type, no principal is paid by the borrower prior to maturity; but the policy guarantees a rate of return on the savings premium that is equal to the interest rate on the loan, thereby simulating an amortising loan, and the sub-participation mechanism hedges against the residual set-off risk (see **Collateral** and **Savings Mortgages**). Hence, Fitch does not stress the default probabilities for these loans in its analysis.

Borrower Profile

Fitch believes that self-employed borrowers have a greater probability of defaulting on their mortgage loan than employed borrowers who are paid a regular monthly salary. Around 12.36% of this pool relates to loans to self-employed borrowers. Fitch has increased the default probability on these loans to account for this risk.

Self-Certified Borrowers

10.0% of the loans are in relation to borrowers with self-certified income. Fitch applied a conservative base default adjustment to these products to account for the greater risk of unproven income and uncertainty over the affordability.

Loan Purpose

Some 5.9% of the pool consists of loans with a construction deposit, for which the default probability was increased to address the greater risk associated with this type of product. Construction loans are usually advanced based on the home's appreciation value after the construction or improvement and therefore involves additional risks, since the property has yet to be completed.

Property Type

Around 0.6% of the portfolio by balance relates to residential mortgages granted for the purchase of residential property with partially commercial use (where a maximum of 50% by value relates to shops or offices). Fitch assumed the highest DTI class (Class 5) for partially commercial loans. Approximately 0.7% of the portfolio relates to loans where no information on the property type is available. Fitch applied a conservative base default adjustment to these loans.

■ Recovery

Market Value Decline

To estimate recoveries on the mortgage loans, Fitch examined house price movements in the Netherlands on a provincial basis from 1982-2003.

House prices throughout the Netherlands have grown steadily in recent years. However, Fitch's market value decline ("MVD") assumptions are somewhat higher for Dutch mortgages than for most other European markets, owing to the greater severity of the housing recession in the 1978-1982 period and the sharp increase in prices in 1999 and 2000. The agency takes account of the trends and the inherent price volatility in its MVD analysis.

High-Value Properties

Approximately 9% of the reference pool is considered by Fitch to be secured on high-value ("jumbo") properties, which face a risk of greater MVDs owing to a perceived lack of liquidity and, therefore, volatility in their market values. Fitch increased the MVDs for these loans by 15%-25% based on the indexed value of the individual property.

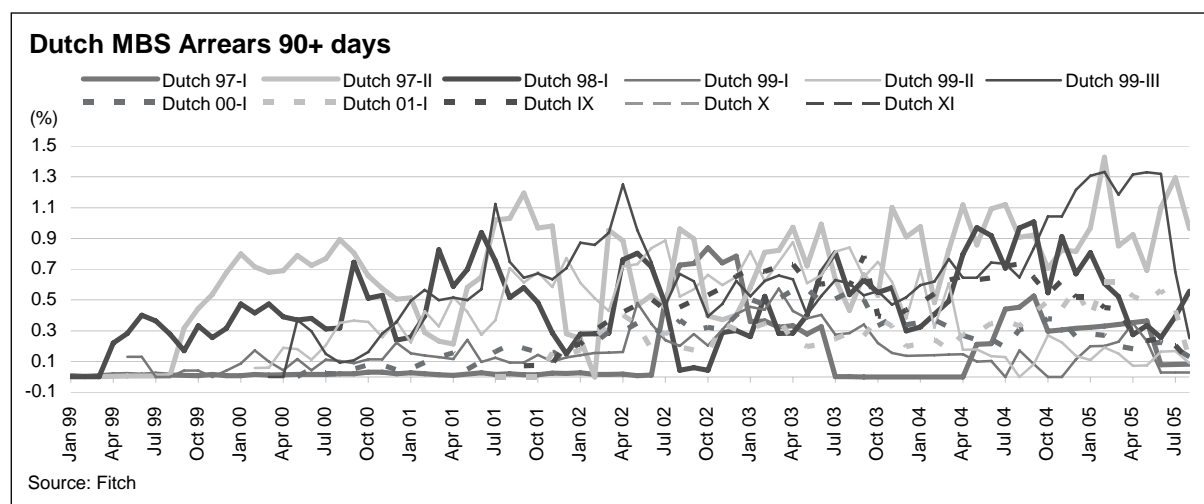
Recovery Rate

To determine the recovery rate, Fitch uses the lesser outcome of the following two formulas:

- the current loan balance plus carry costs divided by the current loan balance; or
- the indexed property value net of foreclosure costs (based on Fitch's indexation methodology, whereby 50% credit is given for property price appreciation) reduced by the MVD amount and divided by the current loan balance.

Set-Off

The risk exists in most Dutch mortgage transactions that borrowers may seek to exercise set-off of certain amounts owed to them against amounts due from them in relation to the mortgage loan. Set-off is specifically precluded in the terms and conditions of the mortgage loans; however, lack of legal precedent makes it uncertain whether such a set-off waiver



would be enforceable if the borrower contested it in court.

The primary set-off risk exists in relation to insurance mortgages. This stems from the possibility that, in the event of a default by the insuring entity such that a capital sum is not received from the relevant policy when due, the borrower may seek to avoid repaying the mortgage loan. This is on the grounds that the sums due from the policy were specifically earmarked to repay the loan and therefore the borrower should not have to pay from his own funds merely because the policy provider defaulted.

For set-off claims to be valid, generally the borrower would need to prove that he had a legal claim against the defaulting entity which existed before the provider defaulted. Where the borrower brings a policy to the table from a provider independent from the seller, and the mortgage product has been marketed as the provider and seller being two independent entities, then the claim for set-off will be weaker.

Fitch believes that the combination of legal provisions and pledge agreements in the transaction provides some comfort in addressing this risk. The likelihood of set-off succeeding is further reduced because there are a number of obstacles to its validity to be overcome. Any definitive rulings with regard to the set-off risk would be reviewed by Fitch and their impact on the transaction assessed.

However, even if set-off were ruled invalid, it is likely that the borrower would have limited alternative funds in order to meet the repayment of the mortgage loan if the policy providers defaulted, thereby increasing the risk of default on the loan. Fitch therefore gives no credit to policies that have accrued when assessing loss severity.

For further analysis in relation to set-off matters, refer to the agency's report "*Legal Issues in Dutch RMBS*" dated 13 June 2002 and available at www.fitchratings.com.

■ Surveillance

Fitch affirmed its ratings of Dutch MBS I to XI (upgrading 15 tranches) and affirmed its ratings on Provide Orange 2003- I on 31 October 2005. Details of the transactions' performance are available at www.fitchresearch.com.

Fitch will monitor this transaction on a regular basis and as warranted by events. Its structured finance team ensures that the ratings assigned remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

Details of the transaction's performance are available to subscribers at www.fitchratings.com. Further information on the service is available at www.fitchratings.com.

Issuer Report Grade

Fitch has recently introduced Issuer Report Scores as part of an ongoing effort to improve the transparency of transaction performance to investors. Transactions are scored on a system ranging from one star (meets basic requirements) to five stars (outstanding). Dutch MBS transactions were assigned four stars – Dutch MBS provides good, user-friendly reporting in all areas and meets Fitch's published reporting standards in most areas.

For further information on the agency's Issuer Report Scores, please see the reports "*Fitch Issuer Report Grades*", dated 25 November 2004, and "*Rising Stars? Fitch Issuer Report Grades H1 2005 Update*", dated 7 June 2005, both of which are available at www.fitchratings.com.

■ Appendix I: Rating Methodology

To determine the appropriate levels of credit enhancement, Fitch analyses the collateral for Dutch residential transactions using a loan-by-loan mortgage default model (see research entitled “*Dutch RMBS Default Model 2004*”, dated 1 September 2004 and available on www.fitchratings.com). The model subjects the mortgage loans to stresses resulting from its assessments of historical home price movements and mortgage defaults in the Netherlands. Fitch’s study showed that a borrower’s LTV, reflecting the size of their downpayment and their willingness to pay, and a borrower’s DTI or income multiple, reflecting their ability to pay, to be the key determinants of default probability in the Netherlands.

Default Probability

Generally, the two key determinants of default probability are the borrower’s willingness and ability to make their mortgage payments. The willingness of a borrower to pay is usually measured by the LTV. Fitch’s model assumes higher default probabilities for high LTV loans and lower default probabilities for low LTV loans. The main reason for this being that in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low LTV loans) have an incentive to sell and maintain/protect their equity, eliminating the need for the lender to repossess the property. However, the Netherlands is characteristically a high-LTV market due to current tax incentives for such borrowing. Fitch takes this into account and places a greater emphasis on affordability when determining default probability.

The ability to pay is usually measured by the borrower’s net income in relation to the mortgage payment. Historical data available show lower levels of default by Dutch borrowers compared to those in neighbouring countries. Base default probabilities are determined by using a matrix that considers each loan’s affordability factor and LTV. The matrix classifies affordability into five categories, the lowest of which (Class 1), encompasses loans with DTIs of less than 20% and the highest of which (Class 5) encompasses all loans with DTIs exceeding 50%. A loan classified as affordability Class 3, for example, would be allocated a base default probability of 4.5%-22.5%, depending on LTV.

Adjustments

Fitch adjusts the base default rates on a loan-by-loan basis to account for individual loan characteristics of the collateral across all rating levels.

- **Repayment Type**

Savings Mortgages: a borrower makes interest payments on a savings mortgage, but instead of making principal payments, contributions are made to a savings account. Funds accumulated in this account are then used to redeem the mortgage at maturity. To ensure that there are sufficient funds at maturity, the savings account earns the same rate of interest charged on the loan. However, there is still a risk to the third-party savings institution in this case. The way most transaction structures mitigate such risk is to have the monthly premiums made by the borrower passed through to the issuer by the insurance company, which purchases and accepts from the issuer a partial assignment in the mortgage. As long as this is the case, Fitch does not penalise savings mortgages.

Life Insurance Mortgages: similar to the savings mortgages, a life insurance mortgage does not pay down any principal prior to loan maturity, at which point it is redeemed by the insurance policy. The yield on the policy can vary and will not necessarily equal the principal amount on the mortgage at maturity. Fitch increases default probability for life insurance mortgages, depending on how they are underwritten, the strengths of the insurer and the nature of the policy, owing to the increased market and third-party risk.

Investment Mortgages: the investment mortgage is similar to the life insurance mortgage in concept (i.e. periodic contributions are made to an investment fund); but has a different choice of investment opportunities. Fitch increases the default probability according to the rating of the investment fund and/or the nature of the investment options.

Interest-Only: Fitch generally increases the default assumptions for interest-only mortgages, whereby the mortgage is secured solely by the property value and principal is repaid by the borrower in one lump sum upon loan maturity, to take into account the potential payment shock to the borrower and the reliance on the borrower’s equity in the property.

- **Loan Purpose**

Fitch believes that mortgage loans advanced to release equity in the home (equity refinance mortgages) are risky, as the homeowner is essentially borrowing back equity based on the property's price appreciation. Based on **reviews** of the issuer's appraisal process, as well as underwriting guidelines, if Fitch believes these loans have an increased likelihood of default, the base default probability will be adjusted 10%-20%.

Fitch **assumes** that a financially distressed borrower is more likely to default on a second home than a primary residence, and even more so on an investment property. Accordingly, base default rates are increased by 10%-25%.

- **Borrower Profile**

Fitch increases default probability on loans to self-employed/self-certified borrowers 20%-30% to account for their lack of a fixed annual salary.

- **Arrears Status**

when **rating** portfolios combining current and arrears mortgages, Fitch increases base default rates for mortgages in arrears by up to 90 days by 25%-75%, and those over 91 days in arrears (non-performing status) by 100%.

- **Underwriting Quality**

Fitch's review and analysis of the origination process determines whether it decreases default rates by up to 25% or **increases** them by 0%-200%.

Recoveries

To estimate loss severity on mortgage loans in the Netherlands, Fitch examined home price movements by separating the Netherlands into 12 regions. Fitch's market value decline assumptions are somewhat higher for Dutch mortgages than most other European markets, owing to the greater severity of the housing recession between 1978 and 1982, and the sharp increase in prices over the last few years. Worst-case market value declines were estimated, and then were generated for each rating level and by region.

As in its other European mortgage default models, Fitch increased market value declines for properties worth more than EUR500,000 by 10%-25%. Higher-value properties tend to have larger market value declines owing to the smaller marketplace for such properties and less precise pricing information for larger properties (given the less active market).

Fitch's model gives full credit for property price declines and 50% credit for property price appreciation. The agency calculates recoveries by reducing the indexed property valuation by the MVDs, repossession costs, and the costs to the servicer of carrying the loan from delinquency through to default.

On the basis of worst-case information gathered from Dutch mortgage lenders, Fitch assumes that repossession costs represent 6% of the value of the property at the time of possession plus a fixed amount of EUR5,000. To calculate carrying cost, Fitch assumes that the borrower does not pay interest for a period of 12 months and that interest accrues during this period at the weighted average rate of interest.

■ Dutch MBS XIV B.V.

RMBS/Netherlands

Capital Structure

Class	Rating	Size (%)	Size (EURm)	CE (%)	Margin(%)	PMT Freq	Maturity	Coupon	ISIN
A	AAA	95.30%	1429.5	4.70		Qtrly	2037	3m Euribor	
I/O Strip	AAA	n.a.	n.a.	n.a		Qtrly	2012	n.a.	
B	AA	1.50%	22.5	3.20		Qtrly	2037	3m Euribor	
C	A	1.15%	17.3	2.05		Qtrly	2037	3m Euribor	
D	BBB+	0.90%	13.5	1.15		Qtrly	2037	3m Euribor	
E	BB	0.47%	7.0	0.68		Qtrly	2037	3m Euribor	
F	NR	0.68%	10.2	0		Qtrly	2079	3m Euribor	
		Size (%)	Size (EURm)						
Liquidity Facility		3%							
Swap		Interest rate swap							
Excess Spread (Closing)		n.a.							

Key Information

Closing Date		Parties	
Country of Assets	The Netherlands	Sellers/Originator	sixteen 100% indirect subsidiaries of NIB Capital Bank N.V.
Structure	Pass-Through	Servicer	Stater Netherlands B.V. and Quion Groep B.V.
Bloomberg	DUTCH XIV	Lead Managers	NIB Capital Bank N.V.
Settlement	Euroclear, Clearstream	Trustee	Stichting Security Trustee MBS XIV
Listing	Euronext Amsterdam N.V	Liquidity Facility Provider/Guarantor	NIB Capital Bank N.V./BNP Paribas
Analyst	Arjen Wink arjen.wink@fitchratings.com +44 20 7862 4147	Administrator	NIB Capital Bank N.V.
		Swap Counterparty	BNP Paribas
		Paying Agent	NIB Capital Bank N.V.

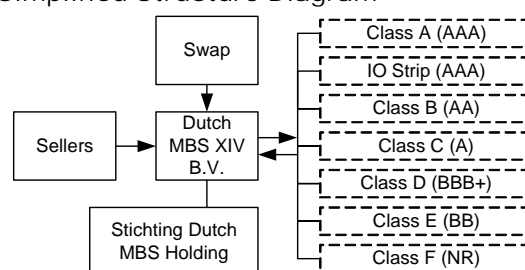
Others (Summary)

Short-Term and Long-Term Rating Triggers (Minimum)	
Swap Agreement	F1 and A
Transaction Account Bank	F1
Liquidity Facility Provider	F1
Credit Enhancement	
Subordination	
Credit Committee Highlights	
No PDL mechanism – losses will be allocated sequentially from Class F to A	
The inclusion of an I/O Strip to be ranked AAA – will pay a margin until the first optional redemption date	
The Sellers are 100% owned by NIB Capital Bank N.V.	
WA seasoning is 28months	
No replenishment – Substitution after repurchase permitted.	
Balloon payment risk from interest only mortgages (58.3%) and set-off risk from life insurance mortgages (30.2%)	
A repeat issue – previous transactions have performed well – 90day+ arrears staying below 1.4%	
DTI – Vast majority were Class 2 & 3 (DTI between 20-40%)	

Fitch Default Model Output

Rating Level	WAFB (%)	WARR (%)	WALS (%)	MVD %
AAA	14.10	67.04	37.45	41.54
AA	11.28	72.11	32.38	35.76
A	8.46	76.82	27.67	29.98
BBB	5.64	81.23	23.27	23.97
BB	2.82	85.31	19.18	17.95

Simplified Structure Diagram



Source: Transaction documents

Provisional Collateral

Pool Characteristics

Outstanding Principal Balance (EUR)	1,668,300,943	Regional Concentration (%)	
Average Current Loan per Borrower (EUR)	163,319	Zuid-Holland	21.2
Number of Borrowers	10,215	Noord-Holland	17.9
Seasoning (Months)	28	Noord-Brabant	16.9
Loan to Value (LTV) (%)			
WA OLTMV (%)	81.0	Lien Position (%)	
WA CLTFV (%)	90.1	First & Subsequent Ranking	100
WA Indexed CLTMV (%)	76.5		
Mortgage Characteristics		Jumbo (%)	9
Interest Only	58.3		
Life Insurance (%)	30.2	Payments	
Savings (%)	9.2	Payment Frequency	100% Monthly
Others (%)	2.3	Payment Method	Direct Debit
Interest Rate Type (%)		Performing Loans (%)	100
Fixed Rate (%)	90.7	DTI (%)	29
WA Interest Rate (%)	4.41		
Interest Index (EURIBOR)	EURIBOR		

Source: Fitch, NIBCapital

Copyright © 2005 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. All of the information contained herein is based on information obtained from issuers, other obligors, underwriters, and other sources which Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of any such information. As a result, the information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed, suspended, or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.