

PRE-SALE REPORT

Holland Mortgage Backed Series (Hermes) XVIII B.V.

RMBS / Prime / Netherlands

Expected Closing Date

[20 September 2012]

Table of Contents

| | |
|--|----|
| PROVISIONAL RATINGS | 1 |
| ASSET SUMMARY | 1 |
| LIABILITIES, CREDIT ENHANCEMENT AND LIQUIDITY | 2 |
| COUNTERPARTIES | 2 |
| COMPOSITE V SCORE | 5 |
| STRENGTHS AND CONCERNS | 6 |
| STRUCTURE, LEGAL ASPECTS AND ASSOCIATED RISKS | 7 |
| ORIGINATOR PROFILE, SERVICER PROFILE AND OPERATING RISKS | 10 |
| COLLATERAL DESCRIPTION | 12 |
| CREDIT ANALYSIS | 14 |
| BENCHMARK ANALYSIS | 17 |
| PARAMETER SENSITIVITIES MONITORING | 19 |
| REPRESENTATIONS AND WARRANTIES | 20 |
| MOODY'S RELATED RESEARCH | 21 |
| APPENDIX 1: SUMMARY OF ORIGINATOR'S UNDERWRITING POLICIES AND PROCEDURES | 22 |
| APPENDIX 2: SUMMARY OF SERVICER'S COLLECTION PROCEDURES | 23 |

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Provisional Ratings

| Series | Rating | Amount (million) | % of Notes | Legal Final Maturity | Coupon | Subordination* | Reserve Fund | Total Credit Enhancement** |
|--------|--------------|------------------|------------|----------------------|-----------------------|----------------|--------------|----------------------------|
| A1 | (P)Aaa (sf) | €[•] | [20.0]% | Sep. 2044 | 3mE ⁺ [•]% | 8.0% | 0.0% | 8.0% |
| A2 | (P)Aaa (sf) | €[•] | [40.0]% | Sep. 2044 | 3mE ⁺ [•]% | 8.0% | 0.0% | 8.0% |
| A3 | (P)Aaa (sf) | €[•] | [32.0]% | Sep. 2044 | [•]% | 8.0% | 0.0% | 8.0% |
| B | (P)Aa2 (sf) | €[•] | 3.0% | Sep. 2044 | 0.0% | 5.0% | 0.0% | 5.0% |
| C | (P)A2 (sf) | €[•] | 2.0% | Sep. 2044 | 0.0% | 3.0% | 0.0% | 3.0% |
| D | (P)Baa2 (sf) | €[•] | 1.5% | Sep. 2044 | 0.0% | 1.5% | 0.0% | 1.5% |
| E | NR | €[•] | 1.5% | Sep. 2044 | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | | [approx. €960m] | 100.0 | | | | | |

The ratings address the expected loss posed to investors by the legal final maturity. [In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal with respect to the notes by the legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

† EURIBOR for three months deposits in euros.

* As percentage of the total issuance including Class E notes.

** No benefit attributed to excess spread.

V Score for the sector (Dutch RMBS): *Low/Medium*

V Score for the subject transaction: *Low/Medium*

The subject transaction is a static cash securitisation of residential mortgages extended to obligors located in the Netherlands. The portfolio consists of mortgage loans secured by residential properties.

Asset Summary (Cut off date as of 30 June 2012)

| | |
|---------------------------|---|
| Seller(s)/ originator(s): | SNS Bank N.V. (Baa2/P-2) (SNS Bank) and RegioBank N.V. (not rated) (RegioBank) which is a wholly owned subsidiary of SNS Bank N.V. and benefits from a 403 guarantee from SNS REAAL N.V. (Baa3/(P)P-3). |
| Servicer(s): | SNS Bank and RegioBank. |
| Receivables: | First ranking prime mortgage loans to individuals secured by properties located in the Netherlands. |
| Methodologies Used: | Principal methodology used: » Moody's Approach to Rating RMBS in Europe, Middle East, and Africa, June 2012 (SF274702) Secondary methodologies used: » Moody's Updated Approach to NHG Mortgages in Rating Dutch RMBS, March 2009 (SF157265) » Moody's Updated Methodology for Set-Off in Dutch RMBS, November 2009 (SF179373) » V Scores and Parameter Sensitivities in the Major EMEA RMBS Subsectors, April 2009 (SF158654) » Moody's Enhanced Approach to Originator Assessments in EMEA RMBS Transactions, October 2009 (SF153718) |

Asset Summary (continued)

| | |
|-------------------------------------|---|
| Models Used: | MILAN (Dutch settings) and ABSROM |
| Total Amount: | [€ 971,826,044] (net of savings policies) – expected to reduce to approx. €960m at close |
| Length of Revolving Period: | Static |
| Number of Borrowers: | [5,830] |
| Borrower concentration: | Top 20 borrowers make up [0.96%] of the pool |
| WA Remaining Term: | [25.9] years |
| WA Seasoning: | [2.8] years |
| Interest Basis: | [91.0% fixed rate (including 36.2% loans for which the interest rate can change on a monthly basis but is capped at a certain percentage), the remainder consists of floating rate loans 50.9% of the pool resets after 5 years] |
| WA Current LTFV*: | [88.8%] |
| WA Original LTFV: | [92.0%] |
| Moody's calculated WA indexed LTFV: | [92.7%] |
| Proportion of NHG Loans**: | [72.5%] |
| Borrower credit profile: | Prime borrowers |
| Delinquency Status: | [0%] loans are more than one day in arrears on the cut-off date |

* Loan-to-foreclosure-value. The market standard in the Netherlands is to report foreclosure value. Moody's converts foreclosure value to market value using the following formula: foreclosure value * 110% = market value.

** NHG loans are mortgage loans, which are guaranteed under the Nationale Hypotheek Garantie ("NHG").

Liabilities, Credit Enhancement and Liquidity

| | |
|---|---|
| Excess Spread At Closing: | 0.45% excess margin (available through the swap mechanism which covers senior costs and coupons on A1 and A2 notes) |
| Credit Enhancement/Reserves: | 0.45% excess margin of the principal amount outstanding of the loans multiplied by the proportion of outstanding Class A1 and A2 notes (through the swap mechanism) Subordination of the notes |
| Form of Liquidity: | Excess margin Liquidity facility (1.7% of the outstanding principal amount of the A notes) |
| Number of Interest Payments Covered by Liquidity: | 5 months* |
| Interest Payments: | Quarterly in arrear on each payment date |
| Principal Payments: | Pass-through on each payment date |
| Payment Dates: | 18 th day of September, December, March and June |
| Hedging Arrangements: | Interest rate swap as typically seen in Dutch RMBS transactions but which only covers the A1 and A2 notes |

* Calculated as: The liquidity facility versus the senior fees and interest due on the notes.

Counterparties

| | |
|--|--|
| Issuer: | Holland Mortgage Backed Series (Hermes) XVIII B.V. |
| Sellers/Originators: | SNS Bank and RegioBank |
| Contractual Servicer(s): | SNS Bank and RegioBank |
| Back-up Servicer(s): | None appointed at closing, to be appointed at loss of Baa3 |
| Back-up Servicer Facilitator: | The issuer and the security trustee act as back-up servicer facilitator* |
| Cash Manager / Issuer Administrator: | ATC Financial Services B.V. (not rated) |
| Back-up Cash Manager: | None appointed at closing |
| Swap Counterparty: | Credit Suisse International (A1/ P-1) |
| Issuer Account Bank (transaction account): | Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) |
| Seller Collection Accounts: | SNS Bank and RegioBank (foundation account providers) |
| Liquidity Facility Provider: | SNS Bank |
| Paying Agent: | ABN AMRO Bank N.V. (A2/P-1) |
| Security Trustee: | Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVIII |
| Director of the Issuer: | ATC Management B.V. (not rated) |
| Director of the Security Trustee: | Europe Management Company B.V. (not rated) |
| Arranger: | SNS Bank, BNP Paribas |

* Upon termination of the servicing, the issuer and the security trustee will use their best efforts to find and appointed a replacement servicer. We view this undertaking as being similar to the role of back-up servicer facilitator.

Moody's View

| | |
|---|---|
| Outlook for the Sector: | Stable |
| Unique Feature: | Asset type and structure previously seen in the market, however the pool contains several interest rate products and the swap only covers the A1 and A2 notes in this transaction. |
| Degree of Linkage to Originator: | SNS Bank and RegioBank act as the servicers. However, at closing there is a trigger in place to appoint a back-up servicer at loss of Baa3. SNS Bank and RegioBank also act as foundation account providers. If the collection foundation accounts are not transferred to Rabobank by 1 January 2013, this will trigger a notification event to ensure the transfer of the payments by the borrowers to the issuer. |
| Originator's Securitisation History: | |
| # of Precedent Transactions in Sector: | 17 HERMES transactions, 4 PEARL transactions, 1 Lowland Mortgage Backed Securities transaction and 1 synthetic Provide Lowlands transaction |
| % of Book Securitised: | 27% |
| Behaviour of Precedent Transactions: | Delinquencies and losses reported on prior transactions are above the average delinquencies and losses reported in the Dutch Prime RMBS index. |
| Key Differences between Subject and Precedent Transactions: | The subject transaction has an interest rate swap in place as typically seen in Dutch RMBS transactions but which only covers the A1 and A2 notes. Excess spread in the subject transaction depends on the weighted average interest on the mortgage loans and the weighted average interest rate on the notes. |
| Portfolio Relative Performance: | |
| Expected Loss/Ranking: | 0.5% The performance of precedent transactions has been worse than the market index. The expected loss is nevertheless in line with other Dutch prime RMBS transactions, predominately due to the large proportion of NHG loans in the pool ([72.5%]). |
| MILAN CE/Ranking: | 5.0% [This is in line with other Dutch prime RMBS transactions and is mainly driven by (i) the weighted average loan-to-foreclosure-value (LTV) of 88.8%, (ii) the availability of the NHG-guarantee for 72.5% of the loans in the pool, (iii) the proportion of interest-only loan parts (69.7%, including life mortgage loans) and (iv) the weighted average seasoning of 2.8 years.] |
| Weighted-Average Aaa Stress Rate For House Prices: | [31.4%] |
| Potential Rating Sensitivity: | |
| Chart Interpretation: | At the time the rating was assigned, the model output indicated that the Class A1 notes would have achieved an Aaa rating if the expected loss was as high as 1.5% assuming MILAN CE increased to 8.0% and all other factors remained constant. |
| Factors Which Could Lead to a Downgrade: | » Worse than expected collateral performance in terms of delinquency and loss rates. » Severe deterioration of SNS Bank's and RegioBank's credit quality. |

TABLE 1*

Tranche A1

| | | MILAN CE Output | | | |
|----------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aaa* | Aaa (0) | Aaa (0) | Aaa (0) |
| | 0.80% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.00% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.50% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |

TABLE 2*

Tranche A2

| | | MILAN CE Output | | | |
|----------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aaa* | Aaa (0) | Aaa (0) | Aaa (0) |
| | 0.80% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.00% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.50% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |

TABLE 3*

Tranche A3**MILAN CE Output**

| | | 5.0% | 6.0% | 7.0% | 8.0% |
|-----------------|--------------|-------------|-------------|-------------|-------------|
| Median | 0.50% | Aaa* | Aaa (0) | Aa1 (1) | Aa1 (1) |
| Expected | 0.80% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |
| Loss | 1.00% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |
| | 1.50% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |

* Results under base case assumptions indicated by asterisk '*'. Change in model-indicated rating (# of notches) is noted in parentheses.

Composite V Score

| Breakdown of the V Scores Assigned To | | Dutch Prime RMBS Sector | Transaction | Remarks |
|---|--|-------------------------|-------------|--|
| Composite Score: Low (L), Low/Medium (L/M), Medium (M), Medium/High (M/H), or High (H) "Low" reflects lowest level of uncertainty in estimating credit risk relative to other Structured Finance instruments. | | L/M | L/M | |
| 1 | Sector Historical Data Adequacy and Performance Variability | L/M | L/M | |
| 1.1 | Quality of Historical Data for the Sector | L/M | L/M | » Same as sector score |
| 1.2 | Sector's Historical Performance Variability | L | L | » Same as sector score |
| 1.3 | Sector's Historical Downgrade Rate | L | L | » Same as sector score |
| 2 | Issuer/Sponsor/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure | L/M | L/M | |
| 2.1 | Quality of Historical Data for the Issuer/Sponsor/Originator | L/M | L/M | » Limited static performance data available on the originator's books » Dynamic performance available on the originator's books » Extensive information available on delinquencies and losses from precedent transactions (starting from 1999) |
| 2.2 | Issuer/Sponsor/Originator's Historical Performance Variability | L | L/M | » The precedent transactions perform worse than the Dutch Prime RMBS Index » Historical performance is in line with Moody's expectations |
| 2.3 | Disclosure of Securitisation Collateral Pool Characteristics | L/M | L/M | » Moody's has received information on all the key fields required per Moody's methodology » Insurance company counterparty data was provided on aggregated pool level. |
| 2.4 | Disclosure of Securitisation Performance | L/M | L/M | » Investor report provides securitisation performance in line with other market participants » Periodic loan-by-loan pool data will not be provided to Moody's |
| 3 | Complexity and Market Value Sensitivity | L/M | M | |
| 3.1 | Transaction Complexity | L/M | M | » Swap in place to mitigate the interest rate risk in the transaction but only for the A1 and A2 notes » Pool contains diverse interest rate products. |
| 3.2 | Analytic Complexity | L/M | M | » The MILAN model was used » The standard cash flow model was used » Additional analysis performed on the possible development of the yield on the mortgage loans in the transactions |
| 3.3 | Market Value Sensitivity | L/M | L/M | » The assets are secured financial assets whereby the underlying properties have a reasonably liquid secondary market |
| 4 | Governance | L/M | L/M | |
| 4.1 | Experience of, Arrangements Among and Oversight of Transaction Parties | L | L | » In line with the Dutch prime sector |
| 4.2 | Back-up Servicer Arrangement | L | L | » Servicer is investment grade at closing » Back-up servicer will be appointed at loss of Baa3 » Independent cash manager in place » Estimation language in place |
| 4.3 | Alignment of Interests | L/M | L/M | » Securitisation is a significant component of the funding strategy |
| 4.4 | Legal, Regulatory, or Other Uncertainty | L/M | L/M | » In line with the Dutch prime sector |

Strengths and Concerns

Strengths:

- » **NHG guaranteed loans:** [72.5]% of the loans are NHG guaranteed which should reduce the losses incurred by the portfolio.
- » **Sub-participation agreements:** These mitigate the set-off risk arising from saving mortgage loans. See the "Assets" section for more details.
- » **Hedging arrangements/excess margin:** An interest rate swap provided by Credit Suisse International (A1/ P-1) is in place with regard to the A1 and A2 notes, swapping the pro-rata share of the interest on the assets to the interest on the A1 and A2 notes. Senior costs and an excess spread of 0.45% are also covered by the swap.
- » **Liquidity:** A liquidity facility is in place which amounts to 1.7% of the outstanding principal of the A notes with a floor at 0.65% of the original A notes balance. The facility is provided by SNS Bank. As SNS Bank does not have the required ratings, the issuer will make a liquidity facility stand-by drawing on the closing date. The drawn funds will be credited to a sub-ledger of the transaction account.
- » **Principal to pay interest:** The transaction benefits from a principal to pay interest mechanism which provides additional liquidity for the Class A notes.
- » **Commingling risk:** This is addressed by a foundation collection structure. All collections are received in an account in the name of a bankruptcy remote foundation. However, the collection account providers are SNS Bank and RegioBank. Following the downgrade of SNS Bank below Baa1, Rabobank shall become the foundation account provider by 1 January 2013. As this transfer has not yet taken place Moody's has considered commingling risk in its analysis. See the "Assets" section for more details.
- » **No further advances:** [No deterioration of the credit quality of the pool possible due to further advances. In case a further advance is granted to the borrower, the relevant loan needs to be repurchased by the seller.]

Concerns and Mitigants:

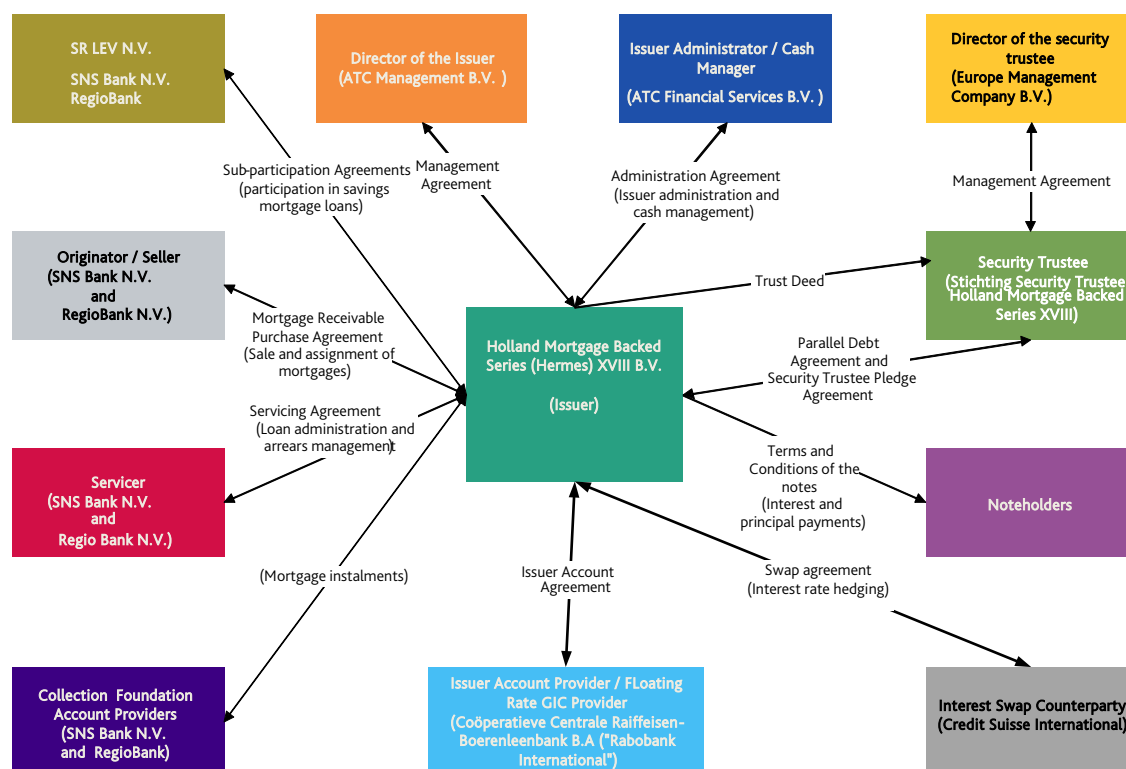
Moody's committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- » **Unhedged interest rate risk:** The Class A3 notes pay a fixed interest rate of [•]%. The issuer has not entered into a swap agreement for this note. This leads to an interest rate mismatch in the transaction. The transaction documentation provides that loan interest rates cannot be set below a certain level. Nevertheless, because there is no swap in place for this note, the excess spread available in this transaction is uncertain and depends on the development of the weighted average interest rate on the mortgage loans. Moody's has treated this risk in its quantitative analysis as further explained in the "Treatment of concerns" section below.
- » **Set-off on insurance-linked mortgage loans:** There is set-off risk on insurance-linked mortgage loans (life mortgages). Moody's considered the set-off risk in its modeling and the impact is in line with the ratings assigned to the notes. See "Assets" and "Treatments of concerns" sections for more details.
- » **High proportion of interest-only loans in the pool not associated with any repayment vehicle:** This risk is common in the Dutch prime RMBS transactions and has been treated by Moody's in its quantitative analysis as further explained in the "Treatment of concerns" section below.
- » **No Reserve Fund:** However liquidity concerns are mitigated to some extent by the liquidity facility.

Structure, Legal Aspects and Associated Risks

CHART 1

Structure Chart



Allocation of payments/pre-accelerated revenue waterfall for the swapped notes: There are two separate revenue waterfalls, i.e. one for the swapped notes (Class A1 and A2) and one for the non-swapped notes (Class A3 to E, whereby Class B, C, D and E do not receive any interest). The swapped Class A notes proportion corresponds to the sum of the principal outstanding of the A1 and A2 notes divided by the aggregate principal outstanding of the A notes. With regard to the swapped notes, on each payment date, the issuer's available funds for these notes (e.g. amounts received from the swap counterparty and the swapped Class A notes proportion of (i) amounts drawn under the liquidity facility, (ii) interest amounts received from the portfolio and (iii) principal available to cover interest shortfalls) will be applied in the following simplified order of priority:

1. Senior expenses incl. liquidity facility commitment fee;
2. Repayment of liquidity facility drawings;
3. Interest payments to swap counterparty and swap termination payments if the issuer is the defaulting party;
4. Pro-rata: Interest on Class A1 and Class A2.

Allocation of payments/pre-accelerated revenue waterfall for the non-swapped notes: With regard to the non-swapped notes, on each payment date, the issuer's available funds for these notes (e.g. amounts remaining after application of the

revenue waterfall for the swapped notes and the non-swapped Class A notes proportion, i.e. 1- swapped Class A notes proportion, of (i) amounts drawn under the liquidity facility, (ii) interest amounts received from the portfolio and (iii) principal available to cover interest shortfalls) will be applied in the following simplified order of priority:

1. In sequential order: Interest on Class A3; Interest due but unpaid on Class A1 and A2; PDL on Class A; PDL on Class B; PDL on Class C; PDL on Class D; PDL on Class E;
2. Swap counterparty default payment;
3. Deferred purchase price.

Allocation of payments/pre-accelerated principal waterfall:

On each payment date, the principal amounts received from the portfolio, principal amounts from repurchases, amounts received from the sale of properties, in each case less the participation in such savings mortgages, will be applied in the following simplified order of priority:

1. Principal payments in sequential order until repaid in full to Class A1, Class A2 and to Class A3; Class B; Class C; Class D and Class E.

Allocation of payments/PDL-like mechanism:

A PDL is based on realised losses. A realised loss is defined as the positive difference between the outstanding amount of the loan and any proceeds after the foreclosure of a mortgage loan. Furthermore, losses arising due to borrowers applying set-off has been included in the definition of realised loss. By including set-off losses in the realised loss definition, set-off losses are crystallised and written to the principal deficiency ledger when they arise. Subsequently excess spread can be used to cover the losses due to set-off.

Performance Triggers:

| Trigger | Conditions | Remedies/Cure |
|----------------|------------|---------------|
| Not applicable | -- | -- |

Reserve Fund:

- » There is no reserve fund in this transaction.

Liquidity:

- » A liquidity facility is in place which amounts to 1.7% of the outstanding principal of the A notes with a floor at 0.65% of the original A notes balance. Funds drawn under the facility form part of the interest available amount in case of a payment disruption event.
- » Principal to pay interest mechanism for the Class A notes.

Assets:**Asset transfer:**

- » True Sale;
- » Perfection of legal title through registration of the deed of assignment;
- » Borrowers are not notified of the assignment.

Although the registration of the deed of assignment eliminates the need for the notification of borrowers to perfect legal title, notification triggers have been added to the structure to minimise a potential commingling risk and to ensure the transfer of the payments by the borrowers to the issuer. Notification will take place, amongst others, upon one of the following events (assignment notification events):

1. Any seller defaults on a payment and the default is not remedied within 10 business days;
2. Any seller fails to comply with any of its obligations under the relevant agreements and such failure is not remedied within 10 business days;
3. SNS Bank's long-term rating falls below "Ba1" or, if the collection foundation accounts have not transferred to Rabobank prior to 1 January 2013, "Baa1";
4. Bankruptcy of any seller;

5. RegioBank ceases to be a subsidiary of SNS Bank;
6. RegioBank ceases to benefit from a 403 declaration from SNS Reaal, unless this declaration is replaced by a 403 declaration from SNS Bank or RegioBank has merged with SNS Bank whereby RegioBank is the disappearing entity;
7. The collection foundation is declared bankrupt.

Interest rate mismatch:

- » Fixed-floating mismatch: At cut off date, [91.0]% of the pool balance comprises fixed rate mortgages (which includes [36.2]% of loans for which the interest rate can change on a monthly basis but is capped at a certain percentage). Remaining mortgages pay floating rate tied to one-month Euribor plus a margin.
- » The Class A1 and A2 notes carry a floating interest rate of three month Euribor plus a margin equal to [•]% and [•]%, respectively. The Class A3 notes carry a fixed interest rate of [•]%, whereas the Class B, C, D and E notes do not receive any interest.
- » This leads to an interest rate mismatch in the transaction.

Mitigant:

- » With regard to the Class A1 and A2 notes the issuer has entered into a swap agreement with Credit Suisse International. Under the swap agreement:

The issuer will pay:

- » A fraction, corresponding to the proportion of outstanding Class A1 and A2 notes, of the scheduled interest received from the mortgage loan portfolio, interest received on the issuer accounts and prepayment penalties;
- » Minus: Senior expenses;
- » Minus: 0.45% excess spread margin of the principal amount outstanding of the loans multiplied by the proportion of outstanding Class A1 and A2 notes.

The swap counterparty will pay:

- » The coupon on the A1 and A2 notes. The swap counterparty will also cover any step-up in the coupons for these notes.

The notional applicable to the swap counterparty is the principal amount outstanding of the A1 and A2 notes reduced by any outstanding PDLs for these notes.

- » Payments under the swap agreement will be netted.
- » [The swap agreement is expected to be in line with Moody's most recent de-linkage hedge criteria.]

- » Moody's noted that on 2 July 2012, it released a Request for Comment (republished on 10 September 2012), in which the rating agency has requested market feedback on potential changes to its rating implementation guidance for its "[Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions](#)". If the revised rating implementation guidance is implemented as proposed, the rating on the Notes may be negatively affected.
- » Please refer to Moody's Request for Comment, entitled "[Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions: Request for Comment](#)" for further details regarding the implications of the proposed methodology changes on Moody's ratings.
- » The transaction documentation provides that the weighted average interest rate of the mortgage pool remains at least at 3.75% and the weighted average margin on the floating rate mortgage loans remains at least at 1.5%. This provides some comfort that the available interest revenues from the portfolio should be sufficient to cover senior costs and the notes coupons.
- » Moody's analysis takes into account the potential weighted average interest rate decrease (asset yield compression) due to adverse prepayments of loans with a higher interest rate. Furthermore, in the cash flow analysis we applied a stressed assumption on the development of the weighted average yield of the portfolio over time by taking the interest rate limit of 3.75% of the mortgage pool and the margin limit on the floating part of the mortgage pool into account.
- » [SNS Bank and RegioBank have undertaken to procure a transfer of the collection foundation accounts to Rabobank before 1 January 2013.] If Rabobank (as collection foundation account provider) is downgraded below P-1, the account must be transferred to a P-1 rated party within 30 days or an unconditional and irrevocable guarantee needs to be obtained from a P-1 rated entity.
- » Moody's views that the bankruptcy remote collection foundation account mitigates the risk of commingling. However, as the transfer to Rabobank has not yet taken place Moody's has considered commingling risk in its analysis.

Set-off:

- » Set-off risk exists in the balances of savings deposits and current accounts that the borrowers hold with SNS Bank and RegioBank.
- » As the Dutch tax framework permits a certain level of tax deductibility of interest on residential mortgages as well as the set up of independent tax efficient repayment vehicles, set-off is an additional risk in Dutch RMBS transactions. Repayment vehicles are usually in the form of a savings or investment policy. In the event of a bankruptcy of the insurance company, which provided the borrower with the insurance/repayment policy, the possibility exists that the borrower offsets the value of his policy against the mortgage loan.
- » Currently [28.4]% of the pool is linked to savings mortgage loans and approx. [25.0]% of the pool is linked to insurance policies. There are no investment mortgage loans in the pool.

Mitigant:

- » Moody's sized additional credit enhancement in its analysis to cover for set-off risk which arise from deposits held by the borrowers with the seller.
- » Sub-participation agreements are in place which mitigate the set-off risk of the savings mortgage loans. Under a sub-participation agreement, the insurance companies pass on the premium received from the borrower to the issuer. The issuer will apply these amounts in the principal priority of payments as if these amounts were principal repayments. In exchange the insurance company receives a participation in the mortgage loan. Through this participation the insurance company becomes part owner of the mortgage loan. If a borrower succeeds in setting off the capital built-up in the savings policy following the insurance company's default, the participation of the insurance company in the mortgage loan is reduced by the amount set-off by the borrowers. Moody's believes that the set-off risk in relation to

Rating Agency confirmations ("RAC")¹:

Moody's is not a party to the subject transaction. Moody's is therefore not bound by any RAC provision the parties may choose to include in their transaction documents, whether or not Moody's has reviewed such documents for rating purposes. Moody's is never obligated to issue a RAC, even if the transaction documents provide Moody's with an opportunity to do so or suggest that a RAC is required before the proposed change or amendment may take effect.

Cash Commingling:

Payments by the borrowers under the mortgage loans are due on the first day of each calendar month. All of the payments under the loans are collected under a direct debit scheme into the bankruptcy remote collection foundation accounts maintained at SNS Bank and RegioBank.

Mitigant:

- » Cash received on the collection foundation accounts will be transferred on a daily basis to the issuer's account held at Rabobank International.

savings mortgage loans is properly mitigated due to this sub-participation agreement.

- » Life insurance mortgage loans: Moody's considers the set-off risk that may arise from the default of the life insurance providers. The methodology applied to account for this risk is detailed in "Moody's Updated Methodology for Set-Off in Dutch RMBS", published in November 2009 (see "Treatment of Concerns" below).
- » Moody's was provided with information with regard to the names of the counterparties that provide the life insurance policies on aggregated pool level.

Loan conversion:

The servicer is entitled to agree to an alteration of the mortgage loan terms, provided that such alteration is consistent with the practice of a reasonably prudent servicer of residential mortgage loans in the Netherlands.

Mitigant:

- » As the transaction documentation provides that the weighted average interest rate of the mortgage pool needs to remain at least at 3.75% and the weighted average margin on the floating rate mortgage loans needs to remain at least at 1.5%, Moody's did not stress the margin available in the transaction due to loan conversion.
- » As all loans need to comply with the eligibility criteria, Moody's did not stress further the credit quality of the pool due to loan conversion.

Further Advance: Should the sellers offer a further advance to a borrower they will be required to purchase the loan from the issuer.

Originator Profile, Servicer Profile and Operating Risks

| | |
|----------------------------|-----------------|
| Date of Operations Review: | 31 October 2011 |
|----------------------------|-----------------|

Originator Background: SNS Bank N.V. and SNS RegioBank N.V.

| | |
|---|--|
| Originator and Rating: | » SNS Bank (Baa2/P-2) and RegioBank (not rated) which is a wholly owned subsidiaries of SNS Bank N.V. and benefits from a 403 guarantee from SNS REAAL N.V. (Baa3/(P)P-3). |
| Financial Institution Group Outlook for Sector: | » Negative |
| Ownership Structure: | » SNS REAAL is the holding company for SNS Bank. RegioBank is a wholly owned subsidiaries of SNS Bank and holds a 403 guarantee by SNS REAAL. |
| Asset Size: | » €82,970 million |
| % of Total Book Securitised: | » 27.0% |
| Transaction as % of Total Book: | » 1.2% |
| % of Transaction Retained: | » [•]% |

Originator Assessment Main Strengths (+) And Challenges(-)

| | |
|---------------------|---------|
| Overall Assessment: | Average |
|---------------------|---------|

Originator Ability

| | |
|--|--|
| Sales & Marketing Practices | + Separation & independence of sales and loan approval functions + Sales staff have minimal or no influence on the development of the underwriting policy + Evidence of pro-active management of underperforming counterparties/intermediaries - Limited branch origination |
| Underwriting Policies & Procedures | + Adherence to the Dutch Code of Conduct (market practice) + Independent fraud team (fraud detection system is in place, which screens all loan applications) + Centralised office + 100% income verification +/- No negative BKR-codes are allowed except cured A and A1 BKR codes, however BKR codes are not recorded - Exceptions to underwriting guidelines but signed off by middle office team - High volume of LTV of 125% (but in line with the Dutch market) - High proportion of IO loans (but in line with the Dutch market) |
| Property Valuation Policies & Procedures | + Valuers are randomly selected from the originator's pre-approved panel of external valuers + Full internal inspection + Valuers are locally based and have pre-requisite qualifications - Tax valuation (WOZ) used for LTV < 75% and value is haircut by 10% |
| Closing Policies & Procedures | + Four eyes principles ensuring all documents, insurance is in place before disbursement of funds + Check by independent notary (market standard) - Limited contact with borrower after loan is disbursed |
| Credit Risk Management | + Credit risk management input is one of the primary drivers for change to credit policies |

| Originator Assessment | Main Strengths (+) And Challenges(-) |
|-------------------------------------|---|
| | + Independence of the team, reporting to board level |
| Originator Stability | |
| Quality Control & Audit | + Checks of the documents by back-office before disbursement of loans + Internal audit framework (market standard) |
| Management Strength & Staff Quality | + All new hires go through a formalised training programme including testing + On-going training update and testing on product knowledge, on change in underwriting procedures, on regulatory and compliance and other specific job related training |
| Technology | + Integrated and robust systems with minimal ability to manipulate data or circumvent rules + Document scanning + Field tested disaster recovery plan + Regular data back-ups so the risk of data loss is minimal |

Servicer Background: SNS Bank N.V. and SNS RegioBank N.V.

| | |
|-------------------------------------|--|
| Servicer and Rating: | » SNS Bank (Baa2/P-2) and RegioBank (not rated) which is a wholly owned subsidiary of SNS Bank N.V. and benefits from a 403 guarantee from SNS REAAL N.V. (Baa3/(P)P-3). |
| Total Number of Mortgages Serviced: | » Not Provided |
| Number of Staff: | » Not Provided |

| Servicer Assessment: | Main Strengths And Challenges |
|---|---|
| Overall Assessment: | Average |
| Servicer Ability | |
| Loan Administration | + Actively monitors its delinquent portfolio on a daily basis + Pro-actively contact borrowers coming out of the teaser rate period/reset period + 99% direct debits (market standard) |
| Early Arrears Management | + Different collection strategies based on borrower risk profile (low, medium and high) + Visits by accounts manager (after 65 days in arrears) to identify the reason for non payment (since 2009) + Strictly defined time line for arrears and default management + Calling queues updated daily and priorities according to client risk profile - First call to "low" risk borrower on day 55 (mitigated by reminder letters sent to borrower before) - No contact with borrower after 75 days file is transferred to special services department - Promise to pay is tracked manually |
| Loss Mitigation and Asset Management | + Centralised special services depart dedicated to reviewing late arrears cases + Collectors have no insight into whether a loan is securitised or not |
| Servicer Stability | |
| Management Strength & Staff Quality | + Experienced of management and staff + Low turnover compared to industry average |
| IT & Reporting | + Full document imaging and single client view across operations, allowing access to all scanned documents + Workflow system in place – letters sent automatically, priorities calling queues, automatic reminders and process cannot be influenced by collectors + Field tested disaster recovery plan + Regular (daily) data back-ups so the risk of data loss is minimal |
| Quality control & Audit | + Servicing operations audited every year + All phone conversations recorded |
| Strength of Back-up Servicer Arrangement: | Not applicable |

Back-up Servicer Background:

| | |
|---|--|
| Rating: | None appointed at close |
| Ownership Structure: | Not Applicable |
| Total Number of Receivables Serviced: | Not Applicable |
| Number of Staff: | Not Applicable |
| Type of back-up: | Not Applicable |
| Receivable Administration: | |
| Method of Payment of borrowers in the pool: | >99% Direct debit |
| % of Obligor with Account at Originator: | Not Provided |
| Distribution of Payment Dates: | All mortgage loans pay on or about the first business day of each calendar month |

Cash Manager Background: ATC Financial Services B.V.

| | |
|------------------------|--|
| Rating: | ATC Financial Services B.V. (not rated) |
| Main Responsibilities: | <ul style="list-style-type: none"> » Directing amounts received to the floating GIC account » Obligation to make payments according to waterfall » Preparation of investor report |
| Calculation Timeline: | <ul style="list-style-type: none"> » Mortgage calculation period: Period commencing on the 1st day of each calendar month and ending on the last day of such calendar month » Mortgage payment date: 1st day of each month |

Back-up Cash Manager Background:

| | |
|--|---------------------------|
| Back-up Cash Manager and Its Rating: | None appointed at closing |
| Main Responsibilities of Back-up Cash Manager: | No applicable |

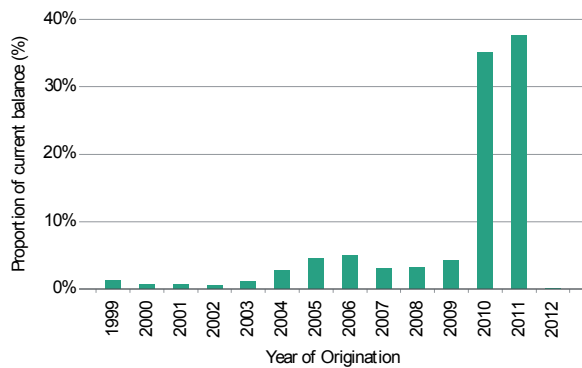
Originator/Servicer/Cash Manager Related Triggers

| | |
|--|---|
| Key Servicer Termination Events: | Insolvency, non performance of obligations |
| Appointment of Back-up Servicer Upon: | SNS Bank's rating falls below Baa3 or is withdrawn |
| Key Cash Manager Termination Events: | Insolvency, non performance of obligations |
| Appointment of Back-up Cash Manager Upon: | SNS Bank's rating falls below Baa3 or is withdrawn |
| Notification of Obligors of True Sale | <ul style="list-style-type: none"> » Any seller defaults on a payment and the default is not remedied within 10 business days; » Any seller fails to comply with any of its obligations under the relevant agreements and such failure is not remedied within 10 business days; » SNS Bank's long-term rating falls below "Ba1" or, if the collection foundation accounts have not transferred to Rabobank prior to 1 January 2013, "Baa1"; » Bankruptcy of any seller; » RegioBank ceases to be a subsidiary of SNS Bank; » SNS Reaal N.V. (Baa3) withdraws its 403 declaration in respect of RegioBank. The 403 declaration makes SNS Reaal N.V. jointly and severally liable for the valid and binding contractual debt obligations of the subsidiary. |
| Notification of Redirection of Payments to SPV's Account | See Notification of Obligors of True Sale triggers |
| Accumulation of Set Off Reserve | Once potential deposit set off exceeds the cap of 2.3%. |
| Accumulation of Liquidity Reserve | Not applicable |
| Set up Liquidity Facility | At closing |

Collateral Description (provisional pool as of June 2012)

CHART 2

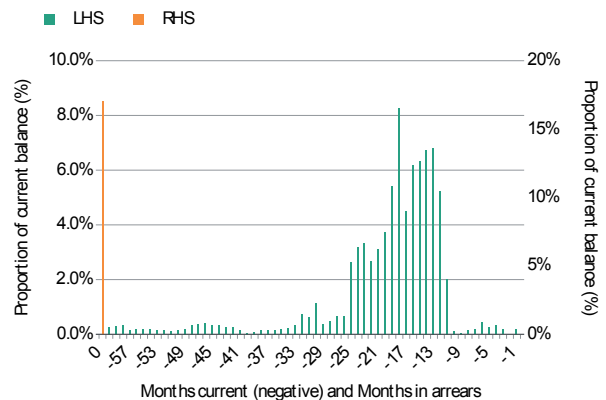
Portfolio Breakdown by Year of Origination



Source: SNS Bank; Moody's

CHART 3

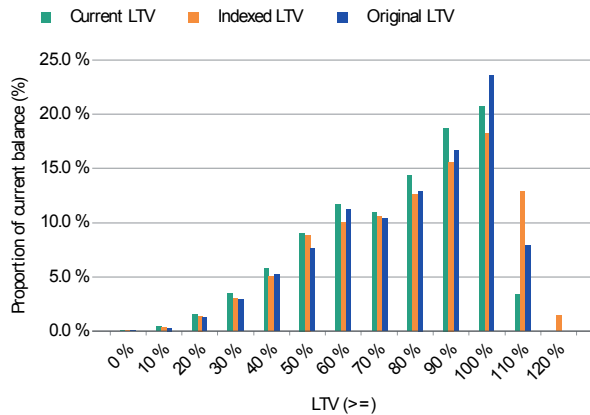
Portfolio Breakdown by Months Current



Source: SNS Bank; Moody's

CHART 4

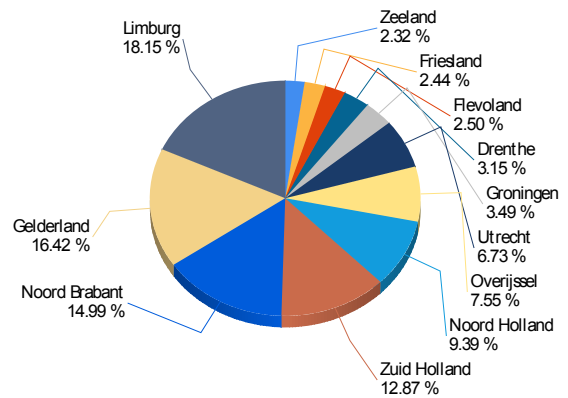
Portfolio Breakdown by LTMV



Source: SNS Bank; Moody's

CHART 5

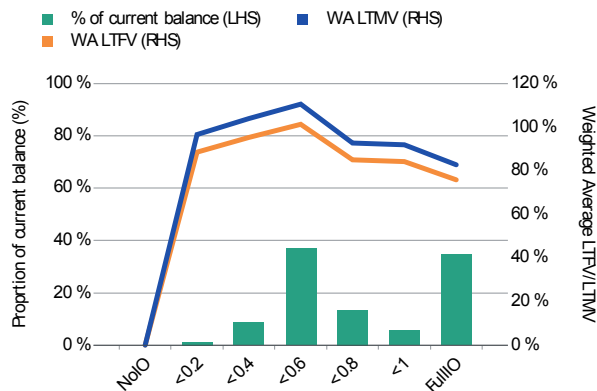
Portfolio Breakdown by Geography



Source: SNS Bank; Moody's

CHART 6

Portfolio Breakdown by Proportion of Interest-Only*



* A loan contract can contain several loan parts. Some or all of these can be interest-only. This chart shows the distribution by proportion of interest-only loan parts per loan contract. Source: SNS Bank, Moody

Product Description: The assets backing the notes are first-ranking prime mortgage loans originated by SNS Bank and RegioBank. All the loans in the pool are secured on residential properties located in the Netherlands. The securitised portfolio consists of the following mortgage types:

- » Linear Mortgage Loans ([0.2]% of the pool): Under a linear mortgage loan the borrower pays a fixed amount of principal each month towards redemption of the relevant mortgage loan until maturity. Interest is payable monthly and is calculated on the outstanding balance of the mortgage loan.
- » Annuity Mortgage Loans ([1.7]% of the pool): Under an annuity mortgage loan, the borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and

calculated in such manner that the annuity mortgage loan will be fully redeemed at maturity.

- » Interest-only Mortgage Loans ([69.7]% of the pool including life mortgage loans): Under an interest-only mortgage loan, the borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan.
- » Life Mortgage Loans (approx. [25.0]% of the pool): Under a life mortgage loan, no principal is paid until maturity but instead the borrower pays a premium on a monthly basis to the relevant insurance company under a life insurance policy taken out with such insurance company. It is the intention that a life mortgage loan will be fully repaid by means of the proceeds of the life insurance policy.

- » Savings Mortgage Loans ([28.4]% of the pool): A savings mortgage loan is combined with a savings insurance policy, which consists of a combined risk and capital insurance policy taken out by the borrower with an insurance company in connection with the relevant savings mortgage loan. Under a savings mortgage loan no principal is paid by the borrower prior to the maturity of the loan. Instead, the borrower pays a premium on a monthly basis, which consists of a risk element and a savings element. The savings premium is calculated that, on an annuity basis, the proceeds of the savings insurance policy due by the insurance company to the borrower will be equal to the amount due by the borrower to the seller at maturity of the savings mortgage loan.

Eligibility Criteria: The key eligibility criteria are:

- » Each borrower is a resident of the Netherlands;
- » Each borrower has made at least one monthly payment under the relevant mortgage loan;
- » Each mortgaged asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- » Each Mortgage Receivable is secured by a first ranking Mortgage
- » Interest payments are scheduled to be made monthly;
- » The maximum outstanding principal amount of each mortgage receivable, or all mortgage receivables secured on the same mortgaged assets together, did not exceed 125% of the foreclosure value of the mortgaged assets upon origination of the mortgage receivables.

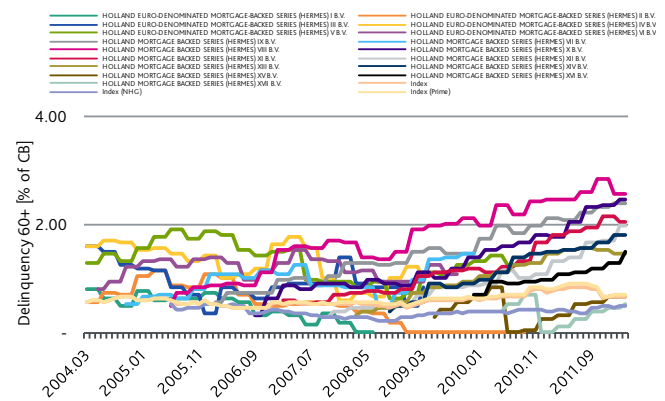
Credit Analysis

Precedent Transactions' Performance:

- » Comparable precedent transactions are the HERMES transactions I to XVII. However, contrary to the precedent transactions, this transaction benefits from an NHG guarantee for [72.5]% of the pool.
- » As the below chart shows, the HERMES transactions' performances is weaker than the performance of the Dutch Prime RMBS Index in terms of delinquencies, defaults and losses.

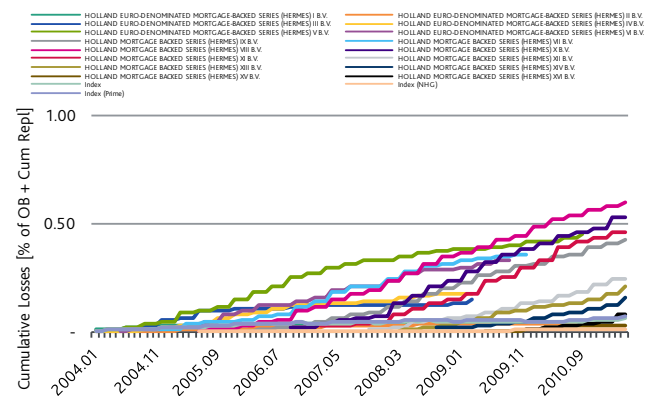
The performance of the originator's precedent transactions to date are within Moody's expectations.

CHART 7
60+ days delinquency – trend by series



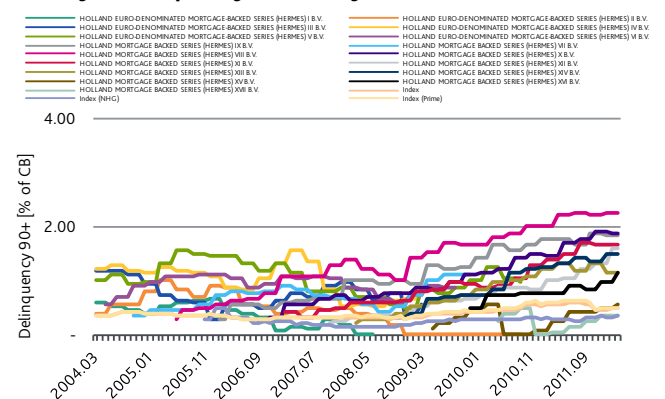
Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 8
Losses – trend by series



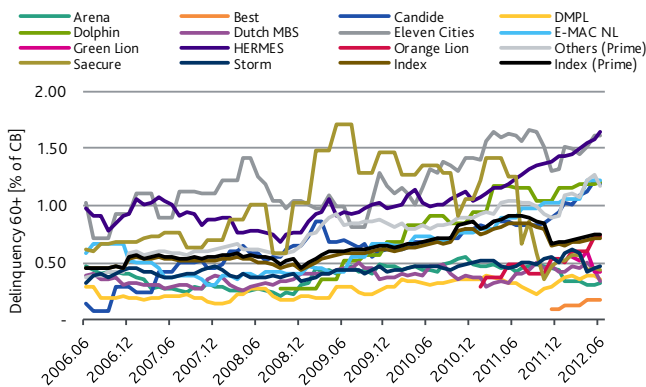
Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 9
90+ days delinquency - trend by series



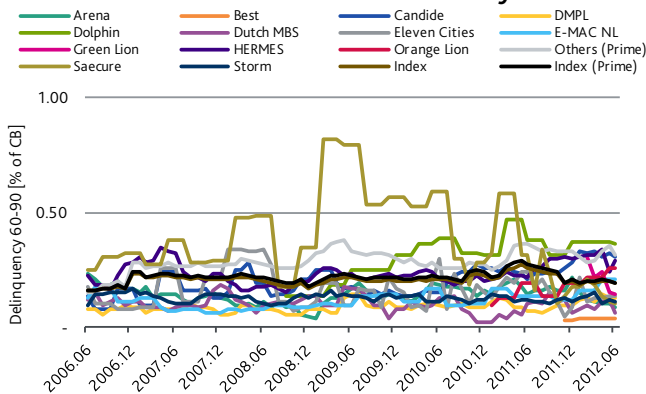
Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 10
60+ days delinquency – trend by series



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 11
Dutch Prime and NHG RMBS losses – trend by series

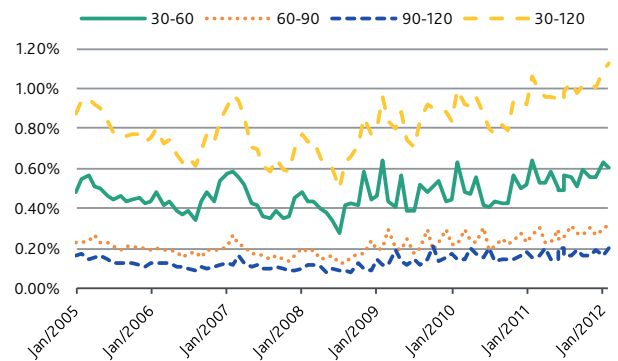


Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Data Quantity and Content:

- » Moody's has received limited static performance data on the originator's books.
- » Moody's has received dynamic delinquency data on the mortgage book of the originators from 2005 onward as shown on Chart 13.
- » Moody's has also received some loss and recovery data on the loan-by-loan basis (for period 2006-2011). Based on this information, the weighted-average recovery is equal to approximately 74%.
- » In Moody's view, the quantity and quality of data received is average compared to transactions which have achieved high investment grade ratings in this sector.

CHART 13
Delinquencies on originator's book



Source: SNS Bank

Assumptions and definitions: Other values within a range of the notional amount listed below may result in achieving the same ratings.

| TABLE 4 | |
|--------------------------------------|---|
| Median expected loss | 0.5% |
| MILAN CE | 5.0% |
| Spread compression / margin analysis | Weighted average yield floor on the mortgage loans is 3.75% |
| WA interest rate as per cut-off date | [4.3]% |
| Rescission rate for NHG loans | 40% (= 1 – assumed payout ratio by WEW) |
| WA asset margin after reset | Not applicable – at the reset date borrowers can choose to re-fix the interest rate for different periods, generally ranging between 5 and 30 years |
| Asset reset date | 50.9% of the pool resets after 5 years |
| Liabilities reset date | 18th day of September, December, March and June |
| Actual Fees | Not Provided |
| PDL Definition | On realised losses |
| Realised Loss Definition | Included losses due to set-off |

Expected Loss:

- » Moody's expected loss assumption is based on:
 - Performance of the originators' precedent transactions (HERMES transactions);
 - Benchmarking with comparable transactions in the Dutch market;
 - The proportion of loan parts benefitting from an NHG guarantee;
 - The current economic environment in the Netherlands in combination with historic loss data received from the originator.

Modelling Approach:

- » **Loss Distribution:** The first step in the analysis is to determine a loss distribution of the pool of mortgages to be securitised. Due to the large number of loans and supporting historical data, Moody's uses a continuous distribution to approximate the loss distribution: the lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

Moody's uses performance data provided by the originator in addition to other relevant data in order to extrapolate expected losses for the loan pool. Examples of data include market and sector wide performance data, the performance of other securitisations, and other originators' data.

To obtain the volatility under "stressed" scenarios, Moody's takes into account historical data. However observed historical volatility may not be significant (given insufficient data points, or incomplete data), and in addition may not be representative for the future as it is based on the previous economic environments experienced.

Consequently, Moody's determines a number representing the enhancement that would be required for a pool of mortgages to obtain a rating consistent with Aaa under highly stressed conditions. This enhancement number (the "MILAN CE" number) is produced by using a loan-by-loan model, which looks at each loan in the pool individually and based on its individual characteristics such as LTV or other identified drivers of risk, will produce a benchmark CE number. This assumes stressed recovery rates (through house price decline), time to recovery, interest rates and costs to foreclosure. The weighted-average benchmark CE number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the MILAN CE number.

Modelling assumption:

The MILAN CE number and the expected loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses. The standard deviation of the distribution is found by setting the expected loss of the area of the lognormal distribution beyond the MILAN CE equal to the expected loss that is consistent with the idealised expected loss of a Aaa tranche.

Tranching of the Notes:

Once the loss distribution of the pool under consideration has been computed, a cash flow model is used to assess the

impact of structural features of the transaction. It calculates the average lives and the losses experienced by the notes for every loss scenario for the portfolio. Based on these numbers, the expected loss and the weighted-average lives for the notes are calculated as weighted averages based on the probabilities of the respective scenarios. The expected loss on each tranche together with the notes' weighted-average life determines the rating, which is consistent with Moody's target losses for each rating category.

The rating of the notes is therefore based on an analysis of:

- » The characteristics of the mortgage pool backing the notes;
- » Sector-wide and originator specific performance data;
- » Protection provided by credit enhancement and liquidity support against defaults and arrears in the mortgage pool;
- » The roles of the swap and hedging providers;
- » The legal and structural integrity of the issue.

Treatment of Concerns:

- » **Payment type:** [69.7]% of the loans are interest-only loans (including life mortgage loans). Moody's has applied a 25% penalty to these loans (standard MILAN penalty as per Moody's MILAN methodology). The adjustment leads to an increase in the MILAN CE number of approximately 50 basis points.
- » **Data on employment type:** Moody's has applied the 40% standard penalty to all the loans as per Moody's MILAN methodology that had no information on employment type or had an "other" employment type which accounted for an adjustment on [5.7]% of the pool. This leads to an adjustment in the MILAN CE of approximately 10 basis points.
- » **Loans with high borrowers' age at maturity:** [18.8]% of borrowers will be older than 80 years when the loan matures. Moody's has applied a 100% adjustment in the MILAN model to these loans. The adjustment leads to an increase in the MILAN CE of approximately 40 basis points. Moody's views these loans as riskier because given the current life expectancy in the Netherlands the borrowers die before the maturity of the loan which will increase default frequency as compared to the benchmark loan.
- » **NHG loans:** [72.5]% of the pool are NHG-loans. The performance of the NHG guaranteed loans is highly dependent on the originator's compliance with the NHG criteria at the time of origination. To account for potential losses Moody's has analysed the payout ratios in respect to NHG loans and the reasons for

shortfalls, if any. The assumed rescission rate for the NHG-loans that is applied in MILAN is 40% (as per Moody's NHG mortgages approach).

- » **Set-off:** The following sources of set-off risk have been taken into account in the cash flow modelling (see also the "Assets" section for description of the mortgage products):
 - **Set-off on insurance-linked products:** approx. [25]% of the pool constitutes mortgage loans with life insurance repayment vehicles. Moody's received information on the insurance company counterparties on aggregated pool level and used this information when assessing the set-off risk. The set-off risk is taken into account in the ratings of the notes by modelling the losses resulting from the insurance companies' default as described in Moody's published methodology.
 - **Set-off on deposits:** SNS Bank is a deposit taking entity. The estimated deposit set-off accounts for approximately 1.5% of the pool at closing. For the set-off modeling Moody's assumed a counterparty rating of Baa3. This rating is lower than the current rating of SNS Bank and allows for some level of delinkage of the ratings, should SNS Bank be downgraded. Furthermore, to mitigate a potential set-off risk built up, a set-off reserve has been put in place as of closing that covers set-off risk beyond the set-off risk that has been sized as of closing. The issuer has the right to draw from the set-off reserve if a borrower invokes a right of set-off and consequently, the issuer does not receive the full amounts that are due.

- » **Asset yield:** There is only a partial hedge in this transaction. The asset yield of the portfolio can be affected by two main uncertainties; i) development of the weighted average interest rate over time due to adverse prepayments of loans with higher interest rates (yield compression) and ii) the uncertainty with regards to the rate to which the loans can reset at the next interest reset date.

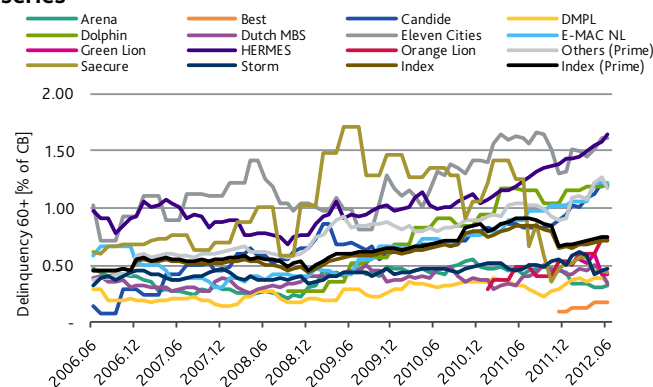
Moody's had to make an assumption on the development of the asset yield to size the impact on the available excess spread. For the purpose of the cash flow modelling Moody's applied a stressed assumption on the development of the weighted average yield of the portfolio over time by taking a flat asset yield to account for the fact that the transaction documentation provides a floor for the weighted average interest rate of the mortgage pool of 3.75% and a floor for the weighted average margin on the floating rate mortgage loans of 1.5%.

Benchmark Analysis

Performance Relative to Sector: In Moody's view, the historical performance of 60+ delinquencies and losses of the HERMES transactions is in the higher performance band comparing to other transactions in this sector. Moody's 60+ day delinquencies decreased to 0.72% in June 2012 from 0.85% in June 2011. Please see Moody's Index Report "[Dutch Prime and NHG RMBS Indices June 2012](#)" for more information.

CHART 14

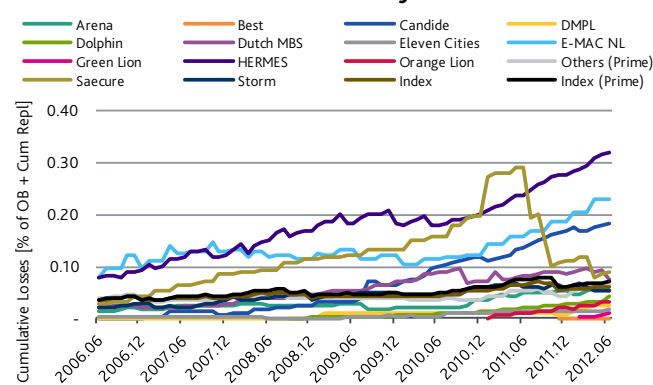
Dutch Prime RMBS 60+ Days Delinquency – trend by series



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

CHART 15

Dutch Prime RMBS Losses – trend by series



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Benchmark Table:

| Deal Name | Hermes XVIII | Hermes XVII | Hermes XIV | Lowland Mortgages Backed Securities 1 | Phedina 2011-I |
|--|--|---|---|---------------------------------------|-----------------------------------|
| Closing date | Sept 2012 | July 2009 | December 2008 | January 2012 | June 2011 |
| Information from | Provisional pool as of June 2012 | Final pool as of August 2010 | Final pool as of August 2010 | Final pool as of December 2012 | Provisional pool as of April 2011 |
| Originator | SNS Bank incl. former BLG Hypotheekbank, RegioBank | SNS Bank, SNS Regio Bank, BLG Hypotheekbank | SNS Bank, SNS Regio Bank, BLG Hypotheekbank | SNS Bank Regio Bank | BNP Paribas PF |
| Servicer | SNS Bank, RegioBank | SNS Bank, SNS Regio Bank, BLG Hypotheekbank | SNS Bank, SNS Regio Bank, BLG Hypotheekbank | SNS Bank Regio Bank | BNP Paribas PF |
| MILAN CE | [5.0%] | 8.0% | 9.0% | 8.0% | 5.1% |
| Expected Loss | [0.50%] | 0.75% | 0.75% | 0.75% | 0.60% |
| PORTFOLIO STRATIFICATION | | | | | |
| Avg. Current LTFV* | [88.8%] | 87.5% | 90.9% | 89.0% | 92.3% |
| % Current LTFV > 100% | [41.10%] | 32.2% | 34.0% | 42.0% | 41.5% |
| % Current LTFV > 110% | [24.1%] | 19.3% | 17.6% | 29.1% | 25.7% |
| % Current LTFV > 125% | [0%] | 0% | 0% | 0% | 0.0% |
| Avg. Current LTFV indexed** | [92.73%] | 84.7% | 94.5% | 89.2% | 95.8% |
| % NHG guaranteed loans | [72.5%] | 0.0% | 0.0% | 34.5% | 42.0% |
| % Self Employed | [7.9%] | 6.4% | 4.8% | 4.2% | 1.7% |
| % Self Certified | [0.0%] | 0.0% | 0.0% | 0.0% | 0.0% |
| % Non-owner Occupied | [0.0%] | 0.0% | 0.0% | 0.0% | 0.0% |
| % IO without collateral | [69.7%] | 53.1% | 50.8% | 65.7% | 61.2% |
| % IO with life insurance policy | [25.0%] | 30.2% | 35.7% | 12.8% | 15.4% |
| % IO with savings policy | [28.4%] | 9.0% | 4.9% | 14.5% | 21.5% |
| % IO with investment account | [0.0%] | 6.9% | 7.6% | 5.6% | 0.7% |
| % Fixed interest | [91.0%] | 84.4% | 94.0% | 85.5% | 100% |
| % in arrears | [0.0%] | 1.0% | 0.0% | 0.0% | 0.0% |
| Highest regional concentration | [Limburg (18.1%)] | Limburg (17.7%) | Noord Brabant (17.3%) | Gelderland (17.1%) | Zuid Holland (20.1%) |
| PORTFOLIO DATA | | | | | |
| Current Balance | [€971,826,044] | €3,461,017,913 | €2,971,249,770 | €3,800,299,372 | €1,546,745,823 |
| Average Loan (Borrower) | [€166,694] | €159,018 | €207,056 | €177,005 | €227,932 |
| Borrower top 20 (as % of pool bal) | [0.96%] | 0.77% | 0.90% | 0.8% | 1.1% |
| WA interest rate | [4.28%] | 4.88% | 4.95% | 4.6% | 4.9% |
| Average seasoning in years | [2.8] | 5.4 | 3.0 | 4.6 | 1.8 |
| Average time to maturity in years | [25.9] | 24.1 | 26.7 | 24.3 | 28.1% |
| Maximum maturity date | [1 Jul 2042] | 1 Mar. 2040 | 1 Aug. 2040 | Not available | May 2041 |
| Average House Price stress rate** | [31.4%] | 30.4% | 30.4% | 32.7% | 30.4% |
| Average House Price change** | [-3.8%] | 3.3% | -3.7% | 1.9% | -3.6% |
| STRUCTURAL FEATURES | | | | | |
| Notes Payment Frequency | Quarterly | Quarterly | Quarterly | Monthly | Quarterly |
| Replenishment periods | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| Total Aaa size | [92.0%] | 87.0% | 92.7% | 88.0% | 95.3% |
| RF at Closing*** | 0.0% | 0.0% | 0.0% | 0.0% | 2.0% |
| RF Fully Funded at Closing? | Not applicable | No | No | Not applicable | Yes |
| RF Floor*** | Not applicable | Not applicable | Not applicable | Not applicable | 2.0%, non-amortising |
| Hedge in place | Yes | Yes | Yes | No | Yes |
| Swap rate or guaranteed XS (if applicable) | 0.45% | 0.35% | 0.35% | Not applicable | 0.50% |
| Principal to pay interest? | Yes | No | No | Yes | Yes |

* Loan-to-foreclosure-value. The market standard in the Netherlands is to report foreclosure value. Moody's converts foreclosure value to market value using the following formula: foreclosure value * 110% = market value.

** As per Moody's calculation.

*** Of original note balance, excluding equity tranche

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary. For more information on V Score and Parameter sensitivity methodology for RMBS, please refer to "V Scores and Parameter Sensitivities in the Major EMEA RMBS Sectors" published in April 2009.

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed 16 loss distributions derived from the combinations of MILAN Credit Enhancement: 5.0% (base case), 6.0% (base x 1.2), 7.0% (base x 1.4) and 8.0% (base x 1.6) and expected loss: 0.5% (base case), 0.8% (base x 1.5), 1.0% (base x 2) and 1.5% (base x 3). The 5.0% /0.5% scenario would represent the base case assumptions used in the initial rating process.

The tables below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches.

TABLE 5*

Tranche A1

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aaa* | Aaa (0) | Aaa (0) | Aaa (0) |
| | 0.80% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.00% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.50% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |

TABLE 6*

Tranche A2

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aaa* | Aaa (0) | Aaa (0) | Aaa (0) |
| | 0.80% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.00% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |
| | 1.50% | Aaa (0) | Aaa (0) | Aaa (0) | Aaa (0) |

TABLE 7*

Tranche A3

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aaa* | Aaa (0) | Aa1 (1) | Aa1 (1) |
| | 0.80% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |
| | 1.00% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |
| | 1.50% | Aaa (0) | Aaa (0) | Aa1 (1) | Aa1 (1) |

TABLE 8*

Tranche B

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|---------|---------|---------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Aa2* | Aa2 (0) | Aa2 (0) | Aa3 (1) |
| | 0.80% | Aa2 (0) | Aa2 (0) | Aa3 (1) | Aa3 (1) |
| | 1.00% | Aa2 (0) | Aa2 (0) | Aa3 (1) | Aa3 (1) |
| | 1.50% | Aa2 (0) | Aa3 (1) | Aa3 (1) | A1 (2) |

TABLE 9*

Tranche C

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|--------|--------|----------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | A2* | A2 (0) | A2 (0) | A2 (0) |
| | 0.80% | A2 (0) | A2 (0) | A2 (0) | A2 (0) |
| | 1.00% | A2 (0) | A2 (0) | A2 (0) | A3 (1) |
| | 1.50% | A2 (0) | A3 (1) | A3 (1) | Baa1 (2) |

TABLE 10*

Tranche D

| | | MILAN CE Output | | | |
|----------------------------|-------|-----------------|----------|----------|----------|
| | | 5.0% | 6.0% | 7.0% | 8.0% |
| Median Expected Loss | 0.50% | Baa2* | Baa2 (0) | Baa2 (0) | Baa2 (0) |
| | 0.80% | Baa2 (0) | Baa2 (0) | Baa2 (0) | Baa2 (0) |
| | 1.00% | Baa2 (0) | Baa2 (0) | Baa2 (0) | Baa2 (0) |
| | 1.50% | Baa2 (0) | Baa3 (1) | Baa3 (1) | Baa3 (1) |

* Results under base case assumptions indicated by asterisk '*'. Change in model-indicated rating (# of notches) is noted in parentheses.

Worse case scenarios: At the time the rating was assigned, the model output indicated that the Class A1 and A2 notes would have achieved an Aaa rating if the expected loss was as high as 1.5% assuming MILAN CE increased to 8.0% and all other factors were constant. Under the same assumptions, the Class A3 notes would have achieved an Aa1 rating.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: The sellers act as servicers in this transaction. They are also foundation account providers.

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings:

- » Deterioration of the general economic environment and specifically, the real estate market beyond the current consensus.
- » Default of other counterparties that are involved in the transaction (this risk is mitigated by implemented triggers).

| Counterparty Rating Triggers | Condition | Remedies |
|------------------------------|--------------|---|
| Foundation Account Provider | Loss of Baa1 | Replace with Rabobank, Rabobank replaced at loss of P-1 |
| Issuer Account Bank | Loss of P-1 | (i) Find a guarantor; (ii) Replace. |
| Servicer | Loss of Baa3 | Appoint a back-up servicer |

Loan repurchase following breach of representations & warranties (R&W):

- » Each month SNS Bank will automatically perform a check of R&W.
- » The originators have not provided historical data on the loans repurchase due to breach of R&W.

Monitoring Report:

Data Quality:

- » [Investor report format is finalised.]
- » The report includes all necessary information for Moody's to monitor the transaction.
- » No undertaking to periodically provide Moody's with updated pool cut.

Data Availability:

- » Report provided by: [ATC Financial Services B.V.]
- » The timeline for investor report is not provided in the transaction documentation. The priority of payment section is not published on the IPD.
- » The completed report is published 3 days before the IPD.
- » The frequency of the publication of the investor report is quarterly and the frequency of the IPD is quarterly.
- » Investor reports is publicly available on a website.

Representations and Warranties

The Rule 17g-7 Report of Representations and Warranties is hereby incorporated by reference and can be found at http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF296112.

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Originator Profile:

- » [SNS Bank N.V](#)

Credit Opinions:

- » [SNS REAAL](#)
- » [SNS Bank N.V](#)

Pre-Sale Reports:

- » [Holland Mortgage Backed Series \(HERMES\) I B.V, December 1999 \(SF8236\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) II B.V, April 2001 \(SF10300\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) III B.V, August 2001 \(SF10911\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) IV B.V, October 2001 \(SF11433\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) V B.V, March 2003 \(SF21211\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) VI B.V, May 2003 \(SF22253\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) VII B.V, October 2003 \(SF27492\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) VIII B.V, June 2004 \(SF39291\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) IX B.V, February \(SF51850\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) X B.V, August \(SF60945\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XI B.V, March \(SF70946\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XII B.V, October \(SF85427\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XIII B.V, April 2007 \(SF96288\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XIV B.V, October 2007 \(SF110786\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XV B.V, June 2010 \(SF206287\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XVI B.V, October 2010 \(SF220727\)](#)
- » [Holland Mortgage Backed Series \(HERMES\) XVII B.V, October 2010 \(SF221596\)](#)

Special Reports:

- » [Liquidity Facilities in European Term Securitisations, August 2002 \(SF15810\)](#)
- » [Guide to the use of the Moody's Input File for the MILAN model, May 2007 \(SF94144\)](#)
- » [Surveillance Process for Moody's-Rated ABS and RMBS in EMEA, August 2007 \(SF105658\)](#)
- » [Investor/Servicer Reports: Important Considerations for Moody's Surveillance of EMEA ABS and RMBS Transactions, June 2009 \(SF154502\)](#)
- » [Use of Credit Bureau Data in Moody's EMEA RMBS and ABS Analysis, October 2009 \(SF169637\)](#)
- » [Four Dutch ABS/RMBS Securitisations Under Stress Following Originator/Servicer Bankruptcy, November 2009 \(SF186602\)](#)
- » [EMEA ABS & RMBS: 2010 Review & 2011 Outlook, December 2010 \(SF229277\)](#)
- » [Moody's Clarifies Policy for the Issuance of RACs, March 2010 \(123455\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Summary of Originator's Underwriting Policies and Procedures

| Originator Ability | At Closing |
|---|---|
| Sales and Marketing Practices | |
| Origination channels: | 74% intermediaries and 26% branches |
| Underwriting Procedures | |
| Underwriting composition | 100% by each lender's centralised office |
| Ratio of loans underwritten per FTE* per day: | 4 to 5 files reviewed per day |
| Average experience in underwriting: | Not Provided |
| Criteria for compensation of underwriters | 100% base pay and up to 15% bonus (as a percentage of total compensation) |
| Approval rate: | +/-65% of all application approved |
| Percentage of exceptions to underwriting policies: | Not Provided |
| Underwriting Policies | |
| Source of credit history checks: | Internal database, external database: Dutch Credit Bureau (BKR) |
| Methods used to assess borrowers' repayment capabilities: | <ul style="list-style-type: none"> » Debt to income ratio in according to NIBUD/NHG criteria » Income multiple is determined by age and LTV limits as set out in the Code of Conduct. » The relevant Seller calculates the maximum proportion of a Borrower's income that may be applied to service principal and interest on the mortgage loan and the entire Borrower's other financial commitments. » The income test looks at the client's mortgage expenses using the applicable mortgage rate and an annuity redemption for a maximum period of 30 years (in case the interest fixing period is less than 10 years then the reference rate to be used will be the then prevalent yield on a 10 year Dutch government bond + 1%) » Income verification "entrepreneur" via specialised desk at the Mid-Office » 3 years of income is considered and tax return checked for self employed borrower. |
| Income taken into account in affordability calculations: | Gross income; includes: 100% base salary, 37.5 % overtime, 60% state benefit and 85% investment income (incl rental income) |
| Other borrower's exposures (i.e. other debts) taken into account in affordability calculations: | Living expenses are taken care of in the DTI calculation and is calculated by NIBUD. This forms part of the maximum DTI that is applicable to each income band. Deduct alimony costs and other loans that the client has outstanding. |
| Is interest rate stressed to calculate affordability? | No |
| Affordability for I/O/balloon loans: | Based on Principal & actual interest |
| Method used for income verification: | Specify: "Werkgeversverklaring" form is filled out by the employer that states the yearly income of the borrower and signed by employer, sometimes call employer |
| Criteria for non income verified: | Not applicable |
| Max age loan maturity: | 30 years |
| Maximum loan size: | Not Provided |
| Valuation types used for purchase: | <ul style="list-style-type: none"> » Full valuation which include an internal inspection of the property. LTV's less than 75% may use the tax (WOZ) valuation which is haircut by 10%. |
| Collateral Valuation Policies and Procedures | |
| Value in the LTV calculation/ in the IT system: | Appraisal valuation used |
| Type, qualification and appointment of valuers: | External valuers who is a member of an accredited association such as NRVV, SCVM or CERT / MKB. Appointed by lender through it internal panel |
| Closing Policies and Procedures | |
| Quality check before releasing funds: | All documents received and insurance in place before loan is dispersed. |
| Credit Risk Management | |
| Reporting line of Chief Risk Officer : | Board of Directors |
| Track loan performance by loan characteristics? | Yes, Credit risk team is responsible for analysing the credit risk in the portfolio and they report to senior management on underlying trends and performance of the mortgage. |

* FTE: Full Time Equivalent

| Originator Stability: | At Closing |
|--|--|
| Quality Controls and Audits | |
| Responsibility of quality assurance: | Internal control audit is performed by a separate quality team |
| Number of files per underwriter per month being monitored: | Each Quarter an audit on 50 mortgage loan files is performed |
| Management Strength and Staff Quality | |
| Training of new hires and existing staff: | Formalised underwriting induction programme and ongoing on the job training |
| Technology | |
| Tools/infrastructure available: | Loan file scanning; workflow system; automatic feed from credit bureaus. Intends to migrate to a new database with more information on mortgage products in the next 6 to 12 months |

Appendix 2: Summary of Servicer's Collection Procedures

| Servicer Ability | At Closing |
|--|---|
| Loan Administration | |
| Entities involved in loan administration: | Centralised at head office for each label |
| Operating hours: | Mon to Fri 7:30 to 21:00, Account managers can visit the borrower on the weekend if required |
| Early Arrears Management | |
| Entities involved in early stage arrears: | Centralised at head office for each label |
| Ratio of loans per collector (FTE) in early arrears stage: | Not Provided |
| Early Arrears strategy | <p>Delinquent files are prioritised based on risk category</p> <ul style="list-style-type: none"> » Low: Below EUR 500 expected loss » Medium: between EUR 500 and EUR 2,500 expected loss » High: Higher than EUR 2,500 expected loss <p>Low risk client (80% of arrears book)</p> <ul style="list-style-type: none"> » no initial call contact only letters are sent (day 4, day 20 and day 55) » If no response the 1st call made on day 55 <p>High risk clients (20% of arrears book)</p> <ul style="list-style-type: none"> » 1st call on day 4 » Letter is sent automatically after 10 days » If there is no response, client is contacted again before second reminder letter sent on day 20 . <p>If no contact is made borrower is redirected to the special services department who will then start foreclosure process.</p> <p>Accounts Managers visit face to face with the distressed client (60 days after missed payment)</p> |
| Prioritisation rules for delinquent accounts: | Depending on risk profile of borrower |
| Use of updated information in the collection strategy: | Not Provided |
| Loss Mitigation and Asset Management Practices: | |
| Transfer of a loan to the late stage arrears team/stage: | After 90 days (loan classified as default) |
| Entities involved in late stage arrears: | Centralised at head office for each label, special services team and legal team |
| Ratio of loans per collector (FTE) in late arrears stage: | Not Provided |
| Analysis performed to assess/propose loss mitigation solutions: | <p>Accounts Manager during early arrears will get an updated income and expenditure from the borrower,</p> <p>Collector prepares the file for the special servicer team recommending the course of action</p> <p>Updated valuation is done</p> <p>Special services team will review the proposal and decide on best action which could take the form of a payment plan or foreclosure.</p> |
| Time from first default to litigation and from litigation to sale: | 12 months from first default to litigation; 6 months from litigation to sale |
| Average recovery rate (including accrued interest & costs): | 77% average recovery between the three labels |
| Servicer Stability | |
| At Closing | |
| Management and Staff | |
| Average experience in servicing or tenure with company: | Head of Arrears Management has been with SNS for 10 years and heading the department for 5 years |
| Training of new hires specific to the servicing function (i.e. excluding the company induction training) | Not Provided |
| Quality control and audit | |
| Responsibility of quality assurance: | Independent team (include the number of staff) reporting directly to the board. Annual audits performed. |
| Number of files (and calls) per agent per month being monitored: | Not Provided |
| IT and Reporting | |
| Tools/infrastructure available: | Workflow system, scanning correspondence, call recording capability; automatic feed from credit bureau for regular updates |
| Automatic tracking and reporting of specific characteristics: | Yes, automatic reminders |

¹ See Moody's special comment "[Moody's Clarifies Policy for the Issuance of RACs](#)" for more information.

» contacts continued from page 1

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