STANDARD & POOR'S RATINGS SERVICES
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New Issue: Dolphin Master Issuer B.V. (Series 2016-1)

€7. 6 Billion Mortgage-Backed Floating-Rate Notes Series 2016-1

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Ratings Detail

Class	Rating*	Amount (mil. €)	Available credit enhancement (%)	Interest	Step-up margin (%)	Optional call date	Legal final maturity
A1	AAA (sf)	2,000.0	9.10	Three-month EURIBOR plus 0.35%	Three-month EURIBOR plus 0.70%	Sept. 28, 2020	Sept. 28, 2099
A2	AAA (sf)	2,000.0	9.10	Three-month EURIBOR plus 0.40%	Three-month EURIBOR plus 0.80%	Sept. 28, 2021	Sept. 28, 2099
A3	AAA (sf)	2,000.0	9.10	Three-month EURIBOR plus 0.45%	Three-month EURIBOR plus 0.90%	Sept. 28, 2022	Sept. 28, 2099
A4	AAA (sf)	1,678.5	9.10	Three-month EURIBOR plus 0.50%	Three-month EURIBOR plus 1.00%	Sept. 28, 2023	Sept. 28, 2099

*Standard & Poor's ratings address timely payment of interest and ultimate repayment of principal. EURIBOR--European interbank offered rate. NR--Not rated.

Transaction Participants	
Originators	ABN AMRO Bank N.V., Oosteroever Hypotheken B.V., Quion 9 B.V., ABN AMRO Hypotheken Groep B.V., and MoneYou B.V.
Arranger	ABN AMRO Bank N.V.
Sellers	ABN AMRO Bank N.V., Oosteroever Hypotheken B.V., Quion 9 B.V., ABN AMRO Hypotheken Groep B.V., and MoneYou B.V.
Mortgage administrator/servicer	ABN AMRO Hypotheken Groep B.V.
Security trustee	Stichting Security Trustee Dolphin
Asset purchaser cash flow swap counterparty	ABN AMRO Bank N.V.
Asset purchaser bank account provider	ABN AMRO Bank N.V.
Transaction account provider	ABN AMRO Bank N.V.
Administrator	ABN AMRO Hypotheken Groep B.V.
403 guarantors	ABN AMRO Bank N.V. and ABN AMRO Bank Group N.V.
Cash flow swap guarantor	ABN AMRO Bank N.V.
Issuer bank account provider	ABN AMRO Bank N.V.
Seller collection account provider	ABN AMRO Bank N.V.
Seller collection account provider	Cooperatieve Rabobank U.A.

Supporting Ratings	
ABN AMRO Bank N.V. as 403 guarantor, cash flow swap provider, asset purchaser bank account provider, issuer GIC provider, seller collection account provider, and transaction account provider	A/Stable/A-1
Cooperatieve Rabobank U.A. as seller collection account provider	A+/Stable/A-1

GIC--Guaranteed investment contract.

Transaction Key Features As of Feb. 1, 2016*	
Collateral	Dutch prime residential mortgages
Net principal outstanding of the mortgage loan pool (€)	30,140,335,399
Country of origination	The Netherlands
Portfolio concentration	Noord Holland (18.95%) and Zuid Holland (26.52%)
Weighted-average original loan-to-market-value ratio (%)§	87.81
Weighted-average indexed current loan-to-market-value ratio (%)§	84.45
Construction loans (%)	0.31
NHG loans benefit (%)	0.00
Self-employed (%)†	5.25
Average loan size balance (€)	157,726
Weighted-average seasoning (months)	112
Arrears (%)	0.87
Cash reserve (%)	1.10
Amount of jumbo valuation (%)	13.78
Principal deficiency ledger	Loss-based principal deficiency ledgers on the rated notes

*Stratifications calculated using Standard & Poor's methodology. §Total borrower exposure. †We also took a conservative approach where no data was provided as self–employed (66.82% of the pool).

Transaction Summary

Standard & Poor's Ratings Services today assigned its 'AAA (sf)' credit ratings to Dolphin Master Issuer B.V.series 2016-1's class A1, A2, A3, and A4 notes. The master issuer also has outstanding class A, B, and C notes, as well as unrated class D and E notes issued in previous series.

Dolphin Master Issuer is a multiple-issuance Dutch residential mortgage-backed securities (RMBS) program with an ongoing revolving period. The collateral indirectly backing series 2016-1 comprises loans that ABN AMRO Bank N.V. and its affiliates originated, which are secured on first- and sequentially lower-ranking mortgages over Dutch residential properties.

Our ratings reflect our assessment of the transaction's main features, as well as our analysis of its exposure to counterparty and operational risks. Our analysis indicates that the credit enhancement available to the class A notes is sufficient to mitigate their exposure to credit and cash flow risks at a 'AAA' rating level.

Like its sister programs, Goldfish Master Issuer B.V. and Beluga Master Issuer B.V., the Dolphin master trust shares a number of features with those typically seen in U.K. residential mortgage master trusts. However, as a result of the Dutch regulatory and legal environment, the ABN AMRO Bank platforms differ in a number of aspects.

ABN AMRO Bank is one of the largest participants in the Dutch mortgage market. ABN AMRO Bank originates mortgages through its branch network, while its subsidiaries (Oosteroever Hypotheken B.V. and Quion 9 B.V.) originate mortgages through independent (insurance) intermediaries. The arrangers added further subsidiaries of ABN AMRO Bank (ABN AMRO Hypotheken Groep B.V. and MoneYou B.V.) as sellers to the program.

At closing, the issuer issued the €7,678.5 billion series 2016-1 class A1, A2, A3, and A4 notes. It used the issuance proceeds to redeem the series 2009-2 class A, 2010-2 class A2, and 2013-1 class A1 notes. The issuance and redemption have no overall impact on the transaction's credit enhancement. At closing, the asset purchaser did not purchase any additional collateral as a result of the series 2016-1 issuance.

A cash flow swap between the asset purchaser and a swap counterparty hedges interest rate mismatches and provides protection against negative carry (assets yielding less than liabilities) on delinquent assets.

Strengths, Concerns, And Mitigating Factors

Strengths

- All mortgage receivables in the pool are first-ranking (or where a second-ranking mortgage loan is included in the pool, the first-ranking mortgage loan is also securitized within the pool), decreasing the transaction's expected loss severity.
- The portfolio is geographically diverse and do not exceed the limit for any province.
- The master issuer's outstanding class E notes fully funded the cash reserve. The cash reserve is available if there are shortfalls in certain senior expenses and interest on the notes. It is also available if a shortfall is recorded on any of the principal deficiency ledgers (PDLs), which track the extent to which the principal balance of liabilities exceeds that of the assets.

Concerns and mitigating factors

- The pool is revolving. Loans sold to the asset purchaser in the future may be of lower credit quality than those that have already been securitized. Although the addition of new collateral is subject to eligibility criteria under the transaction documentation, these criteria are relatively limited, compared with those in similar transactions. When the seller adds new loans to the pool, it has to meet certain criteria under the transaction documents; for example, there are restrictions on the loan-to-value (LTV) ratio of any new mortgage. Additionally, if the reserve fund is drawn or we inform the issuer and the asset purchaser that the pool's weighted-average foreclosure frequency (WAFF) and the weighted-average loss severity (WALS) are above the required levels to support our ratings, then the seller cannot sell new loans to the trust. We base the parameters for the "worst-case" pool in our credit analysis on a combination of our cash flow criteria, the sellers' origination policies, and the substitution criteria contained within the transaction documentation.
- The portfolio's indexed weighted-average original loan-to–value (OLTV) is higher than our archetypical LTV ratio. In our opinion, the available credit enhancement mitigates this risk.
- The portfolio's indexed weighted-average current loan-to-value (CLTV) ratio is in line with that of the previous issuance (series 2015-3). In our opinion, the available credit enhancement mitigates this risk. Dutch LTV ratios are generally higher than those from other European jurisdictions. Historically, Dutch mortgage borrowers have benefitted from various incentives under the tax regime, indicating that high LTV ratios do not necessarily reflect higher risk in the Dutch mortgage market.
- Of the pool, 0.3% comprises construction loans, which introduce credit risk in the transaction because the seller could fail to meet draw-down requests. In our opinion, the construction loans have a higher risk during the construction phase because these borrowers have a higher propensity to default, and the property's value is lower. We differentiate the type of construction loans depending on the amount of the construction deposit. For loans with a construction deposit up to 10% of the loan balance, we apply an adjustment factor of 1.2x to the foreclosure frequency. For loans with a construction deposit greater than 10% of the loan balance, we apply an adjustment factor of 1.5x to the foreclosure frequency and a multiple of 1.15x to the market-value-decline assumptions. In our opinion, considering the very low amount of construction loans in the pool and the available credit enhancement,

we consider these risks mitigated.

- ABN AMRO Bank is a deposit-taking institution. If ABN AMRO Bank were to become insolvent, borrowers could potentially set off their mortgage payments against deposits they might have lost. Certain events, such as the long-term rating on ABN AMRO Bank falling below 'BBB-' or a seller no longer being an ABN AMRO Bank subsidiary, are assignment notification events. If an assignment notification were to occur, the seller would notify the borrower that it has transferred the ownership of their mortgage loan to the asset purchaser. Partially mitigating the potential for set-off risk to occur, the transaction documentation specifies that if the rating on ABN AMRO Bank were to fall below 'A-2' (short-term) or 'BBB+' (long-term), ABN AMRO Bank (as seller) would open an escrow account in the asset purchaser's name with an entity that has a long-term rating of at least 'BBB'. ABN AMRO Bank would then transfer potential set off amounts to the escrow account.
- Our ratings on the notes address the timely payment of interest and the ultimate repayment of principal. Our cash flow analysis considers the payment flows under the relevant rating scenario, assuming there is no early redemption. Given the presence of excess spread in the transaction, it is possible that under our scenarios there could be an entry on a PDL during the transaction's life, which excess spread can later cure (resulting in the ultimate repayment of principal). However, the class B, C, and D notes have a feature, common to many Dutch securitizations, that if a PDL exists, notes may be redeemed early (following an optional redemption date) at their balance outstanding less the amount recorded on the PDL. In our cash flow analysis, we verify that under the relevant ratings scenario, no PDL is ever registered on the relevant class of notes.
- The master issuer may issue further series with a different capital structure to the current structure. As all the series share the pool and losses, this could affect subordination levels. However, the minimum subordination levels for each class reduce this risk. All issued series currently operate at these minimum levels.
- Dolphin Master Issuer's pool includes flexible mortgage loans offered by some of the originators, and the issuer may purchase additional flexible loans (revolving credit mortgages) in the future. If the relevant seller were to become insolvent, borrowers could set off the opportunity cost associated with the undrawn portion of such flexible loans against amounts owed on their loans. However, the transaction documentation specifies that if the long-term rating on ABN AMRO Bank falls below 'BBB', the concentration of flexible loans may not exceed 15% of the total loans in the pool. Furthermore, an additional rating-specific trigger means that, if the long-term rating on ABN AMRO Bank falls below 'BBB-', the seller is obliged to either repurchase these loans or to cancel and replace the flexible facility. In our opinion, the transaction structure adequately mitigates this risk and is consistent with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

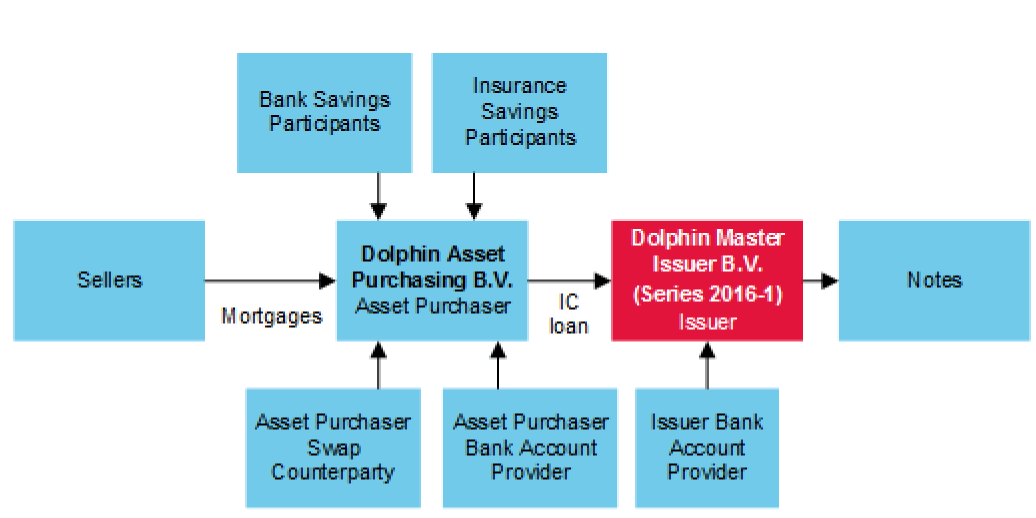
Transaction Structure

The issuer used the proceeds of previously issued notes to make intercompany loans to the asset purchasers. At closing, it used the series 2016-1's issuance proceeds to redeem the class A, A2, and A1 notes in the master issuer's previously issued series 2009-2, 2010-2, and 2013-1, respectively. The asset purchaser used the proceeds of the intercompany loan to purchase a mortgage portfolio and beneficiary rights under mortgage loans from the seller. Payments on the notes are supported by payments due from the asset purchaser on the intercompany loan, and indirectly by payments received on the underlying mortgages held by the asset purchaser and pledged to the security trustee. All notes that the master issuer has issued to date have been soft-bullet notes, which allow the postponement of the scheduled maturity by a predefined term until final legal maturity, although it may issue pass-through notes, which pass through payments from debtors to investors, in the future.

Chart 1

Dolphin Master Issuer B.V. (Series 2016-1)

Transaction structure



The asset purchaser entered into a swap agreement with ABN AMRO Bank (as cash flow swap counterparty). The asset purchaser swap counterparty pays the product of the interest rate on the intercompany loan and the current note balance, less any amounts recorded on the PDL. Among other things, the asset purchaser pays the actual interest received on the mortgage loans and on money in its bank accounts, less an excess margin of 0.50% and senior fees and expenses.

Previous issuances of the class E notes funded the reserve; therefore, the proceeds from the issuance of these notes were not used to grant an intercompany loan. However, interest due on an intercompany loan is equal to the interest payable on all the issued notes, including the class E notes. Dolphin Master Issuer does not immediately use the excess spread that the PDL traps at the issuer level to repay the notes' principal. Instead, the issuer deposits it in a reserve account until the balance is equal to the lower of the class D notes' required subordination or to the class E notes' outstanding principal amount.

Since the payments that the asset purchaser makes to the swap counterparty are based on actual income received as opposed to scheduled interest, the liquidity risk associated with delinquencies is partially mitigated. Furthermore, as the swap notional is the intercompany loan balance less the intercompany PDL balance, and PDLs are only recorded when losses are realized (rather than when defaults occur), the swap mitigates the risk of negative carry during the foreclosure period.

Notes Terms And Conditions

Security for the notes

The notes are indirectly secured on the asset purchaser's first-ranking pledge to the security trustee over the mortgage receivables, its rights as beneficiary under the insurance policies associated with certain loans in the mortgage pool, and its rights under the asset purchaser transaction documents. Additionally, Dolphin Master Issuer has pledged its rights under the issuer transaction documents to the security trustee.

A registered deed of assignment vests the mortgage receivables title and any beneficiary rights relating to life insurance mortgages in the asset purchaser. The issuer would notify the borrower of the assignment if certain events were to occur, such as our long-term rating on ABN AMRO Bank falling below 'BBB-' or the seller no longer being an ABN AMRO Bank subsidiary. Until the borrowers receive notification of assignment, they can only pay the seller in order to fully discharge their payment obligations. The sellers undertake, in the relevant purchase agreement, to pay any amounts received from borrowers on the mortgage loans.

Under Dutch law, security cannot be granted directly in the security trustee's favor because it is neither a creditor in relation to Dolphin Master Issuer's assets and rights, nor the asset purchaser. To ensure the valid creation of security interests for Dolphin Master Issuer's benefit under the intercompany loan agreement and the noteholders under the notes, the asset purchaser and Dolphin Master Issuer each entered into a parallel debt agreement with the security trustee. Under this agreement, each pays to the security trustee the amounts due by the secured parties under the asset purchaser transaction documents or the issuer transaction documents, as the case may be.

Optional redemption/mandatory redemption

Series 2016-1 and each of Dolphin's previous issuances have been soft-bullet notes on which no principal is payable until the step-up date (unless a trigger event has occurred), at which time the notes become pass-through notes. On the step-up date, the notes are subject to mandatory partial sequential redemption.

The repayment of principal is subject to repayment tests, which prohibit the redemption of subordinated tranches unless there is sufficient subordination below the existing senior tranches.

Dolphin Master Issuer may issue pass-through notes, which are redeemable sequentially on each note payment date, subject to the repayment test. This test ensures that, after redemption, sufficient subordination remains for all of the more senior notes.

Each of the following is a trigger event under the transaction documents:

- There is a debit balance on the class A notes' PDL;
- Certain liquidation, administration, or insolvency-type events occur relating to any seller; or
- If any seller were to become subject to emergency regulations or suspension of payments, and within one month, the security trustee has not received proof that such measures are no longer in force.

Optional redemption

Dolphin Master Issuer may redeem the notes of any series on any note payment date for any of the following reasons, always subject to the repayment test:

- A series clean-up call, if the outstanding principal balance of the notes (other than the class E notes) is lower than 10% of the initial note balance;

- A program clean-up call, if the outstanding principal balance of the mortgage receivables is lower than 10% of the highest principal amount outstanding of all the mortgage receivables since closing;
- A regulatory call option: (i) If there is a change in the Basel Accord that adversely affects the seller's rate of return on capital, or otherwise increases the costs or reduces the economic benefit to the seller of the transaction, and (ii) If the issuer has sufficient funds to redeem the notes;
- On a step-up date; or
- For tax reasons, i.e., the imposition of taxes on principal or interest payments from Dolphin Master Issuer to tax-eligible noteholders.

Collateral Description

The figures presented in this section refer to the pool as of Feb. 1, 2016. The pool comprises loans secured on first- and sequentially lower-ranking mortgages over Dutch residential properties. The portfolio comprises mortgages with a net principal balance of €30.14 billion.

At closing, Dolphin Master Issuer used series 2016-1's issuance proceeds to redeem the class A, A2, and A1 notes of the series 2009-2, 2010-2, and 2013-1, respectively. Accordingly, there is no addition of collateral associated with this issuance.

According to the January 2016 investor report, loans in arrears for more than 30 days represented 0.87% of the total pool and 0.40% comprises mortgages with arrears greater than 90 days. We did not project any arrears in Dolphin 2016-1 based on the improving performance of the mortgage pool, the portfolio's seasoning, and the Dutch economy's recovery

Chart 2

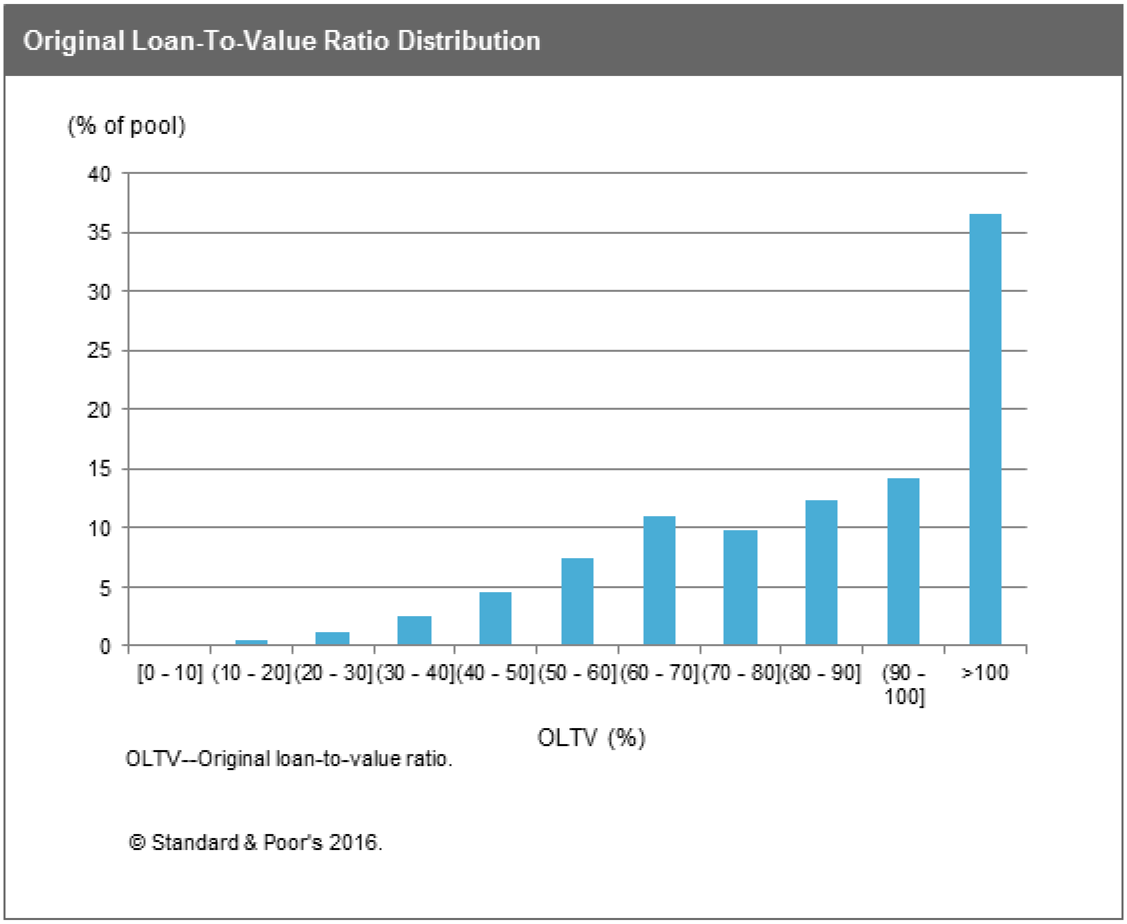
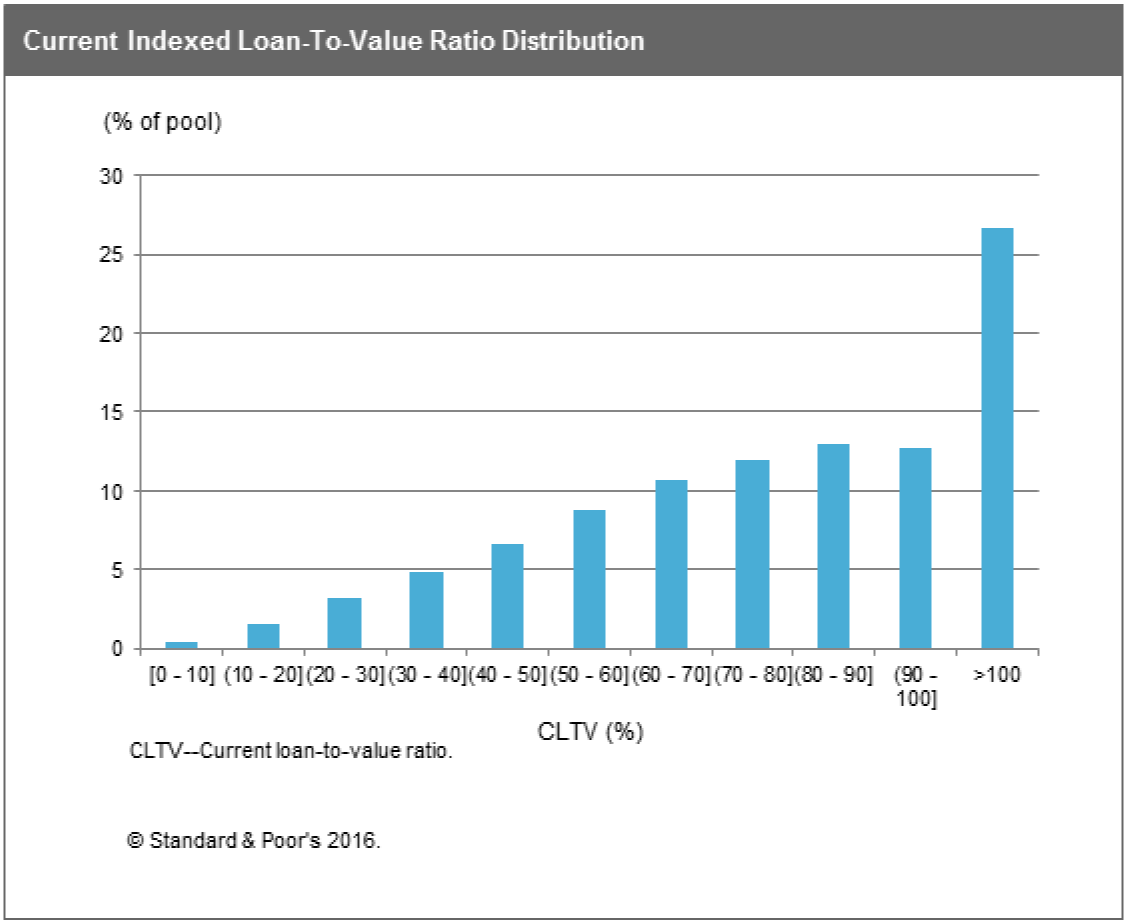

Original Loan-To-Value Ratio Distribution
(% of pool)
40
35
30
25
20
15
10
5
0
[0 - 10]
(10 - 20]
(20 - 30]
(30 - 40]
(40 - 50]
(50 - 60]
(60 - 70]
(70 - 80]
(80 - 90]
(90 - 100]
>100
OLTV (%)
OLTV--Original loan-to-value ratio.
© Standard & Poor's 2016.

Chart 3



The portfolio's 87.81% weighted-average OLTV ratio is higher than the average for a typical Dutch RMBS transaction. We calculated this by applying our Dutch RMBS criteria (see "Dutch RMBS Methodology And Assumptions," published on Dec. 24, 2015). We consider that borrowers with minimal equity in their property are less likely to be able to refinance, and are more likely to default on their obligations, than borrowers with loans that have lower original LTV ratios.

Under our methodology, a significant portion of the pool (36.52%) had an LTV ratio that exceeds 100%. As a result of the generous tax benefits afforded to borrowers, high loan balances relating to the value of the mortgaged property are not uncommon in the Dutch market. These benefits include the deductibility of interest against taxable income and tax benefits associated with savings linked to life insurance policies (see chart 3).

The largest geographic concentrations are in Noord-Holland and Zuid-Holland, representing 18.95% and 26.52% of the loans, respectively (see chart 6). The proportion of the portfolio with jumbo valuations is 13.78%. Our criteria classify a loan as a jumbo valuation if the valuation exceeds €500,000.

The average outstanding loan per borrower is €157,726 and the largest balance is €1,000,000. The pool has a weighted-average seasoning of approximately 112 months. However, the asset purchaser adds new mortgage loans to the pool on an ongoing basis, which may result in a change in the pool's weighted-average seasoning and seasoning distribution (see chart 4). Of the outstanding principal balance, 56.90% comprises interest-only mortgages (see chart 5).

Chart 4

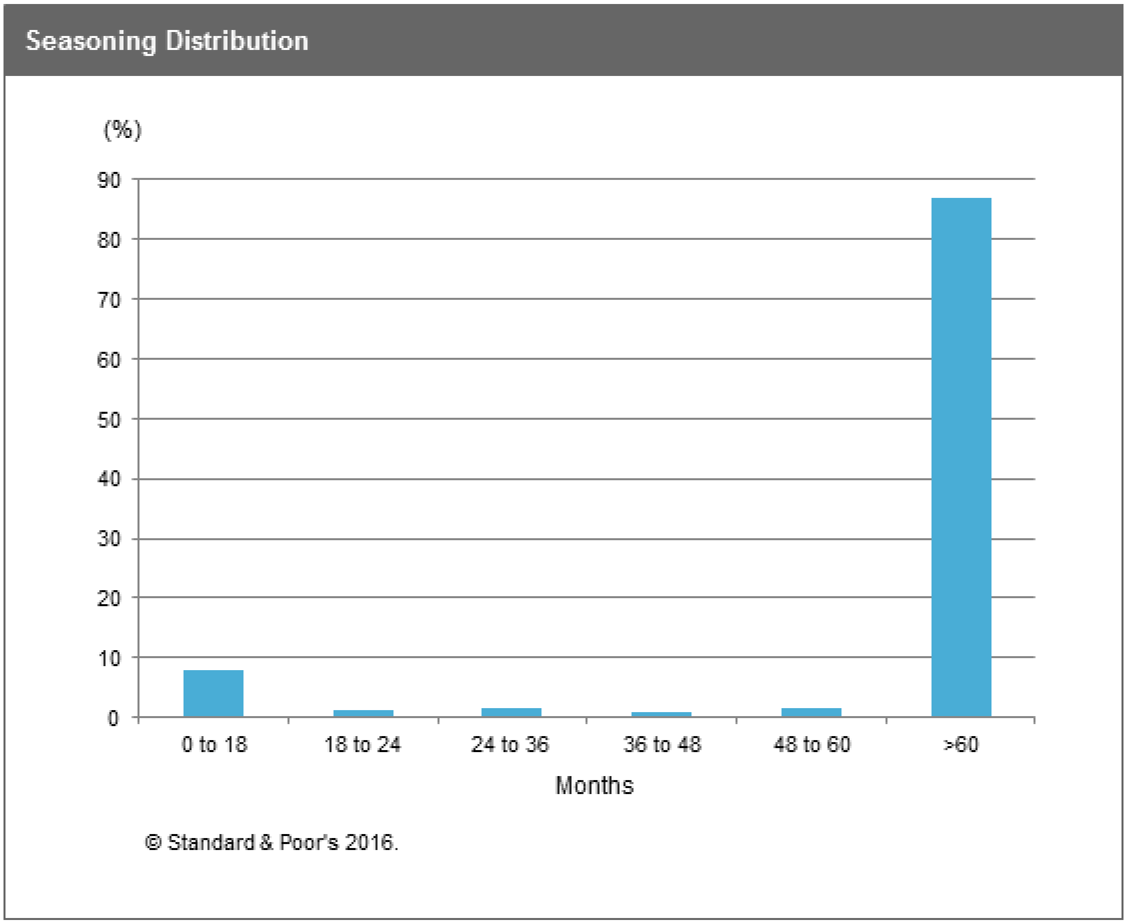


Chart 5

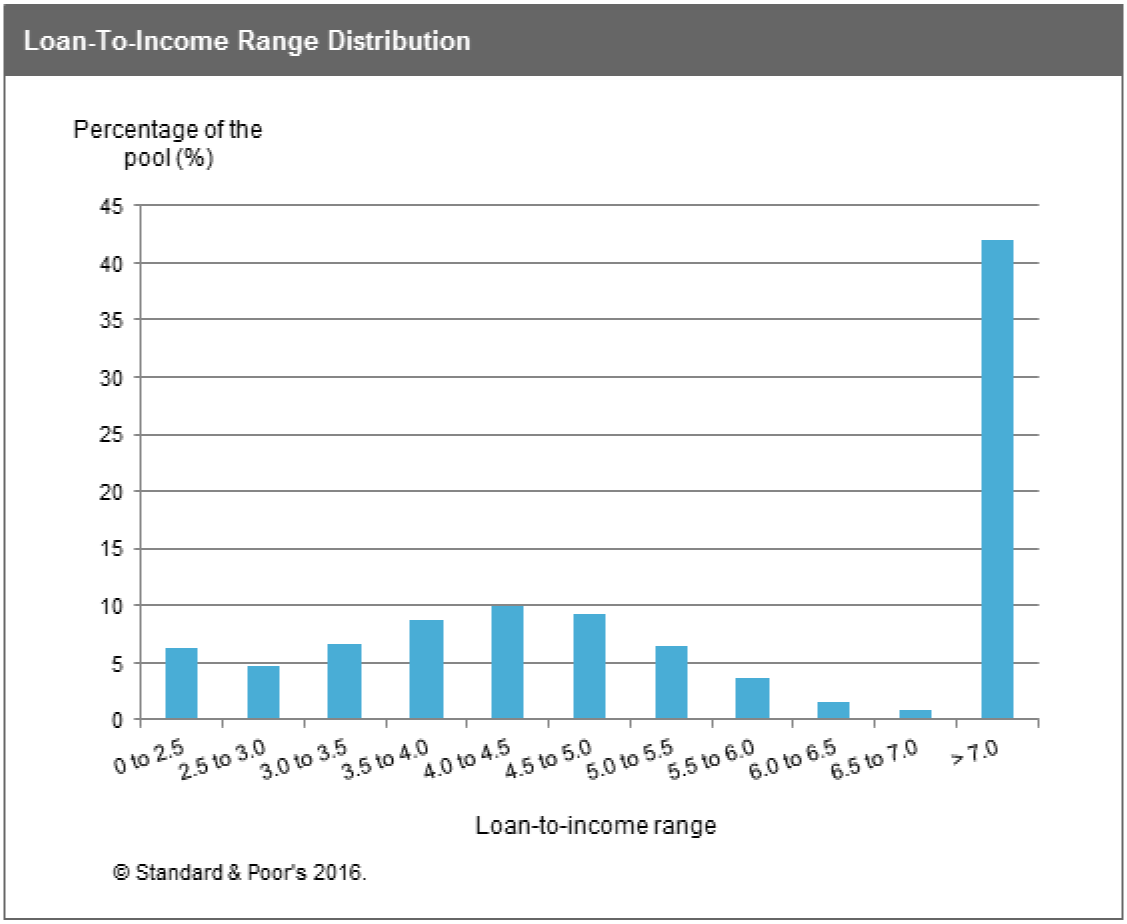

Loan-To-Income Range Distribution
Percentage of the pool (%)
45
40
35
30
25
20
15
10
5
0
0 to 2.5
2.5 to 3.0
3.0 to 3.5
3.5 to 4.0
4.0 to 4.5
4.5 to 5.0
5.0 to 5.5
5.5 to 6.0
6.0 to 6.5
6.5 to 7.0
> 7.0
Loan-to-income range
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Chart 6

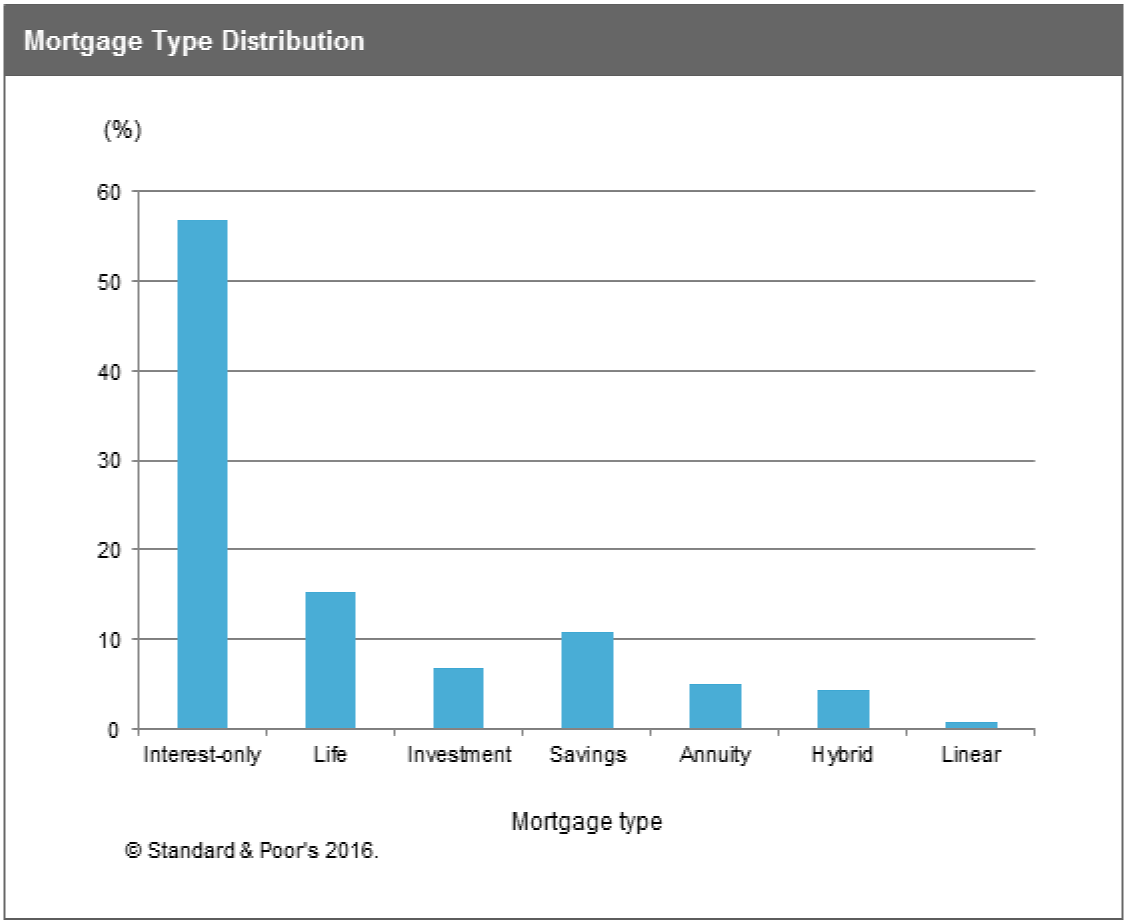
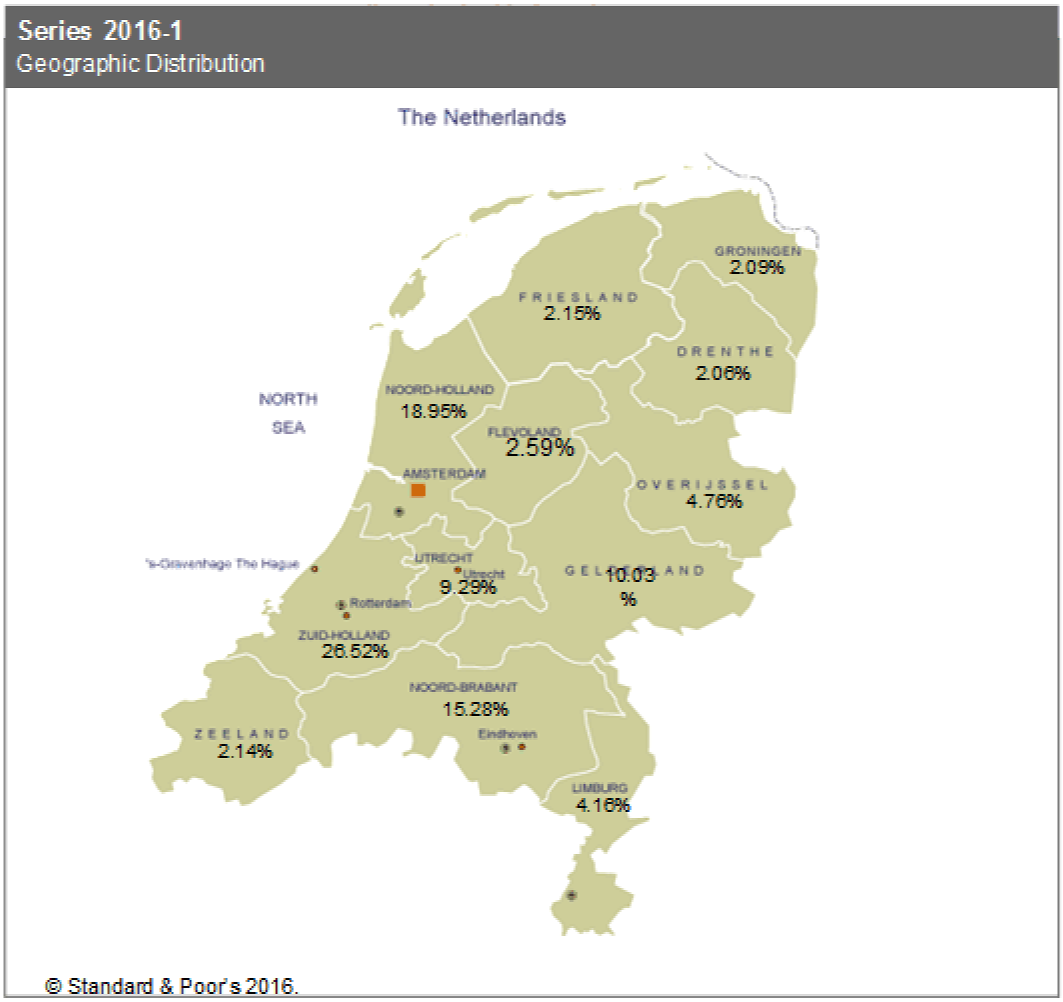

Mortgage Type Distribution
(%)
60
50
40
30
20
10
0
Interest-only
Life
Investment
Savings
Annuity
Hybrid
Linear
Mortgage type
© Standard & Poor's 2016.

Chart 6



Five of the mortgage products denoted in chart 5 (savings mortgage loans, bank savings mortgage loans, investment mortgage loans, life mortgage loans, and hybrid loans) carry unique set-off risks relative to other Dutch mortgage products. Although mortgage loans generally restrict a borrower's ability to invoke set-off defenses, there is no legal certainty that these provisions would be deemed valid. Consequently, the magnitude of the set-off risk associated with these types of mortgage loans may increase over time if their relative proportion as a percentage of the mortgage pool also increases. The eligibility criteria, under the transaction documentation, for the inclusion of new mortgage loans in the pool contain restrictions on the proportion of the pool that may comprise these various types of mortgage loans. Below is a summary of the various mortgage loan products within the pool.

Savings mortgage loans

A savings mortgage loan is combined with a savings insurance policy, which comprises a combined risk and capital insurance policy taken out by the borrower with a savings insurance company. Instead of periodic principal payments, the borrower pays a periodic savings premium that accrues on an annuity basis so that at maturity, the cash proceeds of the savings insurance policy are sufficient to repay the savings mortgage loan.

There is a risk that if the relevant savings insurance company becomes insolvent, a borrower may be able to set-off amounts lost as a result of the savings insurance company's insolvency against amounts due on the relevant savings mortgage loan. There is a substantial set-off risk with savings mortgage loans because, among other things, the savings mortgage loan and the savings insurance policy are closely connected (a condition that needs to be satisfied for a borrower to invoke set-off rights).

To mitigate the risk associated with savings mortgage loans, the asset purchaser enters into a subparticipation agreement with the relevant savings insurance companies. Under the terms of this agreement, the savings insurance companies invest borrowers' savings premiums under savings mortgage loans with the asset purchaser (referred to as participation). If a borrower were to successfully invoke a set-off defense for any amounts lost as a result of a savings insurance company becoming insolvent or otherwise defaulting on its obligations under the savings mortgage loan, the savings company's participation would reduce by the amount lost. Consequently, the asset purchaser would only suffer a loss if the amount lost as a result of set-off risk exceeded the relevant participation. In certain cases, the sellers act as the savings participants and pass the savings premiums to the asset purchaser.

The aforementioned set-off risk is not mitigated for certain savings mortgage loans that are linked to life insurance policies (hybrid mortgage loans). These loans are not subject to, and do not benefit from, the subparticipation agreement.

The concentration of hybrid mortgage loans in the pool includes the following two types:

Investment mortgage loans

A borrower with an investment mortgage loan pays periodic investment premiums under an investment policy. The seller used these amounts at maturity to pay the mortgage loan's principal balance if the return on the investment portfolio has been sufficient. A potential set-off risk arises regarding investment mortgage loans, if the insurer granting the investment policy were to become insolvent. The payment mechanics relating to this type of loan partially mitigate the set-off risk associated with investment mortgage loans in this transaction. Borrowers under most investment mortgage loans make their payments to a bankruptcy-remote Dutch foundation. This foundation invests borrowers' funds in accordance with their instructions by acquiring participations in investment funds. The foundation uses these investment funds to pay the mortgage loan on expiry of its term. Only if this bankruptcy-remote foundation were to be unable to meet its obligations would borrowers be able to invoke set-off rights against amounts due on their loans.

Life mortgage loans

The life mortgage products offered by the sellers come in several forms (unit-linked, hybrid, and traditional life insurance), but the concept remains essentially the same. A borrower with a life mortgage loan makes periodic insurance premiums payments to the insurance provider. Each insurer is a direct or indirect ABN AMRO Bank subsidiary. If the insurer meets or exceeds a benchmark return on the borrower's premiums, the mortgage loan would be paid at maturity with the accrued value of the policy.

Life mortgage loans are subject to the same risks as savings mortgage loans and investment mortgage loans. A number of events would need to occur before set-off risk would result in a loss to noteholders. Firstly, the relevant insurer would need to be declared insolvent. Secondly, a borrower would need to invoke a set-off claim (assuming the borrower has suffered a loss as a result of the insurer's insolvency). A court would then need to make a determination that a borrower's waiver of set-off rights under the seller's mortgage documentation was invalid and that the borrower had met all the conditions necessary to invoke set-off rights. Thirdly, the aggregate loss realized as a result of set-off risk would need to exceed the available credit enhancement for a class of notes (after taking into account the excess margin under the cash flow swap available to make whole any principal deficiencies under the intercompany loan). In our opinion, the likelihood of all these events occurring in conjunction with one another reduces the transaction's potential exposure to set-off risk. However, the risk is not immaterial, particularly if the concentration of life mortgage loans in the pool were to increase substantially (see "Changes To The Treatment Of Potential Set-Off Risk In The Dutch RMBS Market," published on Sept. 8, 2006).

In 2006, the Netherlands' authority for the financial markets announced that life loans may have been systematically overpriced in the Dutch market and that selling practices may have been misleading. We understand that claimant organizations have announced class action suits against certain insurance companies. If the courts were to dissolve or null the policies relating to the mortgage loans, the connected mortgage loans could also be affected. A borrower's ability to effect set-off rights would be based on the sellers' involvement in the selling of the policy and the outcome of a test case. The market generally views this as a systemic risk in the Netherlands.

Construction deposits

The pool contains a small number of loans with a construction deposit. For these loans, part of the drawn amount remains on deposit with the seller until certain milestones are met during the construction process. If the seller were to become insolvent prior to the disbursement of these amounts, the borrower may seek to set off an equivalent sum against amounts then due on their mortgage loan. To mitigate this risk, the asset purchaser withholds cash equal to the aggregate non-disbursed amount with the asset purchaser guaranteed investment contract provider until the seller has made these amounts available to the borrower.

Purchase of additional receivables

The purchase of new mortgage receivables and further advance receivables is subject to a number of conditions under the transaction documents, including that:

- The representations and warranties are correct;
- No asset purchaser assignment notification event has occurred and is continuing;
- There has been no failure by any seller to repurchase any mortgage receivable that it is required to repurchase;
- No downgrading of the notes by any of the rating agencies occurs as a result of the purchase;
- The weighted-average current loan to original market value ratio does not exceed 75%, and: (i) Not more than 45% of all loans have an LTV ratio exceeding 80%; (ii) Not more than 33% of all loans have an LTV ratio exceeding 90%; (iii) Not more than 22% of all loans have an LTFV ratio exceeding 100%; and (iv) Not more than 3.5% of all loans have an LTV ratio exceeding 107%;
- The outstanding principal amount of all interest-only loans does not exceed 58% of the outstanding principal amount of all loans;
- The aggregate construction amounts in the portfolio does not exceed 0.05% of the aggregate outstanding principal amount of all mortgage loans;
- The weighted-average seasoning of all mortgage loans is at least 42 months;
- The outstanding principal amount of all mortgage loans with an outstanding principal amount of more than €500,000 does not exceed 7% of the aggregate outstanding principal amount of all mortgage loans;
- There are no debit balances on the intercompany loan PDL;

- The balance on the unreserved ledger is at least equal to the class D notes' required subordinated amount;
- All asset-backed notes that have passed their step-up date have been fully redeemed no later than the note payment date (one year after the step-up date); and
- The aggregate principal balance of all life and hybrid mortgage loans does not exceed 25% of all mortgage receivables outstanding.

Eligibility criteria

All loans are subject to the issuer's eligibility criteria, which include that:

- The mortgage asset is situated in the Netherlands;
- The borrower is a private individual;
- The borrower is not an employee of the relevant seller or any of its group companies;
- Each mortgage was originated after Jan. 1, 1992;
- Each mortgage receivable is secured by a mortgage right on a mortgaged asset used for residential purposes and is governed by Dutch law;
- The mortgage loans are either (i) annuity mortgage loans, (ii) linear mortgage loans, (iii) interest-only mortgage loans, (iv) investment mortgage loans, (v) revolving credit mortgage loans, (vi) hybrid mortgage loans (vii) savings mortgage loans, (viii) bank savings mortgage loans, (ix) life mortgage loans, or (x) combinations of the above categories;
- Each mortgage loan constitutes the entire loan granted to the relevant borrower and not merely one or more loan parts; and
- All mortgages and borrower pledges benefit either from a first-ranking charge or first- and sequentially lower-ranking charges.

Credit Structure

A combination of subordination, the reserve fund, and excess spread from the cash flow swaps provides credit enhancement for the notes (see table 1).

Table 1

Credit Enhancement For The Notes At The Program Level

Class	Rating	Size of class (%)	Mil. € (equivalent)	Credit enhancement (%)
A	AAA (sf)	92.00	27,730.50	9.10
B	AA (sf)	2.20	663.10	6.90
C	A (sf)	2.60	783.65	4.30
D	NR	3.20	963.10	0.00
Total	—	100.00	—	—

NR--Not rated.

Cash collection arrangements and transaction account

Borrowers make payments of principal, interest, penalty interest, and prepayment penalties into the seller collection accounts via direct debit. The seller collection accounts also hold amounts relating to other unsecuritized mortgage loans owned by the seller. The collection account bank transfers the amounts paid into the collection accounts daily to an account held with ABN AMRO Bank. If the asset purchaser bank account provider were to become insolvent, the funds in the bank account may be included in its insolvency estate.

To mitigate against this risk, if the bank account provider loses a long-term rating of 'A', it has 60 days to:

- Procure a guarantee from an entity with a long-term rating of at least 'A'; or
- Find an alternative bank account provider with a long-term rating of at least 'A'; or
- Take another action that would maintain the ratings on the notes.

Furthermore, each borrower would receive notification of the mortgage receivables' assignment if:

- We were to lower our rating on the long-term, unsecured, and unguaranteed debt obligations of ABN AMRO Bank below 'BBB-' (or withdraw the rating); or
- ABN AMRO Bank were to withdraw its 403 declaration (see "Appendix").

Reserve funds

The issuer credits the net proceeds of each class E note issuance to the issuer's reserve account and unreserved ledger. The transaction can use the unreserved ledger amounts for all items of the issuer's interest priority of payments down to and including the class E notes' interest. If the available funds exceed the above amount, the issuer uses them to replenish the ledger to the required amount (i.e., the outstanding balance of the class E notes).

The issuer first applies any amount used to clear a note PDL to the reserved ledger. After that, the issuer lends any amounts that exceed 1.1% of the outstanding note balance to the asset purchaser as a subordinated loan. The subordinated loan becomes part of the asset purchaser's principal available amount. In this way, the mechanism performs in a similar manner to more standard structures, where amounts used to cure note PDLs are transferred to the principal waterfall (except for the amount of 1.1%, which remains in the reserved ledger). If, on any date, the class E notes are fully repaid, the administrator debits a subledger with an amount of any class E notes' shortfall. The class E notes' shortfall would be the reserved account's pro rata share.

The issuer may use any funds credited to the reserved ledger to pay any principal shortfall for the series (excluding the class E notes) on any note payment date. However, according to the transaction documents, the issuer must use money from the reserved ledger repayment debit ledger first before using the reserved ledger.

If an entire series is repaid, the issuer debits the unreserved ledger by an amount equal to the class E notes' pro rata share of the unreserved ledger.

The above, combined with the fact that there are minimum subordination levels for the notes, means that each series receives its pro rata share of the losses, even if there are later new issuances. For example, if a series were to repay in full on its step-up date and the arranger replaced it with a new series. The original series would be repaid less its class E notes' losses, but the new replacement series could not be issued without a minimum 1.1% credit enhancement for the class D notes and, under the transaction documentation, our confirmation that we would not lower our rating on the notes. If the arranger does not replace the series, the remaining series would be left with their pro rata share of the losses.

Priority of payments

Both the issuer and the asset purchaser have distinct priorities of payments. Funds initially flow through the asset-purchaser waterfall, before being subjected to the issuer priority of payments.

The simplified asset purchaser interest priority of payments is as follows:

- Senior fees;
- Swap payments, excluding termination payments arising through the default or rating downgrade of a swap counterparty;
- Interest and costs on the intercompany loans;
- Fully curing any intercompany loan PDL balance, if one exists;
- Interest due on subordinated loans;
- Principal due on subordinated loans;
- The shortfall payable amount; and
- Subordinated payments.

The simplified issuer interest priority of payments is as follows:

- Senior fees;
- Swap payments, excluding termination payments arising through the default or rating downgrade of a swap counterparty;
- The class A notes' interest;
- The class A notes' PDL;
- The class B notes' interest;
- The class B notes' PDL;
- The class C notes' interest;
- The class C notes' PDL;
- The class D notes' interest;
- The class D notes' PDL;
- The class E notes' interest;
- Replenishment of the unreserved ledger; and
- Subordinated amounts.

The asset purchaser principal priority of payments is as follows:

- Principal payments on the intercompany loans;
- The purchase of further advance receivables;
- The purchase of new receivables; and
- The excess toward the repayment of the intercompany loans.

Following amendments to the transaction documents as part of the series 2014-2 issuance, the structure amortizes purely sequentially (see "Rating Assigned To Dolphin Master Issuer Series 2014-2's Class A Dutch RMBS Notes," published on Sept. 29, 2014). We have taken this into account in our cash flow analysis.

Hedging Risk

Currency swap agreement

From time to time, Dolphin Master Issuer may issue non-euro-denominated notes, in which case, we consider that it would enter into appropriate currency swap agreements. All of the master issuer's notes are euro-denominated, including series 2015-3's notes.

Asset purchaser cash flow swap

The swap transactions mitigate the mismatch between the interest that the asset purchaser receives and the interest that the asset purchaser pays under the intercompany loans.

The asset purchaser swap counterparties pay the product of the interest rate on the intercompany loans and the current note balance, less any amounts recorded on the PDL. Among other things, the asset purchaser pays the actual interest received on the mortgage loans and on cash in its bank accounts, less an excess margin of 0.50% and senior fees and expenses.

Credit Analysis

We stressed the transaction's cash flow to test the credit and liquidity support provided by the assets, subordinated tranches, cash reserve, and any external sources (such as a cash advance facility). We implemented these stresses in our cash flow analysis at all relevant rating levels.

Amount of defaults and recoveries

For each loan in the portfolio, we estimated the likelihood that the borrower will default on its mortgage payments (the foreclosure frequency), and the amount of loss upon the subsequent sale of the property (the loss severity, expressed as a percentage of the outstanding loan). We assume the total mortgage balance to default. We determine the total amount of this defaulted balance that is not recovered for the entire portfolio by calculating our weighted-average foreclosure frequency (WAFF) and WALS.

Our WAFF and WALS estimates increase in tandem with the respective rating levels, because the higher the rating on the notes, the higher the level of mortgage default and loss severity they should be capable of withstanding. We based our credit analysis on the loans' characteristics and the associated borrowers. We have applied market-specific criteria in our assessment of the WAFF and the WALS for this portfolio.

Table 2

Portfolio WAFF And WALS

Rating level	WAFF (%)	WALS (%)	Credit enhancement (%)
AAA	17.43	41.96	7.31
AA	11.74	38.66	4.54
A	8.86	32.40	2.87
BBB	5.85	29.01	1.70
BB	3.04	26.63	0.81

WAFF-Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Default patterns and timings

The WAFF at each rating level specifies the total balance of the mortgage loans modeled to default over the transaction's life. We model these defaults to occur over an eight-year recession for this transaction. Furthermore, we test the effect of this recession's timing on the issuer's ability to repay the liabilities, by starting the recessionary period at closing, and at the end of the third, fourth, fifth, sixth, seventh, and eight year.

We applied the WAFF to the outstanding principal balance at closing. We model defaults to occur periodically in amounts calculated as a percentage of the WAFF. The timing of defaults follows two paths, referred to here as "front-loaded" and "back-loaded (see table 3).

Table 3

Default Timings For Fast And Slow Default Curves

Recession periods (months)	Front-loaded defaults (percentage of WAFF applied in each month; %)	Back-loaded default (percentage of WAFF applied in each month; %)
1 - 6	5.0	0.8
6 - 12	5.0	0.8
13 - 18	3.3	1.7
19 - 24	1.7	3.3
25 - 30	0.8	5.0
31 - 36	0.8	5.0

WAFF--Weighted-average foreclosure frequency.

Recovery timing

Under our Dutch RMBS criteria, we apply a recovery period of 18 months for owner-occupied mortgages and 24 months for NHG loans. As a result, we have assumed that the issuer regains any recoveries 20 months after a payment default. We have assumed 18 months of recovery in the scenario without considering any potential payments under the NHG guarantee.

We always base the WALS that we use in a cash flow model on principal loss, including costs. We assumed no recovery of any interest accrued on the mortgage loans during the foreclosure period. After we apply the WAFF to the balance of the mortgages, the asset balance is likely to be lower than that of the liabilities (a notable exception is when a transaction relies on overcollateralization). Other structural mechanisms in the transaction address the interest reduction created by the defaulted mortgages during the foreclosure period.

Delinquencies

To model the liquidity stress that results from short-term delinquencies, the criteria include a hypothetical delay of a proportion of scheduled interest and principal receipts equal to one-third of the WAFF. Modeling applies this delay in each month of the first 18 months of a hypothetical recession and sets full recovery of the arrears to take place 36 months after the delinquency occurs. The cash flow stress for delinquencies is independent of the arrears adjustment to the WAFF.

Interest and prepayment rates

Our Dutch RMBS criteria apply a wide range of different interest rate curves, and our modeling uses five different interest rate paths: up, down, up/down, down/up, and forward. These curves vary by stress scenario.

We model three prepayment scenarios at all rating levels-high, low, and forecast. For this transaction, we modeled the forecast constant payment rate (CPR) at 6%. During the recessionary period, we model the prepayment rate at 1%, before gradually reverting to a high prepayment rate under both scenarios. At the 'AA' level and above, we model an additional low prepayment scenario, which also reverts to a low prepayment rate after the recession period.

The combination of default timings, interest rates, and prepayment rates described above gives rise to different scenarios. Our ratings reflect the notes' timely payment of interest and ultimate principal under each of these scenarios at the assigned rating level.

Table 4

RMBS Stress Scenarios				
Rating level	**Prepayment rate**	**Recession start**	**Interest rate**	**Default timing**
'AAA'	High, forecast, and low	Closing and year 1-8	Up, down, up-down, and down-up	Front-loaded and back-loaded
'AA-' and below	High and forecast	Closing and year 1-8	Up, down, up-down, and down-up	Front-loaded and back-loaded

Scenario Analysis

Various factors could cause downgrades of rated RMBS notes, such as increasing foreclosure rates in the securitized portfolios, house price declines, and changes in the portfolio composition. We have analyzed the effect of increased delinquencies by testing the sensitivity of the ratings to two different levels of movements.

Increasing levels of delinquencies will likely cause more stress to a transaction, and would likely contribute to downgrades of rated notes.

In our analysis, our assumptions for increased delinquencies are specific to a transaction, although these levels may be similar (or the same) across different transactions. The levels do not reflect any views as to whether these deteriorations will materialize in the future. However, our analysis already incorporates additional adjustments to the pool's default probability by projecting buckets of expected arrears.

We adjusted our WAFF assumptions in two scenarios by assuming additional arrears of (i) 8% split between 4% in the 30-60 days bucket and 4% in the 90+ days bucket and, (ii) 8% in the 90+ days bucket.

This did not result in our rating deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

Tables 5 and 6 summarize the results of our house price decline analysis.

Table 5

Assuming An Additional 8% Of Arrears, Split Equally Between One Monthly Payment And Three Monthly Payments Missed-			
Ratings	**WAFF (%)**	**WALS (%)**	**Expected loss (%)**
AAA	22.43	41.96	9.41
AA	15.74	38.66	6.08
A	11.66	32.40	3.78
BBB	8.45	29.01	2.45
BB	5.24	26.63	1.39

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Table 6

Assuming An Additional 8% Of Arrears, All Of Which Have Missed Three Monthly Payments			
Ratings	**WAFF (%)**	**WALS (%)**	**Expected loss (%)**
AAA	25.43	41.96	10.67
AA	17.74	38.66	6.86
A	12.86	32.40	4.17
BBB	9.85	29.01	2.86
BB	6.24	26.63	1.66

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Origination And Servicing

ABN AMRO Bank subsidiaries originated the portfolio's mortgages. ABN AMRO Hypotheken acts as the servicer. We regularly review the originators' and servicer's practices. The procedures are largely driven by regulation and the industry standard Code of Conduct for Mortgages. In our opinion, their standards are similar to those of their market peers and we reflected the observed historical performance of ABN AMRO Bank originated pools on the lower end of our originator adjustment range (0.7x to 1.3x).

Sectoral Credit Highlights

In the third quarter of 2015, delinquencies continued to decline (see "Dutch RMBS Index Report Q3 2015: Stable Collateral Performance Reflects Economic Growth," published on Dec. 2, 2015). Delinquencies of more than 90 days fell to 0.57%--the lowest level since June 2012. Collateral performance improved, on the back of recovering economic conditions and rising employment.

We expect that house prices in the Netherlands will grow robustly by 3% per year over the coming two years, on the back of lower interest rates, prospects of rising household incomes, and good market affordability. This follows a heavy adjustment by the market between 2009 and 2013, when prices fell by 20%.

The housing market continued to recover last year after five years of decline between 2009 and 2013. House prices are gathering momentum, growing 3.5% last year, after 2.0% in 2014. Reflecting this positive outturn, home sales' volumes continued to recover: 178,000 houses changed hands in 2015, up 16% from the previous year. Three factors are supporting this acceleration in growth: improving affordability in recent years, the continued slide in interest rates, and the robustly recovering economy (see "European Housing Markets Continue to Heal As Mortgage Rates Stay Low," published on March 2, 2016).

We expect the Dutch economy to grow by 2.0% in 2016. We have slightly revised down our growth estimate in light of unexpectedly meager GDP growth in Q2 and Q3 2015 and the further scaling down of gas production this year. Much of the growth should be driven by domestic demand. A rise in real income, not least due to the tax cut amounting to €5 billion growth in employment, and low inflation should help private consumption to rise.

Surveillance

We will continue to surveil the master issuer as long as rated notes remain outstanding.

There are a number of unusual features of the structure that warrant particular attention. The most notable feature is the transaction's substitution criteria, which are relatively limited, compared with certain other Dutch RMBS transactions. The limitations of the transaction's substitution criteria mean that the pool's credit quality could deteriorate rapidly, in our view. Furthermore, when amortizing, the default provision is for principal to be paid pro rata to each class of notes unless certain pro rata triggers (mentioned above) are hit. This means that unlike in transactions where principal is paid sequentially, there is no increase in the relative credit enhancement that the subordinated notes provide as the notes pay down.

Appendix

403 Declaration

Under Article 2:403 of the Dutch Civil Code, the annual accounts of a parent company and a subsidiary can be consolidated if certain requirements are met. One such requirement is the deposit of a declaration in which the consolidating company declares itself jointly and severally liable for the debts arising from legal acts of the subsidiary (in this case, each of Direktbank, Oosteroever Hypotheken, and Quion 9 count as ABN AMRO Bank subsidiaries). Each asset purchaser mortgage receivables purchase agreement, asset purchaser swap agreement, asset purchaser servicing agreement, and asset purchaser subparticipation agreement, to the extent relating to ABN AMRO Bank subsidiaries, will be regarded as a legal act and, therefore the 403 Guarantor will be jointly and severally liable with the relevant ABN AMRO Bank subsidiary for all debts under these agreements.

The 403 Guarantor has the right to withdraw the 403 Declaration at any time by depositing a declaration to this effect with the Commercial Register of the Chamber of Commerce in Utrecht. Irrespective of this withdrawal, the 403 Guarantor will continue to be jointly and severally liable for all debts of the subsidiaries resulting from each asset purchaser swap agreement, asset purchaser servicing agreement, and asset purchaser subparticipation agreement. The withdrawal of the 403 Declaration will be an assignment notification event. The 403 Guarantor has undertaken to inform relevant parties to the transaction including the issuer and the security trustee, at least 30 days before the withdrawal of any of the 403 Declarations.

The 403-Guarantor can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403 Declaration. This remaining liability will terminate if certain conditions are met, including that: (i) The relevant company no longer belongs to the same group of companies as the 403 Guarantor, and (ii) A two-month notice period has expired and the relevant creditor has not opposed the intention to terminate in a timely manner or this opposition was dismissed by the applicable court. If the creditor so demands, it must be provided with security for the payment of its claims, failing which the opposition will be upheld. This will not apply if, after termination of the liability, the creditor has sufficient security that such claims will be paid. The courts will have discretionary authority when deciding on this question. The 403 Guarantor has undertaken to inform relevant parties to the transaction including the issuer and the security trustee, at least 30 days before the filing of its intention to terminate its remaining liability under the

403 Declaration.

Related Criteria And Research

Related criteria

- Dutch RMBS Methodology And Assumptions, Dec. 24, 2015
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- Guarantee Criteria--Structured Finance, May 7, 2013
- Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- Changes To The Treatment Of Potential Set-Off Risk In The Dutch RMBS Market, Sept. 8, 2006

Related research

- Economic Research: European Housing Markets Continue to Heal As Mortgage Rates Stay Low, March 2, 2016
- Dutch RMBS Index Report Q3 2015: Stable Collateral Performance Reflects Economic Growth, Dec. 2, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Rating Assigned To Dolphin Master Issuer Series 2014-2's Class A Dutch RMBS Notes, Sept. 29, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

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