RMBS – Netherlands
Presale Report

Holland Euro-Denominated Mortgage-Backed Series (Hermes) V B.V.

Ratings*

Class	Amount (EUR million)	Legal Final	Rating	Initial CE
A	1,020.0	2034	AAA	8.84%
B	62.5	2034	A	3.16%
C	17.5	2034	BBB	1.57%

*Preliminary ratings do not reflect final ratings and are based on information provided by issuers as of 31 October 2002.

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This transaction is a securitisation of residential mortgages originated/located in the Netherlands. Fitch has assigned ratings to the notes issued by Holland Euro-Denominated Mortgage-Backed Series (Hermes) V B.V.'s (Hermes V) as indicated left.

Hermes V will be the fifth public issue of notes backed by a pool of residential mortgages originated by SNS bank N.V. (SNS bank). The mortgages will be serviced by SNS bank, a wholly owned subsidiary of SNS Reaal Groep N.V. SNS Reaal Group is the sixth largest financial institution in the Netherlands with a prime focus on mortgages and investment products. SNS customers tend to reflect the general public profile rather than be weighted to high net worth individuals.

The ratings are based upon the quality of the collateral and the underwriting and servicing of the mortgage loans, the available credit enhancement and the sound legal and financial structures. Initial credit enhancement for the Class A notes, totalling 8.84%, is provided by the Class B and C notes (7.27%) and the reserve fund (1.57%). Initial credit enhancement for the Class B notes, totalling 3.16%, is provided by the Class C notes (1.57%) and the reserve fund. Initial credit enhancement for the Class C notes, totalling 1.57%, is provided by the reserve fund. At closing, the Class D notes will be issued to fund the initial balance of the reserve account. The reserve account is targeted to grow to a maximum of EUR22million (2% of the initial balance of the Class A, B and C notes) from excess spread. The transaction benefits further from 45 basis points of excess spread guaranteed by the swap agreement.

Hermes V, the issuer, is a special purpose company incorporated under the laws of the Netherlands with limited liability as a *"besloten venootschap met beperkte aansprakelijkheid"* (B.V.) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The shares of the issuer are owned by Stichting Holland Euro-Denominated Mortgage-Backed Series (Hermes) Holding, established under the laws of the Netherlands as a foundation. At closing, the issuer will acquire a portfolio of residential mortgages from the seller, which will form the collateral for the notes. The portfolio consists of first-ranking mortgages secured over residential property located in the Netherlands. To determine appropriate levels of credit enhancement, Fitch analysed the collateral using a loan-by-loan mortgage default model (see Research *"Dutch Mortgage Default Model II"* dated 28 January 2000, available on *www.fitchratings.com*). Fitch also modelled the cash flow contribution from excess spread using stress scenarios determined by its default model. 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.

13th November 2002

Credit Committee Highlights

1. The portfolio consists to a large extent of interest-only loans with limited repayment vehicles in place to meet balloon repayment.
2. Nearly all of the remaining loans are investment-based mortgage loans, for which principal is repaid at maturity with funds that have been accumulated through investments. For these loans, the borrowers undertake to invest a certain amount in investment funds selected by the seller. These types of loans were not in Hermes III and IV, but were in Hermes I and II.

3. There is residual maturity risk on those mortgage loans with no specified legal final maturity date. *Mitigated by:* (I) All loans with a maturity exceeding 30 years have a combined life and capital insurance policy attached – per loan conditions, a policy payment will lead to the legal final maturity of the loan. (II) Note margins also step up to encourage redemption at the optional redemption date.
4. Approximately 80% of the borrowers also hold a current account with SNS, which increases the possibility of set-off. *Mitigated by:* (I) Set-off is prevented by the mortgage contract. (II) After notification no set-off is legally possible.
5. There will be no substitution of new loans in the pool.

Collateral

The provisional pool as of the cut-off date (31 October 2002) forming the collateral for the notes consisted of 11,000 mortgage loans to 6,645 borrowers with a total outstanding balance of approximately EUR1,100m. The mortgages are first-ranking loans originated by the seller. All of the properties securing the loans are owner-occupied.

The LTV ratio is calculated using a chartered real estate agent's execution (or foreclosure) value for the property, in the case of mortgages with an original LTV higher than 50%. Otherwise, the execution value is calculated employing a valuer from the seller, or using the tax authority assessments. The execution value is the estimated value of the property at auction, and is typically around 85-90% of the market value or the actual open market purchase price.

The loans in the portfolio have all been originated since January 1995. The vast majority of those in the provisional pool are fixed rate loans. *(see Loan Types, page 2).* Of the borrowers, all pay by direct debit, 80% of which are from accounts held with the seller. At the cut-off date, no mortgages with payments in arrears for more than 30 days were included in the pool.

The highest regional concentrations are Gelderland (23.1%), Flevoland (11.0%), Zuid-Holland (10.3%) and Limburg (11.7%).

Portfolio Characteristics
(As of 31 October 2002)

Average Loan Balance (EUR)	165,538
Weighted Average Original LTFV	110%
Weighted Average Original LTMV	95.3]%
Weighted Average Current LTMV	95.0]%
Weighted Average Current Term to Maturity	28 years
Weighted Average Seasoning	18 months
Proportion Interest Only	74.1%

Loan Types

74.1% of the portfolio are ***interest-only loans*** where capital repayments are only due to be made at the legal final maturity of the mortgage loan. The remaining 25.9% are mostly investment-based mortgage loans and the remainder are either annuity, linear repayment mortgages.

For interest-only loans where the Loan to Foreclosure Value (LTFV) exceeds 75%, the excess above 75% is covered by a combined capital and life insurance policy. The proceeds of such policies will go towards repayment of the loan on the death of the borrower or the maturity of the policy. However, apart from this requirement, there is no compulsory investment vehicle required to meet the balance of the principal repayment at maturity 24.2% of the portfolio are investment-based mortgages whereby monthly amounts matching repayment instalments are paid into investment funds managed by SNS bank. The investment proceeds are applied at maturity towards the repayment of the mortgage loan.

It should be noted that product switches by the borrower during the life of the transaction might eventually result in other loan types forming part of the portfolio.

Many mortgage loans do not have a formal legal final maturity date. However, where the tenor exceeds thirty years, the seller has warranted that the related mortgage loan has a combined capital and life insurance policy attached to it. Fitch has been informed that all combined life and capital insurance policies have a maximum tenor of thirty years, and that the insurance will pay out either upon death or at maturity. The agency has also been informed that mortgage loan terms and conditions state that, if an insurance policy makes a payment, then the loan

becomes due and payable, including that part of the capital balance not covered by the insurance policy. This effectively, therefore, limits the final maturity of all mortgage loans to a maximum thirty years, thereby dispensing with the need for a put option, which has featured in previous transactions.

Key Information

Structure

Issuer: Holland Euro-Denominated Mortgage Backed Series (Hermes) V B.V.

Seller: SNS bank N.V. (SNS)

Lead Manager: ABN AMRO & JP Morgan

Trustee: Stichting Security Trustee Holland Euro-Denominated Mortgage Backed Series (Hermes) V

Cut-Off Date: 31 October 2002

Servicer/Arrears Liquidity Facility Provider/ Guaranteed Investment Contract Provider: SNS (rated 'A+/F1')

Swap Counterparty: ABN AMRO Bank N.V.

Paying Agent: ABN Amro Bank N.V.

Interest and Principal Payments: Quarterly in arrears, commencing 18 January 2003. Principal payments are made on a sequential basis.

Optional Redemption Date: 18 January 2011

Legal Maturity: 18 October 2034

Collateral: First-ranking residential mortgage loans secured by property based in the Netherlands.

There remains some residual legal risk that such provision may not be enforceable due to a lack of case law.

■ Interest Rate Types

92.97% of the loans have fixed rates for between one and twenty years. The remaining 7.03% of mortgage loans bear a floating rate.

It should be noted that borrowers under certain conditions may switch product types during the life of the transaction, which might result in a different proportion of fixed and floating rate loans forming part of the portfolio.

■ Credit Analysis

Fitch's methodology for assigning credit ratings to Dutch residential mortgage transactions in general is described in Appendix 1. When rating the note issuance for Hermes V, Fitch noted particular deal characteristics and areas that require specific attention. The following is a summary of these characteristics and how they were dealt with in Fitch's analysis.

Default Probability

Affordability: A borrower affordability measure (such as an income multiple or debt-to-income ratio) was not available on a loan-by-loan basis. Therefore, Fitch made a general assumption of a 35% debt-to-income ratio for all loans in the pool. This figure, which falls at the high end of SNS's underwriting criteria (maximum usually 33% for gross incomes in excess of approximately EUR34,000), equates to affordability class 3 in Fitch's model. From the agency's default probability matrix, which is determined by affordability and LTV, the default probability for the average borrower in income class 3 would range from 6%-31% in a 'AAA' scenario.

Mortgage Types: In the provisional pool, 74% of the loans are interest-only mortgages. The risk of this type of mortgage is mitigated where the LTFV is in excess of 75% by a combined capital and life insurance policy which makes provision for repayment of at least the excess over 75%. However, the remainder of the mortgage loan remains vulnerable to balloon risk at maturity. For this reason, Fitch adjusted the default probability upwards from its base for the interest-only product.

Underwriting Quality: Following due diligence by Fitch of SNS's origination practices and servicing standards, it believes SNS to be a sound mortgage originator and servicer. Therefore, no increase in the base default probability has been assigned to the pool in terms of these practices (see Origination and Servicing, page 6).

Loss Severity

Market Value Decline (MVD): Recent years have seen steady growth in house prices throughout the Netherlands. Fitch's analysis takes account of this recent trend and the inherent price volatility in its MVD analysis. The weighted average MVD of the portfolio is 45.7% in a 'AAA' scenario.

Property valuations: When calculating loss severity Fitch has adjusted the original property value established at origination to account for the change in property prices in the Netherlands. However a 'one size fits all' index approach does not give an accurate valuation for individual properties – specific property characteristics and variations in desirability between particular streets and neighbourhoods further affect market value.

Therefore Fitch has only given 50% credit for increases in property prices.

High Value Properties: 6% of the reference pool is considered by Fitch to be secured on high value ('jumbo') properties at risk of higher MVDs. Fitch increased the MVDs of these loans by 10-25% based on the value of the property.

Financial Structure

The interest on the notes will be paid quarterly in arrears, commencing on 18 January 2003. The notes will receive interest payments based on the three-month Euro Interbank Offered Rate (EURIBOR) plus a margin. The three-month EURIBOR for the aforementioned notes is received from the swap counterparty under the interest rate swap agreement (see Interest Rate Swap Agreement, page 5).

All interest, prepayment penalties and principal payments received the first business day of each month by the seller are passed on the eighth business day of each month to the GIC account, kept in the name of Hermes V at SNS. The money deposited in the GIC account will earn an interest rate equal to three-month EURIBOR less a margin.

Priority of Payments

Prior to enforcement, on each distribution date, the priority of payments in respect of revenue payments will be as described below. Revenue payments include interest from the mortgage loans, GIC interest received, prepayment penalties received and amounts received from the swap counterparty.

1. Trustee and management expenses.
2. Administration fee.
3. Other expenses due by Hermes V and the fee to the paying agent.
4. Amounts due to the liquidity facility provider.
5. *Pro rata*, interest to the class A notes and amounts due under the swap agreements (except termination payments).
6. Class A principal deficiency ledger *(see 'Principal Deficiency Ledger' below).*
7. Interest to the class B notes.
8. Class B principal deficiency ledger.
9. Interest to the class C notes.
10. Class C principal deficiency ledger.
11. Interest to the Class D notes.
12. Replenishing the reserve fund to its minimum required balance *(see 'Credit Enhancement' below).*
13. Any termination payments to the swap counterparty.
14. Gross-up payments to the Liquidity Facility provider.
15. Principal on the Class D notes.
16. Deferred purchase price instalment to SNS.

Principal Redemption

Redemption funds generated by principal payments on the loans will be allocated sequentially on each payment date in redeeming senior and subordinated notes, each class being paid once the previous class, ranking higher in priority, has been paid in full.

The Class D notes will be redeemed quarterly from closing with available excess spread.

Any principal deficiencies under each class of notes will be registered in the corresponding principal deficiency ledger for that class. These amounts will be debited to the lowest class of notes' principal deficiency ledger available, to transfer the losses to the lowest ranking class of notes. Excess spread will be available to cover such losses according to the priority of payments.

The Class A, B and C notes can be redeemed at the option of the issuer on 18 January 2011 and on any payment date thereafter, so long as all notes outstanding are redeemed. Any outstanding principal deficiency at that time will be reduced on the corresponding class. The notes can also be redeemed if certain tax changes result in the structure being adversely affected.

To the extent they have not been previously redeemed, the notes will be redeemed on the final maturity date in October 2034.

Interest Rate Swap Agreement

Hermes V will enter into an interest swap agreement with ABN AMRO Bank N.V. at closing. Under this agreement, the following payments are made:

- *The issuer* is obliged to pay ABN AMRO, quarterly, the scheduled interest on the mortgage loans plus the GIC interest LESS (i) a margin of 45bp; and (ii) certain senior expenses.
- *Swap counterparty* pays an amount equal to the quarterly interest due on the notes. If a balance is recorded on a principal deficiency ledger or any class of notes, the Swap counterparty will withhold interest for the amount recorded on that class of notes and all interest with respect to the class D notes.

If delinquencies on mortgage loans mean that the issuer does not receive sufficient funds to make the payment to the swap counterparty, the issuer will be able to draw any shortfall from the liquidity facility. In the event of a downgrade of ABN AMRO below 'F1+', within 30 days: either (i) a guarantee will be provided for the obligations of ABN AMRO as swap counterparty, accomplishing the rating requirements, (ii) or the interest rate swap will be collateralised,

(iii) or other actions will be put in place to avoid the downgrade of the notes.

■ Credit Enhancement

Initial credit enhancement for the Class A notes, totalling 8.84%, is provided by the Class B and C notes (7.27%) and the reserve fund (1.57%). Initial credit enhancement for the Class B notes, totalling 3.16%, is provided by the Class C notes (1.57%) and the reserve fund. Initial credit enhancement for the Class C notes, totalling 1.57%, is provided by the reserve fund.

The transaction further benefits from 45bps of excess spread guaranteed through the swap agreement.

■ Reserve Fund

At closing Class D notes will be issued to fund the initial reserve fund balance.

The reserve fund will be initially funded at 1.57% of the original note balance. The reserve fund is targeted to increase to 2% through excess spread. A year after closing, the size of the target reserve fund will always be equal to the lower of (i) the initial reserve fund; and (ii) the greater of (a) 3% of the outstanding principal balance of the notes; and (ii) 0.5% of the initial note principal.

■ Liquidity Facility

A liquidity facility will be provided by SNS to cover shortfalls caused by mortgage loan delinquencies for class A, B and C notes. The amount of the facility is equal to 1% of the original note balance. The liquidity facility will be provided for 364 days, extendable at the option of the liquidity facility provider.

In the event of a downgrade of SNS below ‘F1’, within 30 days, a replacement liquidity provider (and a replacement GIC provider), which meet the rating requirements, must be found. If a replacement liquidity provider is not provided on downgrade or if the liquidity facility is not renewed at maturity, the issuer will draw down the undrawn portion of the liquidity facility.

■ Representations and Warranties

The mortgage sale agreement contains representations and warranties given by the originator in relation to the pool of mortgages. If there is an irremediable breach of any of the representations or warranties, the seller will be required to repurchase the loan(s) in question.

Specifically, the representations and warranties include (but are not limited to) the following:

- The seller has full right and title to the mortgage receivables and the power to sell and assign them;
- Each mortgage receivable is secured on residential property located in the Netherlands;
- Each property was valued (with certain exceptions) by an independent qualified valuer;
- Each mortgage receivable and related security represents a valid, binding and enforceable obligation of the borrower.
- All mortgage rights are first priority;
- Each of the mortgage loans with a tenor exceeding 30 years have a combined capital and life insurance policy attached (maturing prior to 30 years);
- Mortgage conditions state that a loan becomes due and payable if an attached life and capital insurance policy pays out;
- No arrears in excess of one month exist at closing.

In addition, should a seller agree to make a further advance to a borrower, the relevant seller must re-purchase the related mortgage loan from the issuer.

■ Legal Structure

Hermes V, the issuer, is a special purpose company incorporated under the laws of the Netherlands with limited liability as a B.V. and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The shares of the issuer are owned by Stichting Holland Euro-Denominated Mortgage-Backed Series (Hermes) Holding, established under the laws of the Netherlands as a foundation.

The assignment of the mortgage receivables to the issuer will be notified if a notification event occurs. Notification is necessary to obtain a perfected assignment and security interest in the mortgage loans. Additionally, the mortgages and other rights of the issuer are pledged to the security trustee via various pledge agreements.

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

- Unremedied payment default by the seller;
- Failure of the seller to comply with its obligations;
- Any corporate action leading to the dissolution, liquidation, etc of the seller;
- SNS bank’s Long Term rating is downgraded below single 'A-' by Fitch.

Origination and Servicing

The mortgage receivables were originated by SNS, which will continue servicing the receivables.

SNS is part of SNS Reaal Group, the sixth largest financial institution in the Netherlands by total assets at year end 2001. The SNS group was formed in 1990 and merged with the Reaal Group in 1997.

In addition to the pool analysis, Fitch has reviewed and analysed SNS's origination and servicing guidelines. The agency has conducted several interviews with the respective originator and servicer managers responsible for SNS's mortgage loan department. SNS follows a tight process of underwriting based on a detailed underwriting criteria manual.

SNS puts much emphasis on a borrower's ability to pay and employees perform a credit analysis to determine a prospective borrower's creditworthiness. Ability to pay is determined primarily by the borrower's credit profile, risk profile of the property, and the LTV ratio of the transaction.

SNS offers all retail services to its customer base.

Mortgages are distributed through the seller's branches and via independent agents based in the Netherlands. The underwriting decision is based on the same criteria, which are set centrally at SNS to maintain effective control and implement consistent underwriting procedures. The underwriter uses a mortgage analysis programme for certain computations in the underwriting process. SNS analyses the borrower's ability to pay using a housing ratio, which determines the maximum mortgage a borrower could take out. The mortgage ratio depends on household status (single/dual), income level and the mortgage interest rate. Checks of the national credit register — Bureau Krediet Registratie, income checks, and collateral analysis are also an integral part of the decision process.

Collections and arrears management are performed by the seller, following the formal procedures. Loan administration will be carried out centrally. The system will generate reminder letters on the 14th and 35th days after the payment date is overdue. After 40 days the seller will start negotiations with the borrower as well as the foreclosure process, if necessary.

Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance Performance Analytics ensures that the assigned ratings 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.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.

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 on *"Dutch Mortgage Default Model II",* dated 28 January 2000, 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 the borrower's LTV, reflecting the size of the borrower's down payment and his willingness to pay, and the borrower's debt-to-income ratio (DTI) or income multiple, reflecting the borrower's ability-to-pay, are 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 the 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 is 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 high-LTV borrowing. Fitch accounts for this 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 shows lower levels of default by Dutch borrowers compared to borrowers 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 classes, the lowest of which (Class 1), encompasses loans with Debt-to-Income ratios (DTI) 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 6-31%, 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 the saings 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 as is charged on the loan. However, there is still a risk to the third-party savings institution in this case. The way most trasaction structures mitigate such risk is to have the monthly premiums made by the borrower passed through to the issuer by the insurance company purchasing and accepting 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, life insurance mortgages do 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 comcept (ie. periodic contributions are made to an investment fund); however the borrower has full discretion as to how the contributions are invested. 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 strong 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 home's price appreciation. Based on reviews of the issuer's appraisal process, as well as underwriting guidelines, if Fitch believes these loans have and 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 home, 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 borrowers by 30% to account for their lack of 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 mortgages over 91 days in arrears (non-performing status) by 100%
- underwriting quality: Fitch's review and analysis of the origination process determines whether Fitch decreases default rates by up to 25% or increases them by 0%-200%.

Loss Severity

To estimate loss severity on the mortgage loans in the Netherlands, Fitch examined home price movements by separating the Netherlands into 12 regions. Fitch's MVD assumptions are somewhat higher for Dutch mortgages than most other European markets, due to the greater severity of the housing recession between 1978-1982 and the sharp increase in prices over the last few years. Worst-case market value declines were estimated, and then market value declines 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 NLG 600,000 by 10%–25%. Higher value properties tend to have larger market value declines owing to the smaller marketplace for these properties and less precise pricing information for larger properties (owing to the less active market).

When calculating recovery value, Fitch's model reduces each property valuation by the market value decline, repossession costs, and the cost 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 repossession costs represent 5% of the loan's balance at the time of possession. 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

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