

LOWLAND MORTGAGE BACKED SECURITIES 1 B.V.
(incorporated with limited liability in the Netherlands)

euro 538,600,000 Senior Class A1 Mortgage-Backed Floating Rate Notes 2012 due 2044
issue price 100 per cent.
euro 2,799,300,000 Senior Class A2 Mortgage-Backed Fixed Rate Notes 2012 due 2044
issue price 100 per cent.
euro 189,600,000 Mezzanine Class B Mortgage-Backed Notes 2012 due 2044,
issue price 100 per cent.
euro 144,100,000 Mezzanine Class C Mortgage-Backed Notes 2012 due 2044,
issue price 100 per cent.
euro 79,600,000 Junior Class D Mortgage-Backed Notes 2012 due 2044,
issue price 100 per cent.
euro 41,800,000 Subordinated Class E Mortgage-Backed Notes 2012 due 2044, issue price
100 per cent.

Application has been made to list the euro 538,600,000 Senior Class A1 Mortgage-Backed Floating Rate Notes 2012 due 2044 (the "**Senior Class A1 Notes**"), the euro 2,799,300,000 Senior Class A2 Mortgage-Backed Fixed Rate Notes 2012 due 2044 (the "**Senior Class A2 Notes**"), the euro 189,600,000 Mezzanine Class B Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class B Notes**"), the euro 144,100,000 Mezzanine Class C Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class C Notes**"), the euro 79,600,000 Junior Class D Mortgage-Backed Notes 2012 due 2044 (the "**Junior Class D Notes**") and the euro 41,800,000 Subordinated Class E Mortgage-Backed Notes 2012 due 2044 (the "**Subordinated Class E Notes**"), and together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**"), to be issued by Lowland Mortgage Backed Securities 1 B.V. (the "**Issuer**"), on Euronext Amsterdam by NYSE Euronext ("**Euronext Amsterdam**"). This Prospectus has been approved by the Netherlands Authority for the Financial Markets ("**Stichting Autoriteit Financiële Markten**"). The Notes are expected to be issued and admitted to trading on 31 January 2012.

The Senior Class A1 Notes will carry a floating rate of interest, payable monthly in arrear on each Payment Date, subject to and in accordance with the Terms and Conditions of the Notes (the "**Conditions**"). The rate of interest for the Senior Class A1 Notes will be one month Euribor (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro), plus a margin equal to 1 per cent. per annum. The Senior Class A2 Notes will carry a fixed rate of interest, which will be 3.5 per cent., payable annually in arrear on each Payment Date. **The Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not bear any interest. As a result, none of the Mezzanine Class B Noteholders, Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders will receive payments in respect of interest.**

The Notes are scheduled to mature on the Payment Date falling in January 2044. On each Payment Date, the Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with, the Conditions. On the Payment Date falling in February 2017 (the "**First Optional Redemption Date**") and on each Payment Date thereafter (each an "**Optional Redemption Date**"), the Issuer will have the option to redeem all (but not some only) of the Notes at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In the event of certain tax changes affecting the Notes, the Issuer has the option to redeem all of the Notes (in whole but not some only subject to and in accordance with the Conditions).

It is a condition precedent to issuance that each of the Senior Class A1 Notes and the Senior Class A2 Notes, on issue, be assigned a "AAAsf" rating by Fitch Ratings Limited ("**Fitch**") and a Aaa(sf) rating by Moody's Investors Services Limited ("**Moody's**") and together with Fitch and Moody's the "**Rating Agencies**") and the Mezzanine Class B Notes, on issue, be assigned a "AAsf" rating by Fitch and a "Aa3(sf) rating by Moody's and the Mezzanine Class C Notes, on issue, be assigned a "BBB+sf" rating by Fitch and a "A3(sf) rating by Moody's and the Junior Class D Notes, on issue, be assigned a "BBsf" rating by Fitch and a "Ba2(sf) rating by Moody's. The Rating Agencies are registered as rating agencies under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 513/2011 of 18 May 2011 (the "**CRA Regulation**").

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see *Risk Factors* herein.

The Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables and the Beneficiary Rights relating thereto vested by the Issuer in favour of Stichting Security Trustee Lowland Mortgage Backed Securities 1 (the "**Security Trustee**") and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with a substantial part of the Relevant Documents. The right to payment of principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated and may be limited as more fully described in the *Terms and Conditions of the Notes*.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without coupons, which is expected to be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the issue date thereof. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a "**Permanent Global Note**"), without coupons not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for definitive notes in bearer form ("**Definitive**").

Notes") as described in the Conditions. The expression "**Global Notes**" means the Temporary Global Note of each Class and the Permanent Global Note of each Class and the expression "**Global Note**" means each Temporary Global Note or each Permanent Global Note, as the context may require.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Senior Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper and does not necessarily mean that the Senior Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Notes will be solely the obligations of the Issuer. The Notes will not be the obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, each Seller, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Sellers, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

For the page reference of the definitions of capitalised terms used herein see *Index of Defined Terms*.

Manager Arranger

SNS Bank N.V.

TABLE OF CONTENTS

SUMMARY	4
RISK FACTORS.....	7
STRUCTURE DIAGRAM	31
OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION.....	32
IMPORTANT INFORMATION	48
DOCUMENTS INCORPORATED BY REFERENCE.....	50
CREDIT STRUCTURE.....	51
OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET	62
SNS BANK N.V.	64
SELLERS AND RESIDENTIAL MORTGAGE BUSINESS	72
DESCRIPTION OF MORTGAGE LOANS.....	76
NHG GUARANTEE PROGRAMME	86
MORTGAGE RECEIVABLES PURCHASE AGREEMENT	89
SUB-PARTICIPATION AGREEMENTS.....	98
ADMINISTRATION AGREEMENT.....	102
THE ISSUER	104
USE OF PROCEEDS.....	107
DESCRIPTION OF SECURITY	108
THE SECURITY TRUSTEE.....	110
TERMS AND CONDITIONS OF THE NOTES.....	111
THE GLOBAL NOTES.....	126
TAXATION IN THE NETHERLANDS	128
PURCHASE AND SALE	130
GENERAL INFORMATION	134
INDEX OF DEFINED TERMS.....	135

SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Civil liability will only attach to the Issuer, if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of the capitalised terms used herein see Index of Defined Terms.

The transaction

The Issuer will purchase from the relevant Seller the Relevant Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans originated by the relevant Seller, part of which will have the benefit of NHG Guarantees) and will, on the Closing Date, accept the assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto by means of a deed of assignment, registered with the appropriate tax authorities, as a result of which legal title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds thereof to pay to the relevant Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement. In addition, the Issuer will pay the Deferred Purchase Price to the Sellers, which is to be paid on each Payment Date in Deferred Purchase Price Instalments, if any (see further the section Mortgage Receivables Purchase Agreement below). On the Closing Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price and deposited on the Floating Rate GIC Account with a corresponding credit to the Construction Ledger.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Sub-Participation Agreements and the Floating Rate GIC to make payments of, *inter alia*, principal and interest (if any) due in respect of the Notes. In case of a shortfall in the interest receipts available to make interest payments on the Senior Class A Notes, the Issuer may apply principal receipts for such purpose. The obligations of the Issuer in respect of the Notes, will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*) and the right to payment of principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated to the Senior Class A Notes and is limited as more fully described herein under Credit Structure and Terms and Conditions of the Notes.

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest on the balance standing from time to time to the credit of the Floating Rate GIC Account determined (i) by reference to EONIA or (ii) subject to certain conditions, as otherwise determined by the Floating Rate GIC Provider, as further set out in the Floating Rate GIC (see under *Credit Structure* below).

Pursuant to the Administration Agreement, the relevant Pool Servicer will – *inter alia* – (i) provide administration and management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Relevant Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Relevant Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights; (ii) communicate with the relevant Borrowers, (iii) investigate payment delinquencies and (iv) calculate the Potential Set-Off Required Amount. Furthermore, the Issuer Administrator will provide certain administration, calculation and cash management services to the Issuer including in connection with the Financial Collateral Agreement (see further *Administration Agreement* and *Mortgage Administration* in *SNS Residential Mortgage Business* and *Sellers and Residential Mortgage Business* below).

There is no hedge available for the rate of interest payable by the Issuer on the Senior Class A Notes.

The Issuer

Lowland Mortgage Backed Securities 1 B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"). The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding. The Issuer is established to purchase the Mortgage Receivables and to issue the Notes.

Security

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with a substantial part of the Relevant Documents.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer shall undertake in the Parallel Debt Agreement to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Secured Parties pursuant to the Relevant Documents.

The Trust Deed sets out the priority of the claims of the Secured Parties. For a more detailed description see *Credit Structure* and *Description of Security* below.

Interest on the Notes

The Senior Class A1 Notes will carry a floating rate of interest, payable monthly in arrear on each Payment Date. The rate of interest for the Senior Class A1 Notes will be one month Euribor (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro) plus a margin equal to 1 per cent. per annum.

The Senior Class A2 Notes will carry a fixed rate of interest payable annually in arrear on each Payment Date. The rate of interest for the Senior Class A2 Notes will be 3.5 per cent. per annum.

The Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not bear any interest. As a result, the Mezzanine Class B Noteholders, Mezzanine Class C Noteholders, Junior Class D Noteholders and the Subordinated Class E Noteholders will not receive payments in respect of interest.

Redemption of the Notes

Unless previously redeemed, the Issuer will, subject to Condition 9(a), redeem all of the Notes at their respective Principal Amount Outstanding on the Payment Date falling in January 2044.

On each Payment Date, the Issuer will be obliged to apply the Redemption Available Amount to (partially) redeem the Notes sequentially starting with the Senior Class A Notes. The Redemption Available Amount will be equal to the sum of the Floating Rate Redemption Available Amount and the Fixed Rate Redemption Available Amount. The Floating Rate Redemption Available Amount broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Floating Rate Mortgage Receivables or (ii) in connection with a repurchase or sale of the Floating Rate Mortgage Receivables. The Fixed Rate Redemption Available Amount broadly consist of all amounts of principal received (i) as repayment or pre-payment on the Fixed Rate Mortgage Receivables or (ii) in connection with a repurchase or sale of the Fixed Rate Mortgage Receivables.

The Floating Rate Redemption Available Amount will first be applied to redeem the Senior Class A1 Notes and if the Senior Class A1 Notes have been fully redeemed, to redeem the Senior Class A2 Notes and the other Notes sequentially and the Fixed Rate Redemption Available Amount will first be applied to redeem the Senior Class A2 Notes and if the Senior Class A2 Notes have been fully redeemed, to

redeem the Senior Class A1 Notes and the other Notes sequentially..

The Issuer will have the option to redeem all of the Notes, but not some only, on each Optional Redemption Date at their Principal Amount Outstanding subject, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, to Condition 9(a). Also, the Issuer will have the option to redeem the Notes for tax reasons. Also, the Issuer will redeem the Notes subject to and in accordance with Conditions 6(b) and 9(a) if the Clean-Up Call Option is exercised.

Listing

Application has been made to list the Notes on Euronext Amsterdam.

Rating

It is a condition precedent to issuance that each of the Senior Class A1 Notes and Senior Class A2 Notes, on issue, be assigned a "AAAsf" rating by Fitch and a Aaa(sf) rating by Moody's and the Mezzanine Class B Notes, on issue, be assigned a "AAsf" rating by Fitch and a "Aa3(sf) rating by Moody's and the Mezzanine Class C Notes, on issue, be assigned a "BBB+sf" rating by Fitch and a "A3(sf) rating by Moody's and the Junior Class D Notes, on issue, be assigned a "BBsf" rating by Fitch and a "Ba2(sf)" rating by Moody's.. The Rating Agencies are registered as rating agencies under the CRA Regulation.

Collection Foundation

All direct debit payments by Borrowers are made to a bank account maintained by the Collection Foundation, which has been set up as bankruptcy remote entity (stichting) under Dutch law, rather than to the Sellers directly. The Collection Foundation is obliged to forward all amounts received by it in respect of the Relevant Mortgage Receivables to the Floating Rate GIC Account.

The Collection Foundation will grant a first ranking right of pledge on the balance standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any future security trustees) in securitisation transactions and future vehicles in conduit transactions, covered bond transactions or similar transactions (and any security trustees relating thereto) initiated by the Seller will also have the benefit of such right of pledge. Such rights of pledge have been notified to the Foundation Account Provider.

Risk factors

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes such as (but not limited to) the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see *Risk Factors* below).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest (if any), principal or other amounts on or in connection with the Notes may occur for other reasons not known to the Issuer or not deemed to be material enough. The Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISK FACTORS REGARDING THE ISSUER

The Notes will be solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, any Seller, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Sellers, the Savings Insurance Company, the Bank Savings Participants, the Pool Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Floating Rate GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest (if any) on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables and the Beneficiary Rights relating thereto, the proceeds of the sale of any Mortgage Receivables and the receipt by it of interest in respect of the balance standing to the credit of the Floating Rate GIC Account. See *Credit Structure* below. The Issuer does not have any other resources available to it to meet its obligations under the Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations under the Notes. It should be noted that there is a risk that (a) SNS Bank in its capacity as Seller, Pool Servicer, Issuer Administrator, Bank Savings Participants and Foundation Account Provider will not meet its obligations vis-à-vis the Issuer, (b) RegioBank in its capacity as Seller, Pool Servicer, Bank Savings Participant and Foundation Account Provider will not meet its obligations vis-à-vis the Issuer, (c) The Royal Bank of Scotland N.V. as Paying Agent and Reference Agent will not perform its obligations under the Paying Agency Agreement, (d) SRLEV N.V. as Savings Insurance Company will not perform its obligations under the Insurance Savings Sub-Participation Agreement, (e) ATC Management B.V., ATC Corporate Services (Netherlands) B.V. and ANT Securitisation Services B.V. will not perform their respective obligations under the relevant Management Agreements, (f) Rabobank as Floating Rate GIC Provider and Foundation Account Provider will not perform its obligations vis-à-vis the Issuer and (h) the Manager will not perform its obligations under the Notes Purchase Agreements.

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

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

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivable cannot be invoked against the estate of the Issuer, if such future receivable comes into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that the assets pledged to the Security Trustee under the Security Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Floating Rate GIC Account following the Issuer's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to the section *Risks relating to Beneficiary Rights under the Insurance Policies*.

Risk related to payments received by the Issuer prior to notification of the pledge of the Mortgage Receivables in favour of the Security Trustee

Until notification to the Borrowers of the pledge to the Security Trustee of the Mortgage Receivables, but following notification of the assignment thereof to the Issuer, the Borrowers can only validly pay to the Issuer. Payments made by Borrowers to the Issuer prior to notification but after bankruptcy, suspension of payments or preliminary suspension of payments in respect of the Issuer having been declared will be part of the Issuer's estate. Based upon case law in case of bankruptcy of Issuer, the Security Trustee will have the right to recover any such amounts by preference ("*bij voorrang*") on the proceeds of the Mortgage Receivables. Such proceeds cannot be collected until a provisional distribution list ("*tussentijdse uitdelingslijst*"), if any, and the distribution list ("*uitdelingslijst*") has become final and the Security Trustee would in such event have to share in the general bankruptcy costs.

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

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

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee.

License requirement under the Wft

Under the Netherlands Act on Financial Supervision as amended from time to time ("*Wet op het*

financieel toezicht" or "*Wft*"), which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the relevant Pool Servicer. Each Pool Servicer holds a license as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") under the Wft and the Issuer thus benefits from the exemption. However, if the Administration Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Administration Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle ("*afwickelen*") its existing agreements, which may ultimately result in the early redemption of the Notes.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

Risk related to payments received by a Seller prior to notification of the assignment to the Issuer

Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Relevant Mortgage Receivables will be assigned on the Closing Date by the relevant Seller to the Issuer through a deed of assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Relevant Mortgage Receivables by the relevant Seller to the Issuer will not be notified by the relevant Seller or, as the case may be, the Issuer to the Borrowers except if any of the Assignment Notification Events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement*.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the relevant Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The relevant Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay any amounts received in respect of the Relevant Mortgage Receivables to the Issuer on the same day as these are received. However, receipt of such amounts by the Issuer is subject to the relevant Seller actually making such payments. If the relevant Seller is declared bankrupt, subject to (preliminary) suspension of payments or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers to the relevant Seller prior to notification of the assignment to the Issuer but after bankruptcy, (preliminary) suspension of payments or emergency regulations in respect of the relevant Seller having been declared will form part of the relevant Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the estate ("*boedelschuldeiser*") and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of general bankruptcy costs ("*algemene faillissementskosten*"), which may be material.

The risks set out in the preceding two paragraphs are mitigated by the following structural features. The Issuer has been informed by each of the Sellers that each Borrower has given a power of attorney to the relevant Seller or any sub-agent of the relevant Seller respectively to collect amounts from his account due under the Relevant Mortgage Loan by direct debit. Under the receivables proceeds distribution agreement (the "**Receivables Proceeds Distribution Agreement**") entered into by, inter alia, the Sellers, the bankruptcy remote foundation ("*stichting*") Stichting Hypotheken Incasso (the "**Collection Foundation**") and the Foundation Account Provider on 19 December 2011, the Sellers have requested the Collection Foundation to collect by direct debit all amounts of principal and interest to the bank accounts (the "**Collection Foundation Accounts**") held and maintained by the Collection Foundation. The Collection Foundation Accounts are held with SNS Bank and RegioBank, and will transfer to

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**", and together with SNS Bank and RegioBank, each a "**Foundation Account Provider**") upon the occurrence of certain trigger events with respect to SNS Bank. As a consequence, the Collection Foundation has a claim against the Foundation Account Provider, in respect of the balances standing to credit of the Collection Foundation Accounts. Prior to any such trigger events occurring, the Foundation Account Providers are the same legal entities as the Seller and thus the Collection Foundation will have claim against the Sellers for the amount standing to the credit of the Collection Foundation Accounts.

If and for so long as any Seller is the Collection Foundation Account Provider, in the event of a bankruptcy of the relevant Seller, any amounts standing to the credit of the Collection Foundation Accounts relating to the relevant Mortgage Receivables will form part of the bankruptcy estate of the relevant Seller.

The Collection Foundation is set up as a passive bankruptcy remote entity. The objects clause of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt thereof, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the Receivables Proceeds Distribution Agreement, SNS Bank and, after an insolvency event relating to SNS Bank, a new administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation (see for a description of the cash collection arrangements *Credit Structure* below).

There is a risk that any Seller (prior to notification of the assignment) or its bankruptcy trustee (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid ("*bevrijdend*"). This risk is, however, mitigated by the following. Firstly, each Seller has under the Receivables Proceeds Distribution Agreement undertaken to the Issuer and the Security Trustee not to instruct the Borrowers to pay any amounts under Relevant Mortgage Receivables into an account other than the Collection Foundation Accounts without (i) the prior written approval of each of the Collection Foundation, the Issuer and the Security Trustee, and (ii) notification to the Rating Agencies.

In addition, SNS Bank in its capacity as administrator for the Collection Foundation has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from the Seller to cause the transfer of amounts in respect of the Relevant Mortgage Receivables to be made to another account than the relevant Collection Foundation Accounts without prior approval of the Issuer and the Security Trustee. Notwithstanding the above, each Seller is obliged to pay to the Issuer any amounts which were not paid to the Collection Foundation Accounts but to the relevant Seller directly.

The balance standing to the credit of the Collection Foundation Accounts will be pledged to the Security Trustee, the Issuer and the Previous Transaction SPVs and Previous Transaction Security Trustees by the Collection Foundation as security for (*inter alia*) any and all liabilities of the Collection Foundation to, respectively, the Security Trustee and the Issuer and the Previous Transaction SPVs and Previous Transaction Security Trustees in view of the (remote) bankruptcy risk of the Collection Foundation. The pledge is shared between the Security Trustee and the Previous Transaction Security Trustees and the Issuer and the Previous Transaction SPVs, which are set up as bankruptcy remote securitisation special purpose vehicles. Each Previous Transaction Security Trustee and the Security Trustee have a certain *pari passu* ranking undivided interest, or "share" ("*aandeel*") in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. As a consequence, the rules applicable to co-ownership ("*gemeenschap*") apply to the joint right of pledge. The share of the Security Trustee will be determined on the basis of the amounts in the Collection Foundation Accounts relating to the relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code ("*aandeel*") in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in

respect of the amounts standing to the credit of the Collection Foundation Accounts which relate to the mortgage receivables owned and/or pledged to them, from time to time. In case of foreclosure of the co-owned right of pledge on the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. The same applies to the pledge for the Issuer and the Previous Transaction SPVs. The Collection Foundation Accounts Pledge Agreement provides that future issuers (and any security trustees) in securitisation transactions or future similar transactions (and any security trustees relating thereto) initiated by the Sellers will after accession also have the benefit of the right of pledge on the balance standing to the credit of the Collection Foundation Accounts.

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

Under Netherlands law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the relevant Seller to it (if any) with amounts it owes in respect of the Relevant Mortgage Receivable prior to notification of the assignment of the Relevant Mortgage Receivable to the Issuer having been made. Claims which are enforceable ("*afdwingbaar*") by a Borrower could, *inter alia*, result from current account balances or deposits made with such Seller and, in respect of Relevant Bank Savings Mortgage Loans, the Bank Savings Account balances of a Borrower held with the Bank Savings Participants (see *Risk of set-off or defences in case of Mortgage Receivables resulting from Bank Savings Mortgage Loans* below). Also, such claims of a Borrower could, *inter alia*, result from (x) services rendered by a Seller to the Borrower, if rendered at all, such as investment advice rendered by SNS Bank in connection with Investment-based Mortgage Loans or (y) services for which the relevant Seller is liable. As a result of the set-off of amounts due and payable by a Seller to the Borrower with amounts the Borrower owes in respect of the Relevant Mortgage Receivable, the Relevant Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

The conditions applicable to the Mortgage Loans originated by SNS Bank and RegioBank provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis SNS Bank or RegioBank, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Relevant Mortgage Receivable and the claim of the Borrower against the relevant Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated and became due and payable prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the terms of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The Issuer has been informed by SNS Bank and RegioBank that in most cases a balance on a deposit account and a Bank Savings Account can be withdrawn at any time and, consequently, such balance is due and payable at any time. If following receipt of notification of assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or the deposit account or the Bank Savings Account, as the case may be, the Borrower will only be permitted to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account, the deposit account or the Bank Savings Account after receipt of such notification, notwithstanding that amounts may have been credited.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the relevant Seller against the Relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivables, the relevant Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable. To secure the payment obligations of the Sellers in this respect, the Issuer will enter into the Financial Collateral Agreement with the Sellers and the Security Trustee pursuant to which each Seller shall have an obligation to transfer Eligible Collateral in an amount of and having a value equal to the higher of (i) the Potential Set-Off Required Amount minus the Posted Collateral Value and (ii) zero (the "**Delivery Amount**") (see *Credit Structure* below). Notwithstanding the above, if a Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Financial Collateral Agreement or if the amount set-off would exceed the balance standing to the credit of the Financial Cash Collateral Ledger, set-off by Borrowers could lead to losses under the Notes.

In respect of Mortgage Loans granted by any Seller to any employees within the group within the meaning of article 2:24b of the Dutch Civil Code of SNS REAAL N.V. (the "**SNS REAAL Group**") ("**Employee Mortgage Loans**") whereby the Borrower is also an employee of the relevant Seller, such Borrower has set-off rights vis-à-vis the Issuer for claims resulting from its employment relationship, provided that the conditions for set-off after notification of assignment, set out above, are met. Consequently, counterclaims resulting from the employment relationship which have become due prior to notification can be set-off against the Relevant Mortgage Receivable. For counterclaims which are not due at the time of notification, it is the question whether the counterclaim results from the same legal relationship as the Employee Mortgage Loan. The Issuer has been informed by each Seller that its employees have the right to a reduced interest on a mortgage loan taken out with the relevant Seller as part of their employment conditions. On this basis it could be argued that the Employee Mortgage Loan is part of the employment relationship and could on this basis be regarded as resulting from the same legal relationship. However, the Issuer has been advised that the better view is that the Employee Mortgage Loan and the employment relationship should not be regarded as the same legal relationship, since each Seller has represented and warranted in the Mortgage Receivables Purchase Agreement that (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan with salary payments is agreed or actually effectuated. There is no case law or literature supporting this view. If an Employee Mortgage Loan is granted by any Seller to a Borrower, which is also an employee of an entity within the SNS REAAL Group, other than the relevant Seller, the requirement for set-off that the debtor has a claim and a corresponding debt to the same counterparty is not met. There may be circumstances, however, which could lead to set-off or other defences being successful in such circumstances. The Sellers have informed the Issuer that the aggregate Outstanding Principal Amount of the Employee Mortgage Loans does not exceed EUR 473,424,491.30 at Closing.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy, (preliminary) suspension of payments or emergency regulations of the relevant Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code. Under the Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claims, if each claim (i) came into existence prior to the moment at which the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of (preliminary) suspension of payments or emergency regulations.

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

Risk of set-off or defences in case of Mortgage Receivables resulting from Bank Savings Mortgage Loans

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

Since the Bank Savings Mortgage Loans have been originated by the relevant Bank Savings Participant as Seller, if the conditions for set-off by Borrowers have been met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*) each Borrower under such Relevant Bank Savings Mortgage Loan will be entitled to set off amounts due by the relevant Seller under the Bank Savings Deposit with the Relevant Bank Savings Mortgage Receivable. To mitigate this risk, the Bank Savings Sub-Participation Agreement has been entered into between the Issuer, the Security Trustee and each Bank Savings Participant (see also *Sub-Participation Agreements* below). Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the relevant Bank Savings Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the relevant Bank Savings Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the relevant Bank Savings Participation, such set-off or defences could lead to losses under the Notes.

Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer

The mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the relevant Mortgaged Asset, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Seller ("**Bank Mortgages**"). The Mortgage Loans also provide for rights of pledge granted in favour of the relevant Seller, which secure the same debts as the Bank Mortgages ("**Bank Pledges**" and jointly with the Bank Mortgages, the "**Bank Security Rights**").

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

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a bank security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a bank security right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a bank security right, the security right will in principle (partially) pass to the assignee as an accessory right. In

this argument the transfer does not conflict with the nature of a bank mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

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

In respect of (i) the Mortgage Loans originated by SNS Bank before the end of 2005 and of (ii) the Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010) and the Mortgage Loans originated by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank, the relevant mortgage deeds stipulate that in case of assignment of the receivable the mortgage right will follow if this is stipulated upon the assignment. The conditions applicable to Mortgage Loans originated by SNS Bank as of the end of 2005 provide that in case of assignment or pledge of the receivable the Borrower and SNS Bank have the explicit intention that the assignee or pledgee will have the benefit of (a *pro rata* part of) the mortgage rights and rights of pledge securing such receivable, unless SNS Bank determines otherwise prior to the assignment or pledge. These stipulations are a clear indication of the intentions of the parties in this respect. The Issuer has been advised that, in the absence of circumstances giving an indication to the contrary, the inclusion of these provisions in the Mortgage Loans makes clear that the Bank Security Right (partially) follows the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

The Mortgage Loans (i) originated by SNS Bank before the end of 2005 and (ii) by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010) and by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank, do not provide for the Bank Pledges to partially follow the Mortgage Receivable upon assignment or pledge thereof. Also, the Mortgage Loans originated by RegioBank do not provide for the Bank Security Rights to follow the Mortgage Receivables upon the assignment or pledge thereof. Consequently, there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the Bank Pledge or Bank Security Right, as the case may be, should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on Bank Security Rights in the past as described above, which view continues to be defended by some legal commentators.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Security Trustee Receivables Pledge Agreement. However, the terms and conditions applicable to the Mortgage Loans, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for mortgages of the relevant Seller as from time to time in effect (the "**Mortgage Conditions**") in respect of (i) the Mortgage Loans originated by SNS Bank before the end of 2005 and (ii) the Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010), and the Mortgage Loans originated by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank and RegioBank do not provide that in case of a pledge of the Mortgage Receivable the mortgage right will (partially) follow the Mortgage Receivable. Therefore, there is no clear indication of the intention of the parties and, consequently, the view expressed in the above paragraph does not apply to the pledge of the Mortgage Receivables. However, a good argument can be made that the intention of the parties in case of an assignment of the Mortgage Receivable also includes the intention in case of a pledge of such Mortgage Receivable. Even if the Mortgage Conditions do not provide a clear indication on the intentions of the parties in case of pledge,

the Issuer has been advised that the Security Trustee as pledgee should have the benefit of the Bank Security Rights as accessory and ancillary right upon notification of the assignment of the Mortgage Receivables to the Issuer and the pledge to the Security Trustee. It should be noted, however, that there is no case law explicitly supporting this view. Therefore it is not certain what the Netherlands courts would decide if the matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on Bank Security Rights in the past, which view continues to be defended by some legal commentators.

Furthermore, with respect to the Mortgage Receivables resulting from the NHG Mortgage Loans (the "**NHG Mortgage Receivables**") it is noted that if the Issuer or the Security Trustee, as the case may be, does not have the benefit of the Bank Mortgage, it also will not be entitled to claim under any NHG Guarantee.

Risk related to jointly-held Bank Security Rights by the relevant Seller, the Issuer and the Security Trustee

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the relevant Seller and will secure both the Relevant Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the relevant Seller vis-à-vis the relevant Borrower (the "**Other Claims**"). This will not apply to the Bank Mortgages, securing (i) the Mortgage Loans originated by SNS Bank before the end of 2005 and (ii) the Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010), since the relevant mortgage deeds relating to those Mortgage Loans provide that following assignment or pledge of the Relevant Mortgage Receivable the Bank Mortgage no longer secures such Other Claims.

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

Each Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held Bank Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Seller will be equal to the Net Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the relevant Seller or, in case of its bankruptcy or emergency regulations, its trustee or administrator, as the case may be, this is not certain. Furthermore it is noted that this Joint Security Right Arrangement may not be effective against the Borrower.

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

Risk related to partial termination of the Bank Security Rights

The Mortgage Receivables Purchase Agreement provides that upon the occurrence of an Assignment

Notification Event the relevant Seller is required to give notice to the Borrowers of partial termination of, (i) in respect of Mortgage Loans originated by SNS Bank, the Bank Security Rights securing the Relevant Mortgage Receivables originated after the end of 2005 (other than the rights of pledge vested on securities in respect of Investment-based Mortgage Loans (the "**Borrower Securities Pledges**")) and the Bank Pledges securing the Relevant Mortgage Receivables originated before the end of 2005 (other than the Borrower Insurance Pledges and the Borrower Securities Pledges), and (ii) in respect of Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010) and the Mortgage Loans originated by BLG Hypotheekbank and the Mortgage Loans originated by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank, the Bank Pledges securing the Relevant Mortgage Receivables and (iii) in respect of Mortgage Loans originated by RegioBank, the Bank Security Rights securing the Relevant Mortgage Receivables. As a consequence of such partial termination, the relevant Bank Security Rights will only secure the Relevant Mortgage Receivables and the joint estate will be terminated (see *Risk related to jointly-held Bank Security Rights by the Seller, the Issuer and the Security Trustee*).

The Issuer has been advised that each Seller can effectively partially terminate the Bank Security Rights in this manner, but that there is no case law supporting this opinion.

Each Seller's undertaking to partially terminate the Bank Security Rights is no longer enforceable if such Seller would be declared bankrupt or become subject to emergency regulations. The co-operation of the relevant Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) would be required for such act and it is not certain whether such co-operation will be forthcoming. Also, the power of attorney given to the Issuer and the Security Trustee, respectively, to effectuate such partial termination on behalf of the relevant Seller would terminate or become ineffective in such event.

Risk that the mortgage rights on long leases cease to exist

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in *Description of Mortgage Loans* below. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

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

Risk that Borrower Insurance Pledges will not be effective

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller (the "**Borrower Insurance Pledge**"). The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Netherlands law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights (and should therefore be regarded as Bank Pledges). The conditions applicable to the Borrower Insurance Pledges do not provide that in case of assignment or pledge of the receivable, the pledge will (partially) follow such receivable. Consequently, there is no clear indication of the intention of the parties. However, the Issuer has been advised that, based upon recent legal literature (see *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* above) the Borrower Insurance Pledges should partially follow the

Mortgage Receivables upon their assignment and pledge.

Risks relating to Beneficiary Rights under the Insurance Policies

The relevant Seller has been appointed as beneficiary under the relevant Insurance Policy (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Seller, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the relevant Seller (the "**Borrower Insurance Proceeds Instruction**"). The Issuer has been advised that it is unlikely that the appointment of the relevant Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. However, in the form of the Borrower Insurance Pledge with respect to Life Insurance Policies used by SNS Bank as of 25 September 2000 and in the forms of mortgage deeds with respect to Savings Insurance Policies used by SNS Bank as of the end of 2005, any successor in title ("*rechtsopvolgers onder algemene en bijzondere titel*") is also appointed as beneficiary, which may, subject to the legal requirements for a valid assignment and subject to any requirements stipulated by the Life Insurance Policy or Savings Insurance Policy, as the case may be, include the Issuer upon the assignment. The Beneficiary Rights will be assigned by the relevant Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see *Description of Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the "**Beneficiary Waiver Agreement**") with the Sellers and the Savings Insurance Company under which SNS Bank and RegioBank, without prejudice to the rights of the Issuer as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of an Assignment Notification Event, waive their rights as beneficiaries under the Savings Insurance Policies and appoint as first beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Security Trustee Pledge Notification Event. It is, however, uncertain whether such waiver and unlikely that such appointment will be effective. In the event that such waiver and appointment are not effective in respect of the Savings Insurance Policies and, furthermore, in respect of the Life Insurance Policies, each Seller and, in respect of the Savings Insurance Policies, the Savings Insurance Company will undertake in the Beneficiary Waiver Agreement that they will use their best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the relevant Seller as beneficiary under the Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies.

In the event that a Borrower Insurance Proceeds Instruction has been given, the relevant Seller and, in respect of the Savings Insurance Policies, the Savings Insurance Company, will in the Beneficiary Waiver Agreement undertake to use their best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Security Trustee Pledge Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up to the amount of any claims the relevant Seller may have on the relevant Borrower. If the proceeds are paid to the relevant Seller, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Seller and the relevant Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance

Policies not being applied in reduction of the relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the relevant Seller or another beneficiary, as the case may be.

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

Under certain types of Mortgage Loans the relevant Seller has the benefit of rights under Life Insurance Policies and Savings Insurance Policies (together the "**Insurance Policies**") with Life Insurance Companies and the Savings Insurance Company respectively (together the "**Insurance Companies**"). Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Notes.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers, other than Borrowers under Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010), have waived their set-off rights, but it is uncertain whether such waiver is effective. With a view to further reducing the risk of set-off by Borrowers, the Mortgage Conditions applicable to Mortgage Loans originated by SNS Bank after the end of 2005 have been changed to provide that the Borrower will not have the right to set off claims under insurance policies with obligations under mortgage loans and confirm that (i) the bank and the relevant insurance company are different legal entities and (ii) the rights and obligations under the insurance policies are independent from the rights and obligations under the mortgage loans. This provision provides arguments for a defence against Borrowers invoking set-off rights or other defences (see below), but it is uncertain whether this provision in the Mortgage Conditions will be effective.

If the provisions described above are not effective and in respect of Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010) and the Mortgage Loans originated by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the relevant Seller and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Furthermore, the Borrowers should have a counterclaim that is enforceable. If the relevant Insurance Company is declared bankrupt or has become subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment ("*afkoopson*"). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment, subject, however, to what is stated above under *Risk that Borrower Insurance Pledges will not be effective*. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Set-off vis-à-vis the Issuer after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above). In the case of Savings Mortgage Loans (one of) these requirements is likely to be met, since it is likely that the Savings Mortgage Loans and the Savings

Insurance Policies are to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off. The Issuer has been advised that it is unlikely, however, that the Mortgage Loans and the Life Insurance Policies should be regarded as one legal relationship.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the relevant Seller, the Issuer and/or the Security Trustee, as the case may be. The Borrowers will naturally have all defences afforded by Netherlands law to debtors in general. A specific defence one could think of would be based upon interpretation of the Mortgage Conditions and the promotional materials relating to the Mortgage Loans. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the relevant Seller and the relevant Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such a manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" ("*dwalings*"), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds a Mortgage Receivable.

Mortgage Loans to which a Life Insurance Policy is connected

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that, in view of the preceding paragraphs and the representation by each Seller that with respect to Mortgage Loans whereby it is a condition for the granting of the relevant Mortgage Loan that a Life Insurance Policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the relevant Seller, (ii) the Mortgage Loan and the Life Insurance Policy are in the relevant Seller's or the Life Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name, and (iii) the Borrowers are not obliged to enter into the Life Insurance Policy with a Life Insurance Company which is a group company of the relevant Seller, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, if the Life Insurance Company is not a group company of the relevant Seller within the meaning of article 2:24b of the Netherlands Civil Code. However, if the Life Insurance Company is a group company of the relevant Seller, the Issuer has been advised that the possibility cannot be disregarded ("*kan niet worden uitgesloten*") that the courts will honour set-off or defences by the Borrowers.

Insurance Savings Mortgage Loans

In respect of Savings Mortgage Loans the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that such a set-off or defence would be successful in view of, *inter alia*, the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage deeds relating to the Savings Mortgage Loans.

In respect of Insurance Savings Mortgage Loans which are subject to an Insurance Savings Participation, the Insurance Savings Sub-Participation Agreement will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Insurance Savings Mortgage Loan if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of the relevant Insurance Savings Mortgage Receivable, the relevant Insurance Savings Participation of the Savings Insurance Company will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Insurance Savings

Participation is equal to the amounts of Savings Premium received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreements* below), provided that the Savings Insurance Company will have paid all amounts equal to the amounts due under the Insurance Savings Sub-Participation Agreement to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower invokes any such set-off or defence, if and to the extent that the amount for which the Borrower invokes set-off or defences does not exceed the amount of the Insurance Savings Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Insurance Savings Participation. The remaining risk will be that if and to the extent that the amount for which a Borrower successfully invokes set-off or defences would exceed the Insurance Savings Participation, such set-off or defences could lead to losses under the Notes.

The Insurance Savings Sub-Participation Agreement does not apply to Savings Plus Mortgage Loans originated by SNS Bank to which a Savings Insurance Policy with the Investment Alternative is connected. In this respect it is noted that at the Closing Date only a small percentage (less than 3.2 per cent.) of all Savings Mortgage Receivables have a Savings Insurance Policy with the Investment Alternative. Furthermore, the Issuer has been advised that the proportion of Savings Mortgage Receivables to which a Savings Insurance Policy with the Investment Alternative is connected, is not expected to increase substantially after the Closing Date, considering that from a tax perspective, the Savings Alternative is more attractive than the Investment Alternative for Borrowers who have opted for the certainty of a guaranteed payment sufficient to redeem the Outstanding Principal Amount of the relevant Savings Mortgage Receivable at its maturity (see *Sellers and Residential Mortgage Business* below).

Risk that interest rate reset rights will not follow Mortgage Receivables

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

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

The Sellers have represented that under the investment-based mortgage loans ("*beleggingshypotheken*") (the "**Investment-based Mortgage Loans**"), the securities are purchased for the account of the Borrowers by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*"), which is by law obliged to ensure that these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in Dutch Giro Securities Transfer Act ("*Wet Giraal Effectenverkeer*", the "**Wge**") or, if they do not qualify as such, by a separate depository vehicle. The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not be relevant in this respect. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies.

Risk related to the value of investments under Investment-based Mortgage Loans or Life Insurance Policies

The value of investments made under the Investment-based Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies or by the Savings Insurance Company in connection with the Savings Mortgage Loans to which a Savings Insurance Policy with the Investment Alternative is connected, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

Risks related to offering of Investment-based Mortgage Loans and Life Insurance Policies or Saving Insurance Policies with the Investment Alternative

Apart from the general obligation of contracting parties to provide information, there are several provisions of Netherlands law applicable to offerors of financial products, such as Investment based Mortgage Loans and Mortgage Loans to which Life Insurance Policies or Savings Insurance Policies with the Investment Alternative are connected. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, inter alia, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved ("*ontbonden*") or nullified ("*vernietigd*") or a Borrower may claim set-off or defences against the relevant Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment based Mortgage Loans or Life Insurance Policies or Savings Insurance Policies with the Investment Alternative is not sufficient to redeem the relevant Mortgage Loans.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies ("*beleggingsverzekeringen*"), such as the Life Insurance Policies or Savings Insurance Policies with the Investment Alternative, commonly known as the "usury insurance policy affair" ("*woekerpolisaffaire*"). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles stating (i) that individual law suits and class actions may be, and have been, started against individual insurers and (ii) that certain individual insurers have reached agreement with claimant organisations on compensation of its customers for the costs of investment insurance policies entered into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently still continuing, since consumer tv-shows and "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate compensation. Rulings of courts and the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*") have been published, some of which are still subject to appeal, which were generally favourable for the insured.

If Life Insurance Policies or Savings Insurance Policies with the Investment Alternative related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in case of insolvency of the insurer (see Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies), except if the relevant Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the relevant Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the relevant Seller will not indemnify the Borrower. Any such set-off or defences lead to losses under the Notes.

Risk related to Construction Amounts

Pursuant to the Mortgage Conditions of each Seller, the Borrowers have the right to request for an amount applied towards construction of, or improvements to, the Mortgaged Asset. In that case part of

the Mortgage Loan is placed on deposit with the relevant Seller (the "**Construction Amount**"). Such amount will be paid out in case certain conditions are met.

If the Seller is unable to pay the relevant amounts to the Borrowers, the Borrowers may invoke defences or set-off such amounts with their payment obligations under the Mortgage Loans. This risk is mitigated as follows. The Issuer and the Sellers have agreed in the relevant Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Amounts. Such amount will be credited on the Construction Ledger. On each Payment Date, the Issuer will debit from the Construction Ledger such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amounts relating to the Relevant Mortgage Receivables and the balance standing to the credit of the Construction Ledger and pay such amount to the relevant Seller.

Construction Amounts have to be paid out after the building activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Amount will be set off against the Relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the relevant Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the Construction Ledger will form part of the Redemption Available Amount. If an Assignment Notification Event set out under (e) (see *Mortgage Receivables Purchase Agreements*) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price.

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

Maturity risk related to the Mortgage Loans

The standard mortgage deed used by SNS Bank in case of an Interest-only Mortgage Loan originated prior to 1 October 2003 ("*SNS Aflossingsvrije Hypotheek*") states that such loan is entered into for an unlimited period of time and that, unless agreed otherwise at any time, the Borrower is not obliged to repay the Outstanding Principal Amount borrowed. However, the mortgage deed and SNS Bank's Mortgage Conditions both contain clauses pursuant to which SNS Bank may demand repayment of the Outstanding Principal Amount or pursuant to which the Outstanding Principal Amount is declared immediately due and payable.

With respect to SNS Bank's Mortgage Conditions it is noted that these conditions provide that the Outstanding Principal Amount, increased with interest, reimbursements, costs and amounts paid by SNS Bank on behalf of the Borrower and any other amounts due by the Borrower to SNS Bank for whatever reason at any time (the "**Debt**") will become immediately due and payable in certain events, *inter alia*, if the Life Insurance Policy belonging to the Mortgage Loan is invalid and/or payment of premium under the Life Insurance Policy is suspended ("*premievrij*") and/or the Life Insurance Company makes a payment under the Life Insurance Policy (see *Mortgage Receivables Purchase Agreement* below). In such event SNS Bank is thus entitled to terminate the Mortgage Loan (including an Interest-only Mortgage Loan). Furthermore, SNS Bank has represented that each of the Interest-only Mortgage Loans originated before 1 October 2003 with a minimum LtFV of 75 per cent. with a tenor of more than thirty years or without a maturity date will have a Life Insurance Policy attached to it in the form of a combined risk and capital policy which, as far as the risk element is concerned, pays out upon death of the insured and, as far as the capital element is concerned, upon maturity of the policy and that each of the Life Insurance Policies has a term not exceeding thirty years from the date on which the Mortgage Loan was granted.

Under Netherlands law any contractual provision may not be enforceable if this would be unacceptable in the circumstances involved on the basis of applicable standards of reasonableness and fairness ("*redelijkheid en billijkheid*"). In respect of provisions contained in general conditions (such as SNS Bank's Mortgage Conditions) the relevant statutory provisions provide, more specifically, that a

provision is voidable, if considering the nature and the further contents of the agreement, the manner in which the general conditions were agreed upon, the mutually apparent interests of the parties involved and the further circumstances, it is unreasonably onerous from the perspective of the party against whom the general conditions are applied. Borrowers may argue that, depending on the circumstances, the clause in SNS Bank's Mortgage Conditions relating to acceleration of the Debt in case the insurance proceeds are paid out (as described above) is voidable or otherwise unenforceable on the basis of these statutory provisions.

With respect to some of the Interest-only Mortgage Loans originated by SNS Bank before 1 October 2003 with an LTFV-Ratio lower than 75 per cent., there may not be a Life Insurance Policy attached. The aggregate Outstanding Principal Amount of these Interest-only Mortgage Loans with an LTFV-Ratio lower than 75 per cent. does not exceed EUR 211,517,697 at Closing. SNS Bank has undertaken in the Mortgage Receivables Purchase Agreement to amend the conditions of the Relevant Mortgage Loans within 6 months from the Closing Date such that they will have a legal maturity of not more than thirty (30) years from the Closing Date. In addition, SNS Bank has undertaken in the Mortgage Receivables Purchase Agreement that ultimately on the Mortgage Payment Date falling in July 2012, it shall repurchase any Relevant Mortgage Receivables that have a legal maturity of more than thirty (30) years from the Closing Date.

The remaining risk is that if and to the extent that there continue to be Mortgage Loans with a maturity longer than 30 years from the Closing Date, the Issuer may on the Final Maturity Date have insufficient funds available to redeem the Notes in full.

Risk related to prepayments on the Mortgage Loans

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the relevant Seller of Mortgage Receivables) on the Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently.

In addition, it is noted that the Savings Mortgage Loans become immediately due and payable up to the amount of the savings deposit with SNS Bank, *inter alia*, if SNS Bank is declared bankrupt or subjected to emergency regulations. In such event the Borrower also has the right to fully repay the Savings Mortgage Loan without any penalty being due.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

Risks of Losses Associated with Declining Values of Mortgaged Assets

The security for the Notes created under the Security Trustee Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The relevant Seller will not be liable for any losses incurred by the Issuer in connection with the Relevant Mortgage Loans.

Risks related to NHG Guarantees

NHG Mortgage Loans will have the benefit of a NHG Guarantee. Pursuant to the terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee, the WEW has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. Each Seller will in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee, connected to the Relevant NHG Mortgage Loan was granted for the full Outstanding Principal Amount of the Relevant NHG Mortgage Loan at origination and constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with their terms, (ii) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the Relevant NHG Mortgage Loans were complied with and (iii) it is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of the Relevant NHG Mortgage Loan should not be met in full and in a timely manner.

Furthermore, the terms and conditions of the NHG Guarantee stipulate that the NHG Guarantee, will terminate upon expiry of a period of thirty years after the establishment of the NHG Guarantee. Since part of the NHG Mortgage Loans will have a maturity date which falls after the expiry date of the relevant NHG Guarantee, this will result in the Issuer not being able to claim for payment with the WEW of a loss incurred after the term of the NHG Guarantee, has expired.

Finally, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see *Description of Mortgage Loans*). This may result in the Issuer not being able to fully recover a loss incurred with the WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such NHG Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes.

See for a description of the NHG Guarantees, *NHG Guarantee Programme*.

Rating of the State of the Netherlands

The rating assigned to the Notes by the Rating Agencies takes into account the NHG Guarantee granted in connection with certain of the Mortgage Loans. The NHG Guarantee is backed by the State of the Netherlands (see NHG Guarantee Programme) which is currently rated "Aaa" by Moody's and "AAA" by Fitch. Moreover, 'Stichting Waarborgfonds Eigen Woningen' (the "WEW") is rated "Aaa" by Moody's and a "AAA" by Fitch. In the event that (i) the State of the Netherlands ceases to be rated "Aaa" by Moody's and a "AAA" by Fitch, respectively, or (ii) the WEW ceases to be rated "Aaa" by Moody's and a "AAA" by Fitch, this may result in a review by the Rating Agencies, respectively, of the Notes and could potentially result in a corresponding downgrade of the Notes.

RISK FACTORS REGARDING THE NOTES

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

No guarantee can be given that the Issuer will on the First Optional Redemption Date or on any Optional Redemption Date thereafter actually exercise its right to redeem the Notes. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time. The Notes, other than the Senior Class A Notes can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6(e) and 9(a) in Terms and Conditions of the Notes below).

Subordination of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes

To the extent set forth in Conditions 6 and 9, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Mezzanine Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes, (c) the Junior Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (d) the Subordinated Class E Notes are subordinated in right of payment

to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due (if any) on the Notes, to the extent set forth in Condition 9. On any Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in Credit Structure below.

Risk related to the split between the Senior Class A1 Notes and the Senior Class A2 Notes

The Senior Class A Notes comprise of the Senior Class A1 Notes and the Senior Class A2 Notes and the Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, (i) payments of principal resulting from the Floating Rate Mortgage Receivables are applied firstly to the Senior Class A1 Notes until fully redeemed and then to the Senior Class A2 Notes and (ii) payments of principal resulting from the Fixed Rate Mortgage Receivables are applied firstly to the Senior Class A2 Notes until fully redeemed and then to the Senior Class A1 Notes.

To the extent that the Redemption Available Amount is insufficient to redeem the Senior Class A1 Notes and/or the Senior Class A2 Notes in full when due in accordance with the Conditions for a period of seven days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes and the Senior Class A1 Notes therefore do not purport to provide credit enhancement to the Senior Class A2 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If at such time each of the Senior Class A1 Notes have been redeemed (in part or in full) at such time to a greater extent than each of the Senior Class A2 Notes, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. If at such time each of the Senior Class A2 Notes have been redeemed (in part or in full) to a greater extent than each of the Senior Class A1 Notes, this will result in the Senior Class A1 Notes bearing a greater loss than that borne by the Senior Class A2 Notes.

No indication can be given as to the extent in which the Senior Class A1 Notes and the Senior Class A2 Notes will have been redeemed in the event that the Security is to be enforced, and therefore no indication can be given as to the potential level of losses that may be borne by either the Senior Class A1 Notes or the Senior Class A2 Notes. However, the following may be relevant circumstances. The Outstanding Principal Amount of the Fixed Rate Mortgage Receivables is on the Closing Date EUR 517,615,513.69 higher than the Principal Amount Outstanding of the Senior Class A2 Notes, while the aggregate Outstanding Principal Amount of the Floating Rate Mortgage Receivables is on the Closing Date equal to the Principal Amount Outstanding of the Senior Class A1 Notes. This may affect the extent of redemption of the Senior Class A2 Notes compared to the Senior Class A1 Notes in the event that the Security is to be enforced. In addition, the amounts to be credited to the Principal Deficiency Ledger that will form part of the Floating Rate Redemption Available Amount and the Fixed Rate Redemption Available Amount respectively are allocated *pro rata* based on the Principal Amount Outstanding of the Senior Class A1 Notes on the Closing Date, divided by the aggregate Principal Amount Outstanding of the Notes on the Closing Date (the "**Floating Rate Fraction**") and the Principal Amount Outstanding of the Senior Class A2 Notes on the Closing Date, divided by the aggregate Principal Amount Outstanding of the Notes on the Closing Date (the "**Fixed Rate Fraction**") respectively. As a consequence, the Floating Rate Redemption Available Amount and the Fixed Rate Redemption Available Amount do not necessarily correspond to the actual redemption of the Floating Rate Mortgage Receivables and the Fixed Rate Mortgage Receivables. Therefore in the event that the Security is to be enforced, each of the Senior Class A1 Notes may be redeemed to a greater extent than each of the Senior Class A2 Notes, or each of the Senior Class A2 Notes may be redeemed to a greater extent than each of the Senior Class A1 Notes.

Interest rate risk in respect of Senior Class A Notes

The interest rate risk on the Senior Class A Notes has not been hedged under an interest rate swap agreement with a swap counterparty. Accordingly, the Issuer is exposed to interest rate risk, including the risk that the scheduled interest receipts are insufficient to pay interest due on the Senior Class A Notes, which risk may for example occur if, after interest rate resets on a number of Mortgage Loans, the scheduled interest receipts are below the interest rate payable on the Senior Class A Notes.

The obligations of the Issuer under the Notes are limited recourse

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant priority of payments as set forth in this Prospectus. The Noteholders and the other Secured Parties shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables and the Beneficiary Rights relating thereto, (ii) the balance standing to the credit of the Floating Rate GIC Account and (iii) the amounts received under the Relevant Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Notes are insufficient to pay in full all principal and interest (if any) and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

If, upon default by the Borrowers and after exercise by any Pool Servicer of all available remedies in respect of the Relevant Mortgage Receivables, the Issuer does not receive the full amount due from such Borrowers, the Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due (if any) on the Notes, to the extent set forth in Condition 9. On any Payment Date, any such losses on the Mortgage Loans will be allocated as described in Credit Structure.

Conflict of interest between the interests of holders of different Classes of Notes and other Secured Parties

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the Most Senior Class of Notes, if, in the Security Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class of Notes on the one hand and the holders of junior ranking Notes on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that, in case of a conflict of interest between the Secured Parties, the Priority of Payments upon Enforcement set forth in the Trust Deed determines which interest of which Secured Party prevails.

Risk related to absence of Mortgage Reports

Pursuant to the Trust Deed, in case the Issuer Administrator does not receive a Mortgage Report from the Pool Servicer with respect to a Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts of principal and interest, respectively, available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from the relevant ledger specifically created for such purpose (the "**Reconciliation Ledger**") as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Security Trustee Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more interest and, respectively, less or more principal on the Notes than would have been payable if accurate Mortgage Reports were available.

Risk related to the limited liquidity of the Notes

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

Notes held in global form

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

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Maturity Risk

The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes.

No Gross-up for Taxes

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

Clean-Up Call Option and redemption for tax reasons

Should the Issuer exercise the Clean-Up Call Option, the Issuer will redeem all the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(f). The Issuer will have the option to redeem the Notes upon a Tax Change in accordance with Condition 6(g). The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure* below. Should the Clean-Up Call Option be exercised or the Notes be redeemed upon a Tax Change, this may lead to the Notes being redeemed prematurely. Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on conditions similar to those of the Notes.

Changes of law

The structure of the issue of the Notes and the rating which is to be assigned to the Notes are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice in the Netherlands after the date of this Prospectus.

Credit ratings may not reflect all risks

The rating of each Class of Notes addresses the assessments made by the Rating Agencies and/or of the likelihood of full and timely payment of interest (if any) and ultimate payment of principal on or before the Final Maturity Date.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider or the Foundation Account Provider) in the future so require.

Rating Agency Confirmation in relation to the Notes in respect of certain actions cannot be construed as advice for the benefit of any parties to the transaction and/or the Noteholders.

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

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

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

The Rating Agencies may change their criteria and methodologies and require that the Relevant Documents be restructured in connection therewith to prevent a downgrade of the Notes. There is, however, no obligation for any party to the Relevant Documents to cooperate with such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit rating assigned to the Notes.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Manager or the Sellers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, in Europe, investors should be aware of Article 122a of the Capital Requirements Directive, as implemented in the Netherlands by the Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") which applies in general to new securitisations issued on or after 1 January 2011 and, after 31 December 2014, to existing securitisations where new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor. Prospective noteholders should therefore make themselves aware of the requirements of Article 122a, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

There remains considerable uncertainty with respect to Article 122a and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with Article 122a should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Proposed Changes to the Basel Capital Accord

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"). Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. In October 2008, the European Commission adopted proposals to amend the Capital Requirements Directive in light of the financial crisis, which are expected to be implemented in 2010. Recently, the Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements ("**Basel III**"). It is uncertain when these new rules will be implemented. Basel II, as published, and Basel III even to a greater extent, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator, to their holding of any Notes. The Issuer and the Security Trustee are not responsible for informing Noteholders of the effects on the changes to risk-weighting which amongst others may result for investors from the adoption by their own regulator of Basel II (whether or not implemented by them in its current form or otherwise).

Notes may not be recognized as eligible Eurosystem collateral

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Senior Class A Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Senior Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the

Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

403-Declaration SNS REAAL N.V.

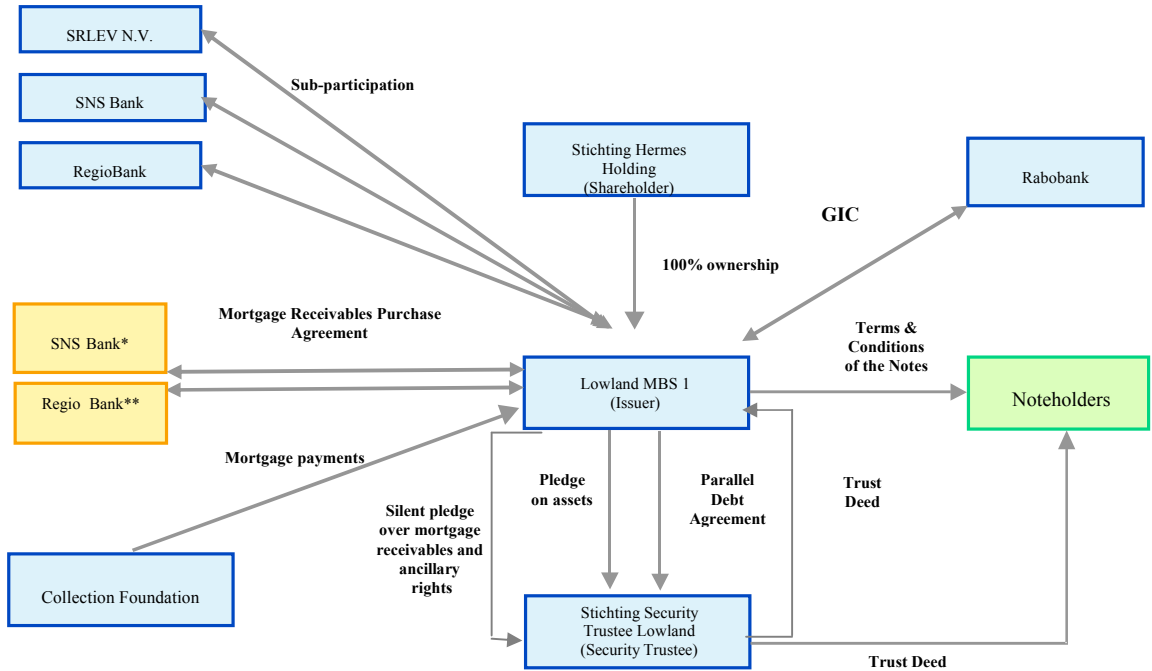
On 19 May 2003, SNS REAAL has deposited a 403 Declaration with the Commercial Register of the Chamber of Commerce in Utrecht in which it has declared to be jointly and severally liable for the debts resulting from legal acts of RegioBank (the "**403 Declaration**"). On the basis of the 403-Declaration, SNS REAAL will be jointly and severally liable with RegioBank respectively for debts incurred by RegioBank respectively resulting from legal acts, which include the Mortgage Receivables Purchase Agreement and the Administration Agreement.

SNS REAAL will have the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Commercial Register of the Chamber of Commerce in Utrecht, as the case may be. The Issuer has been advised that irrespective of such withdrawal SNS REAAL will continue to be jointly and severally liable for all debts incurred by RegioBank respectively resulting from legal acts.

SNS REAAL can also file a notice of its intention to terminate its remaining liability after withdrawal of any of the 403-Declaration. Such remaining liability will terminate if certain conditions are met, inter alia, that (i) RegioBank no longer belongs to the same group of companies as SNS REAAL and (ii) a two (2) month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court.

STRUCTURE DIAGRAM

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



- * In its capacity as Seller, Issuer Administrator, Pool Servicer, Bank Savings Participant and Manager
- ** In its capacity as Seller, Pool Servicer and Bank Savings Participant

OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

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

PARTIES:

Issuer:	Lowland Mortgage Backed Securities 1 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> "), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 54463165;
Sellers :	SNS Bank N.V. (" SNS Bank "), incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ") and RegioBank N.V. (" RegioBank ") incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ") (each a "Seller" and together the "Sellers");
Issuer Administrator	SNS Bank in its capacity as issuer administrator under the Administration Agreement or its successor or successors;
Pool Servicers:	SNS Bank and RegioBank in their capacities as pool servicers under the Administration Agreement or their successor or successors;
Floating Rate GIC Provider:	Rabobank;
Rating Agencies	Fitch and Moody's;
Security Trustee:	Stichting Security Trustee Lowland Mortgage Backed Securities 1, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register at the Chamber of Commerce in Amsterdam under number 54462894;
Shareholder:	The entire issued share capital of the Issuer is held by Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding, established under the laws of the Netherlands as a foundation (" Stichting Holding ");
Directors:	ATC Management B.V., the sole director of the Issuer, ANT Securitisation Services B.V., the sole director of the Security Trustee and ATC Corporate Services (Netherlands) B.V., the sole director of the Shareholder (each a " Director " and together the " Directors "). ATC Management B.V. and ATC Corporate Services (Netherlands) B.V. belong to the same group of companies;
Common Safekeeper:	Clearstream, Luxembourg;

Common Service Provider	Bank of America Merrill Lynch;
Savings Insurance Company:	SRLEV N.V., incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ");
Bank Savings Participants:	SNS Bank and RegioBank;
Reference Agent:	The Royal Bank of Scotland N.V.;
Paying Agent:	The Royal Bank of Scotland N.V., incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ");
Listing Agent:	The Royal Bank of Scotland N.V.;
Manager	SNS Bank;
"Previous Transaction SPVs"	Holland Mortgage Backed Series (Hermes) VIII B.V.; Holland Mortgage Backed Series (Hermes) IX B.V.; Holland Mortgage Backed Series (Hermes) X B.V.; Holland Mortgage Backed Series (Hermes) XI B.V.; Holland Mortgage Backed Series (Hermes) XII B.V.; Holland Mortgage Backed Series (Hermes) XIII B.V.; Holland Mortgage Backed Series (Hermes) XIV B.V.; Holland Mortgage Backed Series (Hermes) XV B.V.; Holland Mortgage Backed Series (Hermes) XVI B.V.; Holland Mortgage Backed Series (Hermes) XVII B.V.; PEARL Mortgage Backed Securities 1 B.V.; PEARL Mortgage Backed Securities 2 B.V.; PEARL Mortgage Backed Securities 3 B.V.; PEARL Mortgage Backed Securities 4 B.V.; and SNS Covered Bond Company B.V.;
"Previous Transaction Security Trustees"	Stichting Security Trustee Holland Mortgage Backed Series (Hermes) VIII; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) IX; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) X; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XI; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XII; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XIII; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XIV; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XV; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVI; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVII; Stichting Security Trustee PEARL Mortgage Backed

Securities 1;
Stichting Security Trustee PEARL Mortgage Backed
Securities 2;
Stichting Security Trustee PEARL Mortgage Backed
Securities 3;
Stichting Security Trustee PEARL Mortgage Backed
Securities 4; and
Stichting Security Trustee SNS Covered Bond Company;

THE NOTES:

Notes:

The euro 538,600,000 Senior Class A1 Mortgage-Backed Notes 2012 due 2044 (the "**Senior Class A1 Notes**"), the euro 2,799,300,000 Senior Class A2 Mortgage-Backed Notes 2012 due 2044 (the "**Senior Class A2 Notes**"), the euro 189,600,000 Mezzanine Class B Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class B Notes**"), the euro 144,100,000 Mezzanine Class C Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class C Notes**"), the euro 79,600,000 Junior Class D Mortgage-Backed Notes 2012 due 2044 (the "**Junior Class D Notes**"), and the euro 41,800,000 Subordinated Class E Mortgage-Backed Notes 2012 due 2044 (the "**Subordinated Class E Notes**" and together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") will be issued by the Issuer on 31 January 2012 (or such later date as may be agreed between the Issuer, each Seller and the Manager) (the "**Closing Date**").

Issue Price:

The issue prices of the Notes will be as follows:
(i) the Senior Class A1 Notes 100 per cent.;
(ii) the Senior Class A2 Notes 100 per cent.;
(iii) the Mezzanine Class B Notes 100 per cent.;
(iv) the Mezzanine Class C Notes 100 per cent.;
(v) the Junior Class D Notes 100 per cent.; and
(vi) the Subordinated Class E Notes 100 per cent.

Form:

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

Denomination:

The Notes will be issued in denominations of euro 100,000.

Status and Ranking:

The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal on the Senior Class A Notes, (ii) payments of principal on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal

and interest (if any) on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. See further *Terms and Conditions of the Notes* below.

Interest on Senior Class A Notes: Interest on the Senior Class A Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Payment Date and end on (but exclude) the next succeeding Payment Date (each an "**Interest Period**"), except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Payment Date falling in March 2012. The interest will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

Interest on the Senior Class A Notes will be payable monthly in arrear in euros, in each case in respect of the Principal Amount Outstanding of each the Senior Class A Notes on the 18th day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day) in each calendar year (each such day being a "**Payment Date**").

A "**Business Day**" means each day on which banks are open for business in Amsterdam and London provided that such day is also a day on which the Trans-European Automated Real-Time Gross settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Floating rate of interest on Senior Class A1 Notes: Interest on the Senior Class A1 Notes for each Interest Period will accrue as from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for one month deposits in euros (determined in accordance with Condition 4(d) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro), plus, plus a margin of 1 per cent. per annum;

Fixed rate of interest on Senior Class A2 Notes Interest on the Senior Class A2 Notes will accrue as from the Closing Date at a rate of 3.5 per cent. per annum.

No interest on Class B, Class C, Class D and Class E Notes The Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will not bear any interest.

Mandatory Redemption of the Notes: The Issuer will be obliged to apply the Redemption Available Amount (consisting of the sum of the Floating Rate Redemption Available Amount and the Fixed Rate Redemption Available Amount) to redeem, whether in full or in part, at their respective Principal Amount Outstanding, the Notes on each Payment Date on a *pro rata* basis within a

Class. The Notes will be redeemed in the following order: (i) firstly, (a) the Floating Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and (b) the Fixed Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Senior Class A1 Notes until fully redeemed and, thereafter; (ii) the Mezzanine Class B Notes until fully redeemed, and, thereafter, (iii) the Mezzanine Class C Notes until fully redeemed and, thereafter, (iv) the Junior Class D Notes until fully redeemed and, thereafter, (v) the Subordinated Class E Notes until fully redeemed.

Optional Redemption of the Notes: Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, but not some only, on the Payment Date falling in February 2017 (the "**First Optional Redemption Date**") and on each Payment Date thereafter (each an "**Optional Redemption Date**") at their Principal Amount Outstanding less (i) in the case of the Mezzanine Class B Notes, a Mezzanine Class B Principal Shortfall (if any), (ii) in the case of the Mezzanine Class C Notes, a Mezzanine Class C Principal Shortfall (if any), (iii) in the case of the Junior Class D Notes, a Junior Class D Principal Shortfall (if any) and (iv) in the case of the Subordinated Class E Notes, a Subordinated Class E Principal Shortfall (if any), all subject to and in accordance with the Conditions, in particular Conditions 6(e) and 9(a).

Final Maturity Date for the Notes: Unless previously redeemed, the Issuer will, subject to Condition 9(a), redeem all of the Notes at their respective Principal Amount Outstanding on the Payment Date falling in January 2044.

Redemption for tax reasons: If (i) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, assessments or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it and (ii) the Issuer will have sufficient funds available on the relevant Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed, then the Issuer has the option to redeem the Notes, in whole but not in part, on any Payment Date at their Principal Amount Outstanding, subject to Condition 9(a),

together with interest accrued up to and including the date of redemption. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

Withholding Tax:

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

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest (if any) on the Notes will be made in euros to a common safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders;

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Notes to pay to the Sellers (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated 27 January 2012 (the "**Mortgage Receivables Purchase Agreement**") and made between each of the Sellers, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

Retention and disclosure requirements under the Capital Requirements Directive:

SNS Bank (i) in its capacity as Seller, and (ii) with respect to RegioBank, in its capacity as allowed entity under paragraph 2 of article 122a of Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC, as the same may be amended from time to time (the "**Capital Requirements Directive**"), shall, or undertakes that any entity designated by SNS Bank as allowed entity under paragraph 2 of article 122a of the Capital Requirements Directive shall, retain, on an ongoing basis, a material net economic interest in the Notes which, in any event, shall not be less than 5%. Such interest will be retained in accordance with item (a) of article 122a paragraph 1 of the Capital Requirements Directive, by holding at least 5% of the Notes of each tranche (i.e. Class). In addition, each Seller shall (i) adhere to the requirements set out in paragraph 6 of article 122a of the Capital Requirements Directive and (ii) make appropriate disclosures to Noteholders about the retained net economic

interest in the transaction and ensure that the Noteholders have readily available access to all materially relevant data as required under paragraph 7 of article 122a of the Capital Requirements Directive.

In the Notes Purchase Agreement, each Seller shall undertake to the Manager and the Issuer that it shall at all times comply with article 122a of the Capital Requirements Directive.

The Sellers accept responsibility for the information set out in this paragraph.

THE MORTGAGE RECEIVABLES:

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase and accept the assignment of any and all rights (the "**Mortgage Receivables**") of each Seller against certain borrowers (the "**Borrowers**") under or in connection with certain pre-selected Mortgage Loans. Each Seller has the benefit of Beneficiary Rights which entitle the relevant Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, each Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

Fixed Rate Mortgage Receivables and Floating Rate Mortgage Receivables

Part of the Mortgage Receivables (the "**Floating Rate Mortgage Receivables**") consist of a loan or loan part bearing a floating rate of interest and part of the Mortgage Receivables (the "**Fixed Rate Mortgage Receivables**") consist of a loan or loan part bearing a fixed rate of interest. The Mortgage Receivables in connection with a Mortgage Loan may consist of both a Floating Rate Mortgage Receivable and a Fixed Rate Mortgage Receivable.

The aggregate Outstanding Principal Amount of the Floating Rate Mortgage Receivables at Closing amounts to EUR 550,041,747.09 and the aggregate Outstanding Principal Amount of the Fixed Rate Mortgage Receivables at Closing amounts to EUR 3,316,915,513.69. See further *Description of the Mortgage Loans*.

Mortgage Loans:

The Mortgage Receivables to be sold by each Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by a first-ranking mortgage right over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*"), together with real property and apartment rights, the "**Mortgaged Assets**", situated in the Netherlands and entered into by the relevant Seller and the relevant Borrowers which meet criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date, or, as the case may be, the relevant Payment Date (the "**Mortgage Loans**"). The Mortgage Loans will consist of (i) interest-only mortgage loans ("*aflossingsvrije hypotheken*"), (ii) savings mortgage

loans ("*spaarhypotheken*"), (iii) bank savings mortgage loans ("*bankspaarhypotheken*"), (iv) linear mortgage loans ("*lineaire hypotheken*"), (v) annuity mortgage loans ("*annuïteitenhypotheken*"), (vi) investment-based mortgage loans ("*beleggingshypotheken*"), (vii) (in respect of RegioBank only) life mortgage loans ("*levenhypotheken*") or combinations of any of these types of mortgage loans. Mortgage Loans may consist of one or more loan parts ("*leningdelen*"), each of which normally constitutes a different mortgage type agreed with the relevant Borrower. If a Mortgage Loan consists of one or more of such loan parts, the relevant Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, loan parts of such Mortgage Loan. See further *Description of Mortgage Loans* below.

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

Life Insurance Policies:

The interest-only mortgage loans (the "**Interest-only Mortgage Loans**"), to the extent compulsory under the relevant acceptance conditions have the benefit of combined risk and capital life insurance policies, and the life mortgage loans (the "**Life Mortgage Loans**") have the benefit of life insurance policies, (together the "**Life Insurance Policies**"). The Life Insurance Policies are taken out by Borrowers with a life insurance company ("**Life Insurance Company**"), which Life Insurance Company may also belong to the SNS REAAL Group. For a description of SNS REAAL Group, see SNS Bank N.V. below. See further *Risk Factors* and *Mortgage Receivables Purchase Agreement* below.

NHG Guarantee:

Certain Mortgage Loans (the "**NHG Mortgage Loans**") will have the benefit of a NHG Guarantee. The aggregate Outstanding Principal Amount of the NHG Mortgage Receivables at Closing amounts to EUR 1,342,738,632.79. See further *Description of the Mortgage Loans* and *NHG Guarantee Programme* below.

Risk Insurance Policies:

Mortgage Loans, to the extent compulsory under the relevant acceptance conditions, have the benefit of an insurance policy containing only a risk insurance policy which pays out upon the death of the insured, but not a capital insurance policy (the "**Risk Insurance Policy**"), which Risk Insurance Policy covers as a minimum the excess over the percentage threshold over the Foreclosure Value of the Mortgaged Assets at which such Insurance Policy becomes compulsory.

Savings Insurance Policies:

A portion of the Mortgage Loans will be in the form of savings mortgage loans ("*spaarhypotheken*", hereinafter "**Savings Mortgage Loans**"), which consist of Mortgage Loans entered into by the Relevant Seller and the relevant Borrowers combined with an insurance policy (a "**Savings Insurance Policy**") with the Savings Insurance Company. The Mortgage Receivables relating to the Savings Mortgage Loans will hereinafter be referred to as the "**Savings Mortgage Receivables**". The Floating Rate Mortgage

Receivables relating to the Savings Mortgage Loans will hereinafter be referred to as the "**Floating Rate Savings Mortgage Receivables**". The Fixed Rate Mortgage Receivables relating to the Savings Mortgage Loans will hereinafter be referred to as the "**Fixed Rate Savings Mortgage Receivables**". A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Savings Insurance Company in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan no principal is paid by the Borrower prior to maturity of the Mortgage Loan. Instead, the Borrower/insured pays premium on a monthly basis, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy (with respect to SNS Bank that with the Savings Alternative) due by the Savings Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan. Most of the Savings Mortgage Loans originated by SNS Bank are in the form of savings plus mortgage loans ("Savings Plus Mortgage Loans") ("*Spaarhypotheeken Plus*"), whereby the Savings Premium under the Savings Insurance Policy is either (i) deposited by the Savings Insurance Company in a savings account held with SNS Bank (the "**Savings Alternative**") or (ii), at the option of the Borrower invested in certain investment funds offered by SNS Beleggingsfondsen N.V. (the "**Investment Alternative**"). See further *Risk Factors* and *Description of the Mortgage Loans*.

Repurchase of Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, each Seller has undertaken to repurchase and accept re-assignment of a Relevant Mortgage Receivable:

- i. on the Mortgage Payment Date immediately following the expiration of the relevant remedy period (as provided in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by the relevant Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect;
- ii. on the Mortgage Payment Date immediately following the date on which the relevant Seller agrees with a Borrower to grant a further advance under a Relevant Mortgage Loan, which may include a new mortgage loan, which is only secured by the mortgage right which also secures the Relevant Mortgage Receivable (the "**Mortgage Loan Further Advance**");
- iii. on the Mortgage Payment Date immediately following the date on which the relevant Seller

agrees with a Borrower to amend the terms of the Relevant Mortgage Loan, or part of such Mortgage Loan and as a result thereof such Mortgage Loan no longer meets certain eligibility criteria set forth in the Mortgage Receivables Purchase Agreement ("**Mortgage Loan Amendment**");

- iv. (a) if prior to foreclosure of an NHG Mortgage Loan originated by the relevant Seller (the "**Relevant NHG Mortgage Loan**"), such Relevant NHG Mortgage Loan no longer has the benefit of an NHG Guarantee, or (b) following foreclosure of a Relevant NHG Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable under the terms of the NHG Guarantee, each time as a result of an action taken or omitted to be taken by the relevant Seller or the Pool Servicer, on the Mortgage Payment Date immediately following the date on which the Relevant NHG Mortgage Loan ceases to have the benefit of the NHG Guarantee or the payment under the NHG Guarantee has been received by the Issuer, as the case may be, on (i) the immediately following Mortgage Payment Date or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date;
- v. on the Mortgage Payment Date immediately following the date on which SNS Bank or the Savings Insurance Company complies with a request from the Borrower under the terms of a Savings Plus Mortgage Loan originated by SNS Bank with the Savings Alternative to switch whole or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative into the Investment Alternative (the "**Savings Switch**") and the Insurance Savings Participation in the relevant Savings Plus Mortgage Loan is not terminated; and
- vi. on the Mortgage Payment Date immediately following the date on which any Seller complies with a request from a Borrower to switch whole or part of (i) a Floating Rate Mortgage Receivable originated by the relevant Seller (a "**Relevant Floating Rate Mortgage Receivable**") into a Fixed Rate Mortgage Receivable originated by the relevant Seller (a "**Relevant Fixed Rate Mortgage Receivable**") or (ii) a Relevant Fixed Rate Mortgage Receivable into a Relevant Floating Rate Mortgage Receivable.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs

incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable except if:

- (i) it concerns a repurchase of the Mortgage Receivable as a result of a Mortgage Loan Amendment; and
- (ii) such Mortgage Receivable is either in arrears for a period exceeding 90 days or in respect of such Mortgage Receivable an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets;

in which case the purchase price shall be at least the lesser of (i) the sum of (x) an amount equal to the indexed foreclosure value of the relevant Mortgaged Assets, and (y) with respect to NHG Mortgage Receivables, the amount claimable under the relevant NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable. In the event of a repurchase set forth in item (iv)(b) above, the Purchase price shall be equal to the amount that was not reimbursed under the NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Seller or the Pool Servicer, plus any post-foreclosure proceeds.

Clean-Up Call Option:

On each Payment Date, the Sellers, acting jointly, have the option (but not the obligation) to repurchase the Mortgage Receivables if on the Calculation Date immediately preceding such Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-off Date (the "**Clean-Up Call Option**").

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the relevant Seller, or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers exercise the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes subject to and in accordance with Conditions 6(b) and 9(a). The purchase price will be calculated as described in *Sale of Mortgage Receivables* in *Credit Structure* below.

Sale of Mortgage Receivables on Optional Redemption Date:

The Issuer will have the right to sell and assign all, but not some, of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (see *Optional Redemption of the Notes*). If the Issuer decides to offer for sale the Relevant Mortgage Receivables on an Optional Redemption Date, it will first offer such Relevant Mortgage Receivables to the relevant Seller. The purchase price of each Mortgage Receivable in the event of such sale shall be equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and reasonable costs, if any, of each Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90

days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the indexed foreclosure value of the Mortgaged Assets and (b) with respect to the NHG Mortgage Receivables, the amount claimable under the NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

**Insurance Savings Sub-
Participation Agreement:**

On the Closing Date, the Issuer will enter into an insurance savings sub-participation agreement (the "**Insurance Savings Sub-Participation Agreement**") with the Savings Insurance Company under which the Savings Insurance Company will acquire participations in the relevant Insurance Savings Mortgage Receivables equal to amounts of Savings Premium paid by the relevant Borrower to the Savings Insurance Company in respect of a Savings Insurance Policy (with respect to SNS Bank, that with the Savings Alternative). In the Insurance Savings Sub-Participation Agreement the Savings Insurance Company will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium on the relevant Savings Insurance Policies. In return, the Savings Insurance Company is entitled to receive the Insurance Savings Participation Redemption Available Amount from the Issuer. The amount of the Insurance Savings Participation with respect to an Insurance Savings Mortgage Receivable (with respect to SNS Bank, that with the Savings Alternative), consists of (a) the Initial Insurance Savings Participation, being an amount equal to EUR 61,272,432.84, increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Savings Insurance Company and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the relevant Insurance Savings Mortgage Receivable with the Savings Alternative, of the interest paid by the Borrower in respect of such Insurance Savings Mortgage Receivable. See further *Sub-Participation Agreements* below.

**Bank Savings Participation
Agreement**

Under the terms of the bank savings sub-participation agreement entered into on the Closing Date (the "**Bank Savings Sub-Participation Agreement**" and together with the Insurance Savings Sub-Participation Agreement, the "**Sub-Participation Agreements**") with the Bank Savings Participants, under which each Bank Savings Participant will acquire participations in the Relevant Mortgage Receivables related to the Relevant Bank Savings Mortgage Loans ("**Relevant Bank Savings Mortgage Receivables**") in consideration for the undertaking of the Bank Savings Participant to pay to the Issuer all amounts received as Bank Savings Deposits. In return, the Bank Savings Participant is entitled to receive the Bank Savings Participation Redemption Available Amount from the Issuer. The amount of the participation (the "**Bank Savings Participation**", and together with the Insurance Savings Participation, the "**Participation**") with respect to a Relevant Bank Savings Mortgage Receivable consists of (a) the Initial Bank Savings

Participation, being an amount equal to EUR 12,682,827.73, increased on a monthly basis with (b) the sum of (i) the monthly Bank Savings Deposit instalments received by the Bank Savings Participant in relation to the Relevant Bank Savings Mortgage Receivables and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Bank Savings Participation in the Relevant Bank Savings Mortgage Receivable, of the interest received by the Issuer in respect of such Relevant Bank Savings Mortgage Receivable. See *Sub-participation Agreements* below.

Security for the Notes:

The Notes will be secured:

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

(ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Sub-participation Agreements and the Floating Rate GIC and in respect of the Floating Rate GIC Account; and

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

Security over Collection Foundation Accounts balances:

The Collection Foundation will grant a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts, in favour of the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly both under the condition that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Sellers will after accession also have the benefit of such right of pledge. Such rights of pledge have been notified to the Foundation Account Provider.

Parallel Debt Agreement:

On the Closing Date, the Issuer and the Security Trustee will enter into a parallel debt agreement (the "**Parallel Debt Agreement**") for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Security Trustee Receivables Pledge Agreement and the Security Trustee

Asset Pledge Agreement.

Administration Agreement:

Under the terms of an administration agreement to be entered into on the Closing Date (the "**Administration Agreement**") between the Issuer, the Pool Servicers, the Issuer Administrator and the Security Trustee, (a) the relevant Pool Servicer will agree (i) to provide administration and management services in relation to the Relevant Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Relevant Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further Sellers and Residential Mortgage Business below); (ii) to communicate with the relevant Borrowers, (iii) to investigate payment delinquencies and (iv) to calculate the Potential Set-Off Required Amount and (b) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Notes and in connection with the Financial Collateral Agreement.

Floating Rate GIC:

The Issuer and the Floating Rate GIC Provider will enter into a floating rate guaranteed investment contract (the "**Floating Rate GIC**") on the Closing Date, under which the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest on the balance standing to the credit of the Floating Rate GIC Account from time to time (i) determined by reference to the reference rate equal to the overnight rate as calculated by the Banking Federation of the European Union, if such day is a Business Day, on such Business Day or, if such day is not a Business Day, on the first Business Day following that day, at or about 7 p.m. Brussels time on such Business Day and which appears for information purposes on the Reuters Screen EONIA (or its successor sources) (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service and the Bloomberg Service) for the display of the EONIA rate selected by the Issuer Administrator) ("**EONIA**") or (ii) subject to certain conditions, as otherwise determined by the Floating Rate GIC Provider, as further set out in the Floating Rate GIC.

Floating Rate GIC Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Floating Rate GIC Account**") to which on each Mortgage Payment Date all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be transferred by the relevant Pool Servicer in accordance with the Administration Agreement.

Construction Ledger:

The Issuer shall on the Closing Date transfer to the Floating Rate GIC Account with a corresponding credit to the Construction Ledger an amount corresponding to the relevant Construction Amount relating to the Mortgage Receivables purchased by the Issuer on the Closing Date.

On each Payment Date, the Construction Ledger will be debited (i) for payments for the benefit of the relevant Seller upon Construction Amounts being paid out to or on behalf of the Borrower, and (ii) any amount which Borrowers have set-off with the Relevant Mortgage Receivables in connection with the Construction Amounts and as a result thereof the Issuer has no further obligation to pay such part of the Initial Purchase Price. For this purpose the '**Construction Amount**' means such part of a Mortgage Loan that at the request of the relevant Borrower is withheld by the relevant Seller on deposit to be paid out for construction or improvement of the Mortgaged Asset.

Financial Collateral Agreement

On or about the Closing Date, the Issuer will enter into the Financial Collateral Agreement (the "**Financial Collateral Agreement**") with the Sellers and the Security Trustee pursuant to which each Seller undertakes to transfer to the Issuer on each Payment Date Eligible Collateral in an amount of and having a value equal to the Delivery Amount to the Floating Rate GIC Account with a corresponding credit to the Financial Cash Collateral Ledger. To the extent that the Posted Collateral Value exceeds the Potential Set-Off Required Amount on any Payment Date, the Return Amount shall be retransferred by the Issuer to the Seller in the form of equivalent collateral. See under *Credit Structure* below.

Financial Cash Collateral Ledger:

Any Eligible Collateral transferred by a Seller to the Issuer under the Financial Collateral Agreement shall be deposited on the Floating Rate GIC Account with a corresponding credit to a ledger created for this purpose (the "**Financial Cash Collateral Ledger**"). The Issuer shall on each Payment Date debit from the Floating Rate GIC Account with a corresponding debit to the Financial Cash Collateral Ledger an amount equal to the Set-Off Amount which each Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Payment Date subject to and in accordance with the Trust Deed, which amount shall form part of the Interest Available Amount on such date, whereby "**Set-Off Amount**" means, in respect of any Relevant Mortgage Receivable on any Payment Date, an amount equal to the full amount due but unpaid in respect of such Relevant Mortgage Receivable during the Calculation Period immediately preceding such Payment Date if and to the extent the Issuer, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the relevant Seller to it and the relevant Seller has not reimbursed the Issuer for such amount on the relevant Payment Date, has not received such amount during the Calculation Period immediately preceding such Payment Date.

Collection Foundation:

All payments made by the Borrowers in respect of the Mortgage Loans will be paid or have been directed to be paid into the Collection Foundation Accounts.

Management Agreements:

Each of the Issuer, the Security Trustee and the Shareholder have entered into a management agreement (together the

"**Management Agreements**") with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee or the Shareholder, respectively, and to perform certain services in connection therewith.

OTHER:

Risk Factors:

There are certain factors which may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. Both these factors are described in *Risk Factors* in this Prospectus.

Listing:

Application has been made for the Notes to be listed on Euronext Amsterdam.

Ratings:

It is a condition precedent to issuance that each of the Senior Class A1 Notes and the Senior Class A2 Notes, on issue, be assigned a "AAAsf" rating by Fitch and a Aaa(sf) rating by Moody's and the Mezzanine Class B Notes, on issue, be assigned a "AAsf" rating by Fitch and a "Aa3(sf)" rating by Moody's and the Mezzanine Class C Notes, on issue, be assigned a "BBB+sf" rating by Fitch and a "A3(sf)" rating by Moody's and the Junior Class D Notes, on issue, be assigned a "BBsf" rating by Fitch and a "Ba2(sf)" rating by Moody's. The Rating Agencies are registered as rating agencies under the CRA Regulation.

Settlement:

Euroclear and Clearstream, Luxembourg.

Governing Law:

The Notes will be governed by and construed in accordance with the laws of the Netherlands.

Selling Restrictions:

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

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which any relevant Seller is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus, except for the information for which the relevant Seller is responsible, as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

SNS Bank is solely responsible for the information contained in the following sections of this Prospectus: *Retention and disclosure requirements under the Capital Requirements Directive, Overview of the Dutch Residential Mortgage Market, Documents incorporated by reference, SNS Bank N.V, Sellers and Residential Mortgage Business and Description of Mortgage Loans and NHG Guarantee Programme*. To the best of SNS Bank's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as SNS Bank is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. SNS Bank accepts responsibility accordingly.

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

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

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

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes.

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

The Manager expressly does not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act (see Purchase and Sale below).

All references in this Prospectus to "EUR", "euro" and "€" refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Prospectus:

- (a) SNS Bank's publicly available consolidated audited annual financial statements for the years ended 31 December 2010 (set forth on pages 47 up to and including 140) and 31 December 2009 (set forth on pages 44 up to and including 123)(the "**Audited Financial Statements**"); and
- (b) the press release published by SNS REAAL on 10 November 2011 SNS REAAL containing its trading update for the third quarter of 2011.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus. In addition, such documents will be available from the office of The Royal Bank of Scotland N.V. in its capacity as Paying Agent.

CREDIT STRUCTURE

The structure of the credit arrangements for the proposed issue of the Notes may be summarised as follows.

Mortgage Loan Interest Rates

The Mortgage Receivables sold and assigned to the Issuer on the Closing Date bear interest on the basis of any of the following alternatives: (i) fixed rate, whereby the rates can be fixed for a specific period between 1 to 30 years; (ii) floating rate; or (iii) slight variations to any of the above (as further described in Description of Mortgage Loans below). The Mortgage Loan Criteria permit Mortgage Receivables bearing alternative types of interest offered by each Seller.

The actual amount of revenue received by the Issuer under the Mortgage Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of delinquencies, defaults, substitutions, repayments and prepayments in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations could lead to non-payment of certain items under the Interest Priority of Payments.

Cash Collection Arrangements

Payments by the Borrowers under the Relevant Mortgage Loans are due and payable on the first day of each immediately succeeding calendar month, with interest being payable in arrears. All payments made by Borrowers must be paid into a Collection Foundation Account maintained by the Collection Foundation with the Foundation Account Providers. The Collection Foundation Accounts are also used for the collection of moneys paid in respect of mortgage loans other than the Relevant Mortgage Loans and in respect of other moneys to which the Sellers are entitled vis-à-vis the Collection Foundation.

Upon the occurrence of the event that the credit rating of SNS Bank's long term default rating falls below "BBB" by Fitch or Baa1 by Moody's or such rating is withdrawn (a "**Trigger Event**") (i) the Collection Foundation and SNS Bank and RegioBank (in all its capacities) will procure that all amounts standing to the credit of the Collection Foundation Accounts held with SNS Bank and RegioBank as Foundation Account Providers will be immediately transferred to the Collection Foundation Account held with Rabobank, and (ii) SNS Bank and RegioBank will procure and where required the Collection Foundation will procure that direct debits shall no longer be made to the Collection Foundation Accounts held with SNS Bank and RegioBank and Borrowers no longer pay any amount into such accounts.

If at any time after the occurrence of a Trigger Event Rabobank as Foundation Account Provider is assigned a long-term default rating of less than A-1 by S&P, A or F1 or is put on rating watch negative by Fitch (only to the extent S&P or Fitch assigns a rating to any of the Notes issued under or in connection with any of the transaction agreements) or Prime-1 by Moody's, SNS Bank in its capacity as Foundation Administrator (the "**Foundation Administrator**") on behalf of the Collection Foundation will as soon as reasonably possible, but at least within 30 days, (i) ensure that payments to be made by Rabobank as Foundation Account Provider in respect of amounts received on the Collection Foundation Accounts relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee which complies with the criteria of S&P and Fitch (only to the extent S&P or Fitch assigns a rating to any of the Notes issued under or in connection with any of the transaction agreements) and Moody's, if applicable, or transfer the Collection Foundation Accounts to a new account provider, provided that such guarantor or new account provider shall have at least a long-term default rating of A-1 by S&P, A or F1 (not rating watch negative) by Fitch (only to the extent S&P or Fitch assigns a rating to any of the Notes issued under or in connection with any of the transaction agreements) and Prime-1 by Moody's; or (ii) implement any other actions acceptable at that time to S&P (only to the extent S&P assigns a rating to any of the Notes issued under or in connection with any of the transaction agreements) and provided Fitch (only to the extent Fitch assigns a rating to any of the Notes issued under or in connection with any of the transaction agreements) and Moody's are notified of such other action. In case of a transfer to an alternative bank as referred to under (i) above, the Collection Foundation shall enter into a pledge agreement – and create a right of pledge over such bank

account in favour of the relevant SPVs and the Security Trustees separately – upon terms substantially the same as the Collection Foundation Accounts Pledge Agreement. The Foundation Administrator, or if the Foundation Administrator fails to reimburse the Collection Foundation or pay on behalf of the Collection Foundation any costs in connection with this replacement, Rabobank as Foundation Account Provider shall pay any costs incurred by the Collection Foundation as a result of the action described under (i) or (ii) above.

Prior to a Trigger Event, the Collection Foundation has undertaken to transfer all amounts of principal, interest and prepayment penalties received by the Collection Foundation in respect of the Relevant Mortgage Receivables and paid to the relevant Collection Foundation Account to the Floating Rate GIC Account on the same day as these are received. Following a Trigger Event, the Collection Foundation has undertaken to transfer all amounts of principal, interest and prepayment penalties received by the Collection Foundation in respect of the Relevant Mortgage Receivables and paid to the relevant Collection Foundation Account during the immediately preceding Mortgage Calculation Period, to the Floating Rate GIC Account on each "**Mortgage Payment Date**" (being the 8th business day following each Mortgage Calculation Period End Date (defined below)).

For these purposes a "**Mortgage Calculation Period**" is the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month (the "**Mortgage Calculation Period End Date**"), except for the first Mortgage Calculation Period which will commence on (and includes) the Cut-off Date and ends on (and includes) 31 January 2012.

The Sellers shall jointly ensure that on each Payment Date until the date on which each of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes have been redeemed in full, an amount equal to of 1.5 per cent. of the Outstanding Principal Amount of the Notes on such Payment Date, is standing to the credit of a ledger established for such purposes (the "**Payment Disruption Ledger**") of the Floating Rate GIC Account. The Issuer shall return any amounts in excess of the amounts so required on the Payment Disruption Ledger to the relevant Seller. In case of a failure by the Collection Foundation (or the Foundation Administrator on its behalf) to pay amounts due to the Issuer in accordance with the Mortgage Receivables Purchase Agreement and the Receivables Proceeds Distribution Agreement (a "**Payment Disruption Event**"), the amounts standing to the credit of the Payment Disruption Ledger up to the amount to which the Payment Disruption Event relates that should have been paid but has not actually been paid to the Issuer in accordance with the Mortgage Receivables Purchase Agreement and the Receivables Proceeds Distribution Agreement (the "**Payment Disruption Amount**") shall be released and form part of the Interest Available Amount.

Floating Rate GIC Account

The Issuer will maintain with the Floating Rate GIC Provider the Floating Rate GIC Account to which all amounts received (i) in respect of the Mortgage Receivables and (ii) from the Savings Insurance Company and the Bank Savings Participant under the Sub-Participation Agreements and (iii) from the other parties to the Relevant Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Floating Rate GIC Account by crediting such amounts to ledgers established for such purpose. Payments received on or before each Mortgage Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a principal ledger (the "**Principal Ledger**") or a revenue ledger (the "**Revenue Ledger**"), as the case may be. Further ledgers will be maintained to record amounts held in the Floating Rate GIC in respect of amounts deposited by the Sellers in connection with any Payment Disruption Event and in connection with the Financial Cash Collateral Agreement.

Payments may be made from the Floating Rate GIC Account other than on a Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and under obligations incurred in connection with the Issuer's business and (ii) amounts due to the Savings Insurance Company and the Bank Savings Participants under the Sub-Participation Agreements.

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations, in respect of the Floating Rate GIC Provider, are assigned a rating of less than 'Prime 1' by Moody's or if such rating is withdrawn or (ii) the short-term issuer default rating falls below 'F-1' by Fitch or the long-

term issuer default rating falls below 'A' by Fitch or any such rating is withdrawn, the Issuer will be required within 30 calendar days of such reduction or withdrawal of such rating to (i) transfer the Floating Rate GIC Account to an alternative Floating Rate GIC provider with the required minimum rating or (ii) find any other solution to maintain the then current ratings assigned to the Notes.

Construction Ledger

On the Closing Date, an amount corresponding to the Construction Amount in respect of the Mortgage Receivables purchased by the Issuer on such date will be credited to the Floating Rate GIC Account with a corresponding credit to the Construction Ledger. Payments may be made from the Construction Ledger on a Mortgage Payment Date only to satisfy payment by the Issuer to the relevant Seller of part of the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the relevant Seller to the relevant Borrowers. Besides this, the Construction Ledger will be debited on each Mortgage Payment Date with the amount Borrowers have set off against the Relevant Mortgage Receivables in connection with the Construction Amounts and as a result in respect of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. Such amount will be credited to the Floating Rate GIC Account and will form part of the Redemption Available Amount. The Issuer shall pay the interest accrued on the amounts standing to the credit of the Construction Ledger on the Floating Rate GIC Account to the relevant Seller. The aggregate Construction Amount as per the Cut-off Date is EUR 41,181,671.35.

Financial Cash Collateral Ledger

Any Eligible Collateral transferred by a Seller to the Issuer under the Financial Collateral Agreement shall be deposited on the Floating Rate GIC Account with a corresponding credit to the Financial Cash Collateral Ledger. See below under *Financial Collateral Agreement*.

The Issuer may on each Payment Date debit from the Floating Rate GIC Account with a corresponding debit to the Financial Cash Collateral Ledger an amount equal to the sum of the Set-Off Amount which any Seller is due to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Payment Date, subject to and in accordance with the Trust Deed, which amount shall form part of the Interest Available Amount on such date.

To the extent that the Posted Collateral Value on any Payment Date exceeds the Potential Set-Off Required Amount, such excess shall be retransferred by the Issuer to the relevant Seller in the form of equivalent collateral in the value of the Return Amount.

The Issuer Administrator will include the amounts to be calculated under the Financial Collateral Agreement in the investor report on a quarterly basis.

Calculations

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

In case the Issuer Administrator does not receive a Mortgage Report from the Pool Servicer with respect to a Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from the Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Security Trustee Pledge Notification Events).

The "**Reconciliation Ledger**" means the Interest Reconciliation Ledger or the Principal Reconciliation Ledger, as the case may be. The "**Interest Reconciliation Ledger**" means the Reconciliation Ledger in relation to interest and the "**Principal Reconciliation Ledger**" means the Reconciliation Ledger in relation to principal, as set out in the Administration Agreement.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Calculation Date (being the second business day prior to each Payment Date) and which have been received during the Calculation Period immediately preceding such Calculation Date (items (i) up to and including (xii) being hereafter referred to as the "**Interest Available Amount**"):

- (i) as interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received, multiplied by the relevant Participation divided by the outstanding principal amount of such Savings Mortgage Receivable which is subject to a Participation (the "**Participation Fraction**");
- (ii) as interest accrued on the Floating Rate GIC Account;
- (iii) as prepayment penalties under the Mortgage Receivables;
- (iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received multiplied by the Participation Fraction;
- (v) as amounts to be drawn from the Floating Rate GIC Account with a corresponding debit to the Financial Cash Collateral Ledger, including any Set-Off Amount, on the immediately succeeding Payment Date;
- (vi) as amounts to be drawn from the Interest Reconciliation Ledger on the immediately succeeding Payment Date;
- (vii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received multiplied by the Participation Fraction;
- (viii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received multiplied by the Participation Fraction;
- (ix) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (x) any amounts standing to the credit of the Floating Rate GIC Account after all amounts of interest and principal due in respect of the Notes have been paid in full,
- (xi) in the event of a Payment Disruption Event, as amounts to be drawn from the Floating Rate GIC Account with a corresponding debit to the Payment Disruption Ledger up to the Payment Disruption Amount; and
- (xii) as amounts forming part of the Redemption Available Amount on such Calculation Date up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers;

less

- (xiii) on the first Payment Date of each calendar year, an amount equal to 10 per cent. of the annual fixed operational expenses of the Issuer, with a minimum of euro 2,500; and
- (xiv) any amount to be credited to the Interest Reconciliation Ledger on the immediately succeeding Payment Date.

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the "**Interest Priority of Payments**"):

- (a) *first*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction of an administration fee and all costs and expenses due and payable to the Pool Servicers and the Issuer Administrator under the Administration Agreement;
- (c) *third*, in or towards satisfaction of, pro rata, according to the respective amounts thereof, (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such amounts cannot be paid out of item (xi) of the Interest Available Amount) and the fees and expenses of the Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, in or towards satisfaction, *pro rata* in accordance with the respective amounts thereof, of all amounts of interest due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (e) *fifth*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (f) *sixth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, in or towards satisfaction of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of sums to be credited to the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Sellers.

Priority of Payments in respect of principal

The sum of the following amounts, calculated as at any Calculation Date and which have been received during the immediately preceding Calculation Period (items (i) up to and including (vii) will hereinafter be referred to as the "**Floating Rate Redemption Available Amount**"):

- (i) as repayment and prepayment of principal under the Floating Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (ii) as Net Proceeds on any Floating Rate Mortgage Receivable to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the loan part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the loan part that constitutes a Fixed Rate Mortgage Receivable), less with respect to each Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Floating Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable which is

- subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (iv) as amounts received in connection with a sale of Floating Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
 - (v) as the Floating Rate Fraction of the amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Payment Date in accordance with the Administration Agreement;
 - (vi) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Payment Date pursuant to the Sub-Participation Agreements, to the extent relating to Floating Rate Savings Mortgage Receivables;
 - (vii) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes and the Initial Participation in respect of the Floating Rate Savings Mortgage Receivables over (b) the Initial Purchase Price of the Mortgage Receivables, and
 - (viii) as the Floating Rate Fraction of any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Payment Date;
- less
- (ix) the Floating Rate Fraction of any Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers; and
 - (x) the Floating Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Payment Date.

The sum of the following amounts, calculated as at any Calculation Date and which have been received during the immediately preceding Calculation Period (items (i) up to and including (vii) will hereinafter be referred to as the "**Fixed Rate Redemption Available Amount**", and together with the Floating Rate Redemption Available Amount (without any double counting), the "**Redemption Available Amount**"):

- (i) as repayment and prepayment of principal under the Fixed Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (ii) as Net Proceeds on any Fixed Rate Mortgage Receivable to the extent such proceeds relate to principal (whereby in case the relevant Mortgage Receivable consists of both a Fixed Rate Mortgage Receivable and a Floating Rate Mortgage Receivable, such Net Proceeds will be attributed *pro rata* in accordance with the Outstanding Principal Amount of the loan part of the Mortgage Receivable that constitutes a Floating Rate Mortgage Receivable and the loan part that constitutes a Fixed Rate Mortgage Receivable), less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Fixed Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (iv) as amounts received in connection with a sale of Fixed Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (v) as the Fixed Rate Fraction of amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Payment Date in accordance with the Administration Agreement;

- (vi) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Payment Date pursuant to the Sub-Participation Agreements, to the extent relating to Fixed Rate Savings Mortgage Receivables;
- (vii) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes and the Initial Participation in respect of the Fixed Rate Savings Mortgage Receivables over (b) the Initial Purchase Price of the Mortgage Receivables, and
- (viii) as the Fixed Rate Fraction of any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Payment Date;

less

- (xi) the Fixed Rate Fraction of any Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers; and
- (xii) the Fixed Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Payment Date.

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

- (a) *first*, (i) the Floating Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and (ii) the Fixed Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Senior Class A1 Notes until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes;
- (c) *third*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Junior Class D Notes;
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Subordinated Class E Notes;
- (f) *sixth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Sellers.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders, but excluding the Savings Insurance Company and the Bank Savings Participants, which shall be entitled to receive an amount equal to the Participation in each of the Savings Mortgage Receivables which are subject to a Participation or if the amount recovered, which amount will not be part of this Priority of Payments upon Enforcement, is less than the Participation, then an amount equal to the amount actually recovered) in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Priority of Payments upon Enforcement**"):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the Pool Servicers and the Issuer Administrator under the Administration Agreement;
- (b) *second*, in or towards satisfaction, *pro rata* in accordance with the respective amounts thereof, of all amounts of interest due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

- (c) *third*, in or towards satisfaction, pro rata in accordance with the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (d) *fourth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class D Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class E Notes;
- (h) *eighth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Sellers.

Financial Collateral Agreement

On or about the Closing Date, the Issuer will enter into a financial collateral agreement (the "**Financial Collateral Agreement**") with the Sellers and the Security Trustee. Pursuant to the Financial Collateral Agreement, the Seller undertakes to transfer to the Issuer on each Payment Date to the Financial Cash Collateral Ledger collateral which consists of euro denominated cash ("**Eligible Collateral**") in an amount of and having a value equal to the positive difference between the Potential Set-Off Required Amount and the Posted Collateral Value (the "**Delivery Amount**").

The "**Posted Collateral Value**" means, on any day, the balance standing to the credit of the Financial Cash Collateral Ledger with accrued interest at the close of business of such day.

The "**Posted Collateral**" means, on the relevant Payment Date, the aggregate Eligible Collateral that has been transferred by the relevant Seller and received by the Issuer pursuant to the Financial Collateral Agreement, together with all proceeds of such Eligible Collateral and standing to the credit of the Financial Cash Collateral Ledger.

The "**Potential Set-Off Amount**" means, on any Payment Date, with respect to each Seller, an amount equal to: (i) prior to the notification of the Borrowers of the assignment of the Relevant Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Relevant Mortgage Receivables, which amounts are, in respect of each Relevant Mortgage Receivable separately, the lower of: (a) the aggregate amount standing to the credit of each current-account or deposit held by the Borrower of the Relevant Mortgage Receivable(s) with the relevant Seller on the last day of the immediately preceding Calculation Period; and (b) the aggregate Outstanding Principal Amount of such Relevant Mortgage Receivable(s) on the last day of the immediately preceding Calculation Period, and (ii) after the notification of the Borrowers of the assignment of the Relevant Mortgage Receivables to the Issuer, the sum of all amounts in respect of the Relevant Mortgage Receivables, which amounts are, in respect of each Relevant Mortgage Receivable separately, the lower of: (a) the aggregate amount standing to the credit of each current-account or deposit held by such Borrower with the Seller on the last day of the immediately preceding Calculation Period; (b) the aggregate Outstanding Principal Amount of such Relevant Mortgage Receivable(s) on the last day of the immediately preceding Calculation Period; and (c) the aggregate amount standing to the credit of each current-account or deposit held by such Borrower with the relevant Seller on the date the relevant Borrower is notified of the assignment of the Relevant Mortgage Receivable(s) to the Issuer.

The "**Potential Set-Off Required Amount**" means, on any Payment Date, with respect to each Seller, an amount calculated as at the relevant Calculation Date, equal to (I) so long as any Senior Class A Notes are outstanding, the higher of (x) an amount equal to (i) the Potential Set-Off Amount on the last day of the immediately preceding Calculation Period less (ii) the sum of (a) an amount equal to 2.4 per cent. of the aggregate Outstanding Principal Amount of the Relevant Mortgage Receivables on the relevant Calculation Date and (b) an amount equal to 80 per cent. of the Available Subordination Increase multiplied by the aggregate Outstanding Principal Amount of the Relevant Mortgage Receivables on the relevant Calculation Date and (y) zero, and (II) zero if the Senior Class A Notes have been redeemed in full;

To the extent that the Posted Collateral Value on any Payment Date exceeds the Potential Set-Off Required Amount, such excess shall be retransferred by the Issuer to the relevant Seller in the form of equivalent collateral in the value of such difference (the "**Return Amount**").

"Available Subordination " means, on any Payment Date, the positive difference between (i), the sum of the Principal Amount Outstanding of the Junior Class D Notes and the Subordinated Class E Notes on such Payment Date, less any Class D Principal Deficiency and any Class E Principal Deficiency, divided by the aggregate Principal Amount Outstanding of all Notes on the immediately preceding Calculation Date, expressed as a percentage.

"Available Subordination Increase" means, on any Payment Date, the higher of (x) a percentage equal to (i) the Available Subordination on the immediately preceding Calculation Date less (ii) 7 per cent. and (y) zero per cent.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising five sub-ledgers, known as the "**Class A1 Principal Deficiency Ledger**", the "**Class A2 Principal Deficiency Ledger**" (together with the Senior Class A1 Principal Deficiency Ledger, the "Class A Principal Deficiency Ledger"), the "Class B Principal Deficiency Ledger", the "**Class C Principal Deficiency Ledger**", the "**Class D Principal Deficiency Ledger**" and the "**Class E Principal Deficiency Ledger**" (together the "**Principal Deficiency Ledger**" respectively, will be established by or on behalf of the Issuer in order to record any Class A Interest Shortfall and any Realised Losses on the Mortgage Receivables (each respectively the "**Class A1 Principal Deficiency**", the "**Class A2 Principal Deficiency**", the "**Class B Principal Deficiency**", the "**Class C Principal Deficiency**", the "**Class D Principal Deficiency**", and the "**Class E Principal Deficiency**", and together a "**Principal Deficiency**"). On any Calculation Date first, any Class A Interest Shortfall and thereafter, any Realised Losses shall be debited to the Class E Principal Deficiency Ledger (such debit items being recredited at item (i) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Subordinated Class E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being recredited at item (h) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Junior Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being recredited at item (g) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being recredited at item (f) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class B and thereafter the Floating Rate Fraction of such amounts shall be debited to the Senior Class A1 Principal Deficiency Ledger and the Fixed Rate Fraction of such amounts shall be debited to the Senior Class A2 Principal Deficiency Ledger (such debit items being recredited at item (e) of the Interest Priority of Payments).

"Realised Losses" means, on any relevant Calculation Date, the sum of (a) with respect to the Mortgage Receivables in respect of which the relevant Seller, the relevant Pool Servicer on behalf of the Issuer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the immediately preceding Calculation Period of the difference between (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables which are subject to a Participation, the Participations, and (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables less, with respect to Savings Mortgage Receivables which are subject to a Participation, the Participations; and (b), with respect to the Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect to Savings Mortgage Receivables which are subject to a Participation, the Participations, and (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal, less, with respect to the Savings Mortgage Receivables which are subject to a Participation, the Participations; and (c) with respect to the Mortgage Receivables in respect of which the Borrower has from the Closing Date up to

and including the immediately preceding Calculation Period (i) successfully asserted set-off or defence to payments or (ii) repaid or prepaid any amounts, in both cases the amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") unless, and to the extent, such amount is received from the relevant Seller or otherwise pursuant to any item of the Redemption Available Amount, including any Set-Off Amount.

"Class A Interest Shortfall " means, on any Calculation Date, an amount equal to the amount by which the funds available to the Issuer to satisfy its obligations in respect of amounts of interest due on the Senior Class A Notes on the immediately following Payment Date in accordance with the Interest Priority of Payments fall short of the aggregate amount of interest payable on the Senior Class A Notes on that date.

Interest due under Senior Class A Notes

In the event that on any Calculation Date, the Issuer Administrator determines that there will be a Class A Interest Shortfall on the immediately succeeding Payment Date, on such Payment Date, the Redemption Available Amount shall form part of the Interest Available Amount to pay such Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers in accordance with the paragraph *Principal Deficiency Ledger* above.

No interest rate hedging with respect to the Senior Class A Notes

The Mortgage Loan Criteria require that all Mortgage Receivables sold and assigned to the Issuer at Closing either bear (i) a fixed rate of interest, (ii) a floating rate of interest or (iii) slight variations to any of the above (as further described in *Description of the Mortgage Loans* below). The Mortgage Loan Criteria permit Mortgage Receivables bearing alternative types of interest offered by the relevant Seller. The interest rate payable by the Issuer with respect to the Senior Class A1 Notes is calculated as a margin over Euribor. The Senior Class A2 Notes bear a fixed rate of interest. There is no hedge available with respect to interest payable on the Senior Class A Notes.

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer will have the right and shall use its reasonable efforts to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes (see Condition 6(e)) (see also *Risk that the Issuer will not exercise its right to redeem the Notes at the Optional Redemption Dates* in *Risk Factors* above). Under the terms of the Trust Deed, the Issuer will also have the right to sell and assign all, but not some, of the Mortgage Receivables, if the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(g). If the Issuer decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or for tax reasons as described above, the Issuer will first offer such Relevant Mortgage Receivables to the relevant Sellers. If any Seller does not accept such offer within 14 business day, the Issuer shall instruct the Issuer Administration to select within 30 calendar days on or more third parties to make a binding offer to purchase the Mortgage Receivables. Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, the Issuer shall be obliged to sell and assign the Mortgage Receivables to the relevant Seller, or any third party appointed by the relevant Seller at its sole discretion, if the Sellers, acting jointly, exercise the Clean-Up Call Option.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the indexed foreclosure value of the Mortgaged Assets and (b) with respect to the NHG Mortgage Receivables, the amount claimable under the NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

Market

One of the most important factors influencing the Dutch residential mortgage market is the fiscal policy. In the Netherlands, interest on mortgage loans is tax deductible if the mortgage loan proceeds are used for the purchase or improvement of the first home. The mortgage interest is deductible for a period of 30 years. As a result of this tax treatment many borrowers choose to fully benefit from the tax deductibility and take out the maximum possible mortgage loan. This results in a relative high outstanding mortgage debt per capita.

Lenders

Banks are the main mortgages lenders in the Netherlands, followed by insurers and other financial institutions such as pension funds and building funds. The top twelve lenders provide more than 80 per cent. of the mortgage loans. These mortgages are offered through branches, call centres, the internet and to an increasing extent via intermediaries.

Mortgage products

In the Netherlands, the typical (legal) term of a mortgage loan is 30 years. It is very common that the mortgage loan consists of several mortgage parts, each of which has its own characteristics. Because of the fiscal treatment, mortgage loans with no redemption on the principal such as investment-based mortgages, savings mortgages and interest-only mortgages are most popular. Under these mortgages no principal is repaid during the term of the contract. Instead, the Borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively.

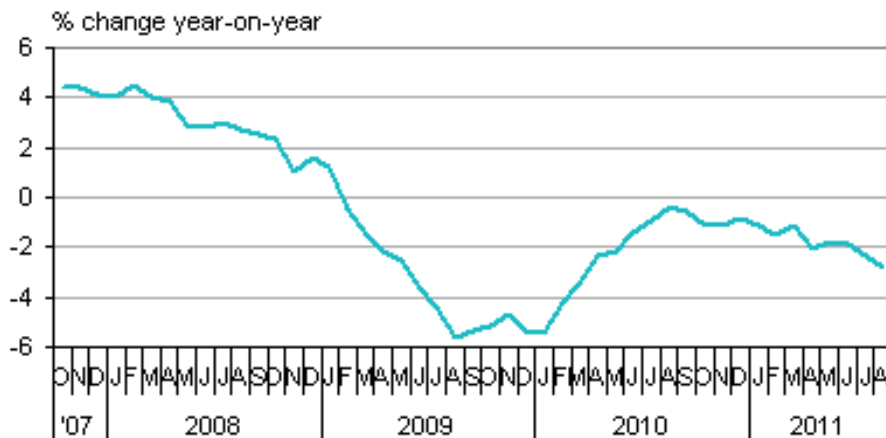
Interest type

Although the 5 and 10-year fixed interest rate have been most popular, there is an increasing appetite for other types, like short term fixed rates and variable rates and capped mortgages. Some lenders also offer collar type of interest rates.

House price developments

Fiscal benefits, economic growth and demographic factors (decreasing number of persons per household) have caused an increasing demand for Dutch houses. Along with the declining interest rates in the past decade, this has resulted in a strong upward trend for Dutch house prices as is illustrated in the graph below. However, the credit crisis has put some downwards pressure on house prices in the Netherlands as well. Starting from the second quarter of 2008 we can observe a downwards trend. In the first quarter of 2011 the median house price was 227,000 compared to the higher median house prices of 230,000 in the fourth quarter of 2010 and 232,000 in the first quarter of 2010. Prices of existing owner occupied houses were on average 2.8 per cent. lower in August 2011 compared with August 2010 according to "existing residential property", a joint presentation by CBS and Kadaster.

House Price Development



Source: CBS, Kadaster.

Prepayment

Borrowers are allowed to prepay between 10 to 20 per cent. free of penalty per year. In addition full prepayment without penalty can only be made at times of interest rate resetting, on sale of the property or in case of death of the borrower. Otherwise a penalty is calculated as the net present value of the difference between the contract rate and the applicable market rate. The lending criteria of the banks, which have become more stringent over the past few years, has made it less attractive for borrowers to refinance their mortgage loans and thus resulting in lower prepayments in comparison with the preceding years.

Default losses have been relatively low

Despite the relatively high loan-to-foreclosure value ("LtFV") or the loan-to-market value ratios, default losses have always been relatively low. During the decrease in house prices (1978-1982) losses peaked up to 30 basis points on an annual basis. In the following years losses have been negligibly low. Currently default losses are showing an upward trend due to a weakening economy during recent years and a slowdown in house price increases.

Until 1 August 2011, in the Netherlands the value of the property is measured as the foreclosure value, which is the estimated forced sale value. The foreclosure value is about 85 to 90 per cent. of the market value with a maximum LtFV of 125-130 per cent.

As of 1 August 2011, in the Netherlands the value of the property is measured as the market value, with a maximum loan-to-market value of 110 per cent.

Tax deductibility of mortgage interest payments

The Dutch tax authorities allow borrowers to deduct mortgage interest payments for owner-occupied residences from their taxable income. There is currently a tendency within certain political parties in the Netherlands to limit the favourable tax treatment of mortgage debts, particularly for higher-income households. It is not clear if this will happen and, if so, when, but it cannot be ruled out. Changes in tax deductibility could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. In addition, changes in the deductibility of mortgage interest payments may lead to increased prepayments by Borrowers on their Mortgage Loans or have an adverse effect on the value of the Mortgaged Assets. However it is too early to predict what the implications of the current discussions on tax deductibility will be, particularly as the measures (if any) might be (partly) offset by other mitigating measures regarding the current taxation of housing or the tax system in general.

Bureau for credit registration (BKR)

The Bureau for Credit Registration ("*Bureau Krediet Registratie*", or "**BKR**") was founded in 1965 by financial institutions to take care of central credit registration. At BKR almost all credit obligations of retail clients in the Netherlands are registered. Credits are registered as of origination until a period of five years after maturity. Before providing a mortgage loan, lenders are obligated to check the history of the borrower in order to prevent overborrowing by the client and to limit the risks for the lender.

SNS BANK N.V.

Incorporation

SNS Bank N.V., a public limited liability company ("*naamloze vennootschap*"), was incorporated under Dutch law on 18 December 1990 as a result of the merger of several regional savings banks. The corporate seat of SNS Bank is in Utrecht, the Netherlands. The registered office of SNS Bank is Croeselaan 1, 3521 BJ, Utrecht and SNS Bank is registered in the Commercial Register of the Utrecht Chamber of Commerce ("*handelsregister van de Kamer van Koophandel en Fabrieken in Utrecht*"), under number 16062338. The telephone number of SNS Bank is +31(0)30 291 5100. The Articles of Association of SNS Bank were lastly amended by notarial deed on 13 January 2003 before a duly authorised substitute of Mr. P. Klemann, civil law notary in Amsterdam, the draft of these articles having received the approval of the Minister of Justice, number 394.723.

Ownership

SNS Bank is a 100% subsidiary of SNS REAAL N.V. ("**SNS REAAL**") and is part of the group formed by SNS REAAL and its subsidiaries ("**SNS REAAL Group**"). SNS REAAL is the result of a merger in May 1997 between SNS Groep N.V. (primarily a banking group) and Reaal Groep N.V. (primarily an insurance group). As of 27 July 2005 all of the shares issued by SNS REAAL were held by Stichting Beheer SNS REAAL. On 18 May 2006 the shares of SNS REAAL were listed on NYSE Euronext in Amsterdam as part of the IPO of SNS REAAL. As of the date of this Prospectus Stichting Beheer SNS REAAL owns approximately 50.00001% of SNS REAAL's outstanding share capital.

During the extraordinary general meeting of shareholders of SNS REAAL held on 29 January 2008, the decision was taken to amend the articles of association of SNS REAAL. This amendment of the articles of association was effected by executing a notarial deed of amendment of the articles of association on 28 April 2008. The aforementioned amendment of the articles of association was necessary in order to ensure that the share capital of SNS REAAL consists of two types of shares, namely ordinary shares and shares B.

On 12 November 2008 SNS REAAL decided to strengthen its solvency with € 500 million in capital securities, to be issued to Stichting Beheer SNS REAAL and € 750 million in capital securities to be issued to the Dutch State in view of the market environment and in recognition of higher capital market solvency requirements for financial institutions. Aforementioned transactions were completed on 11 December 2008. The documentation is available on www.snsreaal.com under the heading "Investor relations". The proceeds of the transaction have been used to increase SNS Bank's core capital by € 260 million and to strengthen the solvency capital of REAAL by € 975 million. The Dutch State obtained the right to nominate two members for the SNS REAAL Supervisory Board and announced in December 2008 that it would nominate Charlotte Insinger and Ludo Wijngaarden for appointment to SNS REAAL N.V.'s Supervisory Board. After their appointment at SNS REAAL's General Meeting of Shareholders on 15 April 2009 they have also become members of the Supervisory Boards of SNS Bank and REAAL and members of the Audit Committee of SNS Bank.

By way of a press release dated 24 September 2009 SNS REAAL announced the completion of a € 135 million equity issue via an accelerated bookbuild offering. In total, the issue comprised 26,147,259 new ordinary shares at a price of € 5.15 per share. Application was made to list the new shares on Euronext Amsterdam. The issue settled on 29 September 2009, at which date the new shares were admitted to trading on NYSE Euronext in Amsterdam.

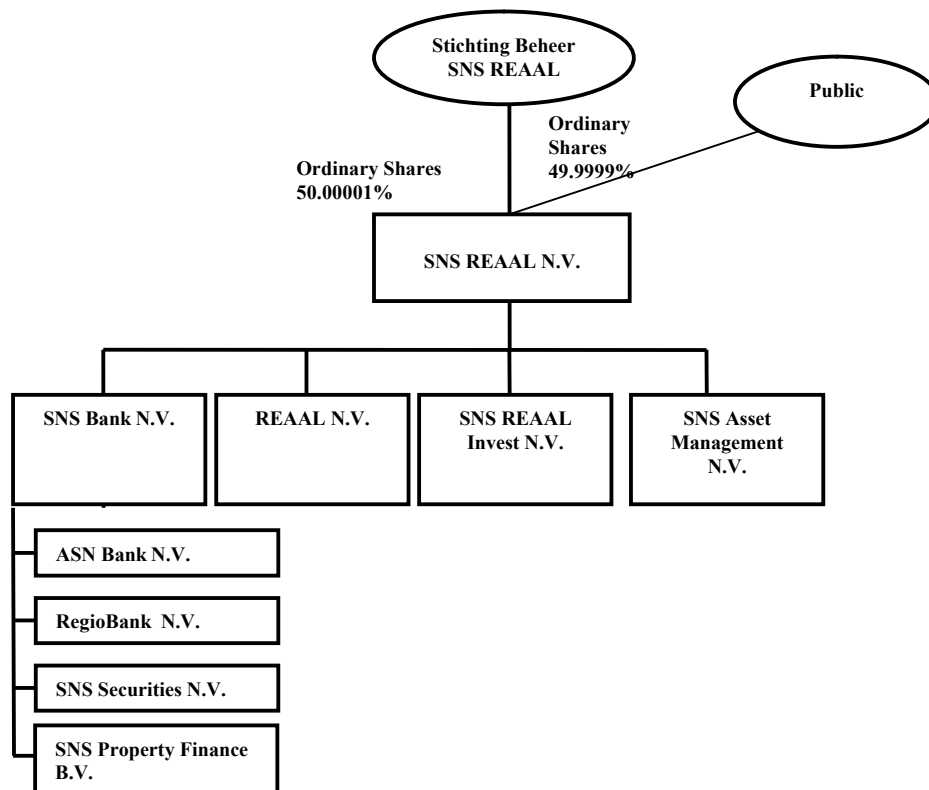
On 12 November 2009, SNS Bank announced an offer to exchange (the "**Exchange Offer**") up to €100,000,000 of the €350,000,000 Fixed/Floating Rate Hybrid Capital Securities issued by SNS REAAL N.V. on 17 July 2007 (the "**SNS REAAL Securities**") and any or all of the €200,000,000 Subordinated Fixed changing to Floating Rate Notes issued by SNS Bank on 22 July 2003 (the "**SNS Bank Notes**"), together with SNS REAAL Securities, the "**Existing Notes**") for new Euro-denominated Tier 1 notes to be issued by SNS Bank (the "**New Notes**") under the Debt Issuance Programme of SNS Bank and SNS REAAL, as set out in the base prospectus of such Debt Issuance Programme (and any supplements thereto), dated 8 June 2009. On 20 November 2009, SNS Bank N.V. announced that according to information provided by the Exchange Agent as of the Expiration Time on the Expiration Date, EUR 289,353,000 in aggregate principal amount of the SNS REAAL Securities and EUR 189,050,000 in aggregate principal amount of the SNS Bank Notes were validly offered for exchange

for New Notes. Subject to the terms and conditions of the Exchange Offer, SNS Bank accepted EUR 100,000,000 in aggregate principal amount of the SNS REAAL Securities and all SNS Bank Notes validly offered. As a result, the SNS REAAL Securities were accepted on a pro rata basis using a pro rata factor of approximately 0.34809. Pursuant to the Exchange Offer, SNS Bank issued EUR 220,866,000 in aggregate principal amount of the New Notes. In addition, on the Settlement Date, SNS Bank issued EUR 99,134,000 in aggregate principal amount of the Additional Notes which will be fungible with the New Notes, taking the aggregate principal amount of New Notes being issued to EUR 320,000,000.

On 30 November 2009, SNS REAAL, by using the proceeds of the equity issue of 24 September 2009 as well, repurchased € 250 million of core tier 1 securities, of which € 185 million were issued to the Dutch State and € 65 million to Stichting Beheer SNS REAAL. The intention to repurchase had been announced on 3 November 2009. Furthermore, in line with the terms of the agreement with the Dutch State, SNS REAAL paid accrued interest on the amount repurchased from the Dutch State from 9 June 2009, representing an amount of € 7 million. No repurchase fee was paid. On 28 January 2010 SNS REAAL announced that the European Commission has, on 28 January 2010, given definitive approval for the capital support by the Dutch State to SNS REAAL.

BLG Hypotheekbank N.V. (as disappearing entity) has merged with SNS Bank N.V. (as acquiring entity) effective as of 10 October 2010 whereby BLG Hypotheekbank N.V. has ceased to exist.

SNS REAAL contributed foundation core tier 1 securities to SNS Bank as a contribution in kind of share premium (agio) to the shares in the capital of SNS Bank with economic effect as per 1 January 2011. As a consequence of this contribution the foundation core tier 1 securities ceased to exist pursuant to amalgamation (schuldvorming) and made the foundation core tier 1 securities qualify as core capital in the calculation of the core tier 1 ratio for the European Banking Authority (EBA) stress test. The contribution that was affected does not have any influence on the solvency ratio of SNS Bank. See further below under the header *Recent developments SNS Bank*.



SNS REAAL

With a balance sheet total of almost €128 billion as of the end of December 2010, SNS REAAL is one of the major financial bank-insurance companies in the Netherlands. As a bank and insurer, SNS REAAL holds a distinct position in its market by quickly and effectively translating client needs into accessible and transparent products. In-depth knowledge of products and efficient processes lead to effective standardisations and combination options within product and client groups. SNS REAAL is a decisive and flexible organisation that through its core brands SNS Bank and REAAL Verzekeringen and specialised sales labels enjoy strong positions in the Dutch market. Furthermore the combination has involved the following:

- A single group management centre has been established in Utrecht;
- Centralisation of staff departments within the SNS REAAL Group such as risk management, audit, finance, legal affairs, compliance, fiscal affairs and human resources; and
- Creation of centralised competence centres and service centres.

Company Structure and Profile

SNS Bank N.V. comprises a division for retail operations (SNS Retail Bank) and a division for property finance (SNS Property Finance). Both these divisions pursue focused strategies for product development and distribution. The activities of SNS Property Finance are well aligned with retail banking's SME (small and medium-sized enterprises) operations, which focuses on commercial mortgages. The labels active under aforementioned two business units are all, except for SNS Fundcoach, vested in separate legal entities.

SNS Retail Bank

This segment offers banking products in the field of mortgages, asset growth and asset protection for both the retail and SME markets. In addition to SNS Bank, this segment also comprises the units ASN Bank, BLG Hypotheken, RegioBank and SNS Securities. As per 1 December 2010, SNS Regio Bank changed its trade name back into RegioBank. With this change SNS REAAL aims to position this

distribution channel more distinct from SNS Bank. On 11 October 2010 a legal merger took place between SNS Bank NV and its 100% subsidiary BLG Hypotheekbank N.V. With this legal merger BLG Hypotheekbank NV ceased to exist. The activities of BLG Hypotheekbank NV are continued by SNS Bank under the trade name BLG Hypotheken.

SNS Retail Bank comprises the brands SNS Bank, RegioBank, ASN Bank and BLG Hypotheken. Its customers are private individuals in the Netherlands- and its core product groups are mortgages, savings and investments. SNS Retail Bank aims to simplify finance for its customers by offering them accessible, transparent products and good service. Its shared IT infrastructure serves to achieve efficiency and economies of scale in management and administration.

The SNS Retail Bank brands are developing their own independent positions and distinctive customer values in order to best meet the needs of their target groups.

- SNS Bank is the broad and accessible consumer brand for banking and insurance products with an emphasis on sales and information over the internet and telephone. It provides additional information and advice through its own shops, franchisers' shops and location-independent advisors. SNS Bank also sells its mortgages through third-party websites and retail chains.
- ASN Bank is the brand for sustainable savings, investment and payments and sells its products solely over the internet.
- RegioBank is the bank formula for intermediaries in provinces, focusing on local and personal service.
- BLG Hypotheken is the specialist intermediary brand (of SNS Bank) for mortgages.

SNS Retail Bank seeks to reinforce its distribution capabilities. Its key objectives are to further develop on-line sales, collaboration within SNS REAAL in the areas of distribution and production, a nationwide network of compact SNS Shops (70% of which would include franchise shops) and RegioBank intermediaries, a complete range based on its own standardised products as well as third-party products, and continued growth of ASN Bank. Closer collaboration in production, systems and distribution between the banking labels and with the other business units are expected to create synergies in terms of costs and revenues.

SNS Property Finance operates in all phases of the property cycle, from short-term (project) loans for land purchase, construction and trading transactions to long-term loans for investment properties. SNS Property Finance participates in several projects as a risk-bearing participant in the results if a number of conditions are strictly complied with. SNS Property Finance does not provide loans to property companies that are not (mortgage) secured and usually does not provide working capital funding. SNS Property Finance is one of the major financiers of property investments and projects in the Netherlands. SNS Property Finance is, to a limited extent, also active internationally. However they have announced to reduce the international portfolio and focus on the domestic market. In the second half of 2009, SNS Property Finance started an investigation of several alternatives to reduce the international activities in a controlled and gradual manner over the coming years. As from 1 January 2011, small and medium-sized enterprise (SME) customers are transferred to the new business unit SNS SME, which combines the former SME activities of SNS Retail Bank and part of Property Finance's Dutch investment finance loan portfolio. All of Property Finance's other activities are being phased out. SNS SME aims to use its size, network and knowledge of the Dutch property and SME markets to achieve profitable growth. It has a moderate risk profile and focuses on corporate loans secured by property collateral and based on limited contracts. SNS SME is also engaged in payments, savings and insurance in the SME segment. In view of the considerable growth of the SME savings market, SNS SME eventually aims to finance its own lending activities.

Recent developments SNS Bank

SNS Bank has obtained approval from the Dutch Ministry of Finance to participate in the credit guarantee scheme of the State of the Netherlands. The Dutch State has guaranteed six issues of medium term notes issued by SNS Bank, an issue of € 2 billion, issued on 31 January 2009, an issue of € 1.6

billion, issued on 10 March 2009, an issue of € 230 million, issued on 15 April 2009, an issue of € 50 million, issued on 17 April 2009, an issue of \$ 900 million, issued on 24 April 2009 and an issue of £500 million on 27 April 2009.

There has been no material adverse change in the prospects of SNS Bank since the date of its last published audited financial statements.

In 2010 SNS Bank participated in a macro stress test issued by the Dutch Central Bank and in the stress test set up by the Committee of European Banking Supervisors (CEBS). SNS Bank also performed an internal stress test within the context of its Internal Capital Adequacy Assessment Process (ICAAP). Based on the results of these stress tests, SNS Bank believes that it is currently sufficiently able to absorb any further negative developments in the economic conditions and the financial markets. SNS Retail Bank has demonstrated that it can access the capital market without requiring a guarantee from the Dutch State.

On 18 May 2010, SNS REAAL N.V. announced a net profit of €42 million for the first quarter of 2010. The net profit of €42 million for the first quarter of 2010 compares well with the € 4 million loss reported over the first quarter of 2009 and also represents an improvement on recent quarters. The improvement of the net profit was due wholly to the rebound of earnings at the insurance activities. SNS Retail Bank reported an almost flat net result, with an improvement in the quality of earnings as the impact of lower incidental gains was offset by sharply higher net interest income. Impairments on international loans pushed results into the red at SNS Property Finance, but were lower than in recent quarters. Furthermore, in the first quarter good progress was made in actively managing down the international loan portfolio. For SNS REAAL as a whole, results were supported by a decline in operating costs. At the end of the first quarter, the Tier 1 ratio of SNS Bank had improved to 10.9% (year-end 2009: 10.7%) and the Core Tier 1 ratio stood at 8.4% (year-end 2009: 8.3%). The main drivers of this improvement were the placement of securitisation notes and lower commitments at SNS Property Finance, resulting in a decline in risk-weighted assets.

On 28 September 2010 SNS Bank issued a € 1 billion 10 year covered bond. In addition, SNS Bank issued a number of private placements of registered covered bonds and placed notes in securitizations with third parties for an amount of € 600 million in the third quarter of 2010.

On 26 October 2010 SNS Bank raised € 500 million with a lower Tier 2 issue under its Debt Issuance Programme, with a view to future redemptions.

On 9 November 2010 SNS REAAL N.V. announced a net profit of €63 million for the third quarter of 2010. In the third quarter, SNS REAAL posted a net profit of € 63 million, a sharp increase compared to the level of last year, helped by financial markets. Excluding the international portfolio of SNS Property Finance, the core activities of SNS REAAL made a net profit of € 163 million. The net profit of SNS Retail Bank increased sharply and was also significantly higher compared to the average of the first half of 2010. Net interest margins on mortgages improved on a slightly higher mortgage portfolio, in a still contracting market. At the end of the third quarter, SNS REAAL's market share in new mortgages was 6.5%, compared to 6.7% over the first half year. Net interest income from savings deposits was sharply higher, mainly due to the combination of high retention rates and lower interest rates offered on savings products. Savings balances grew by € 0.3 billion compared to the end of June 2010, to € 26.9 billion. Market share of total Dutch retail savings improved to 9.3% at the end of September (9.0% at the end of June 2010). At the end of the third quarter, bank savings, which are included in the total savings balances, amounted to € 554 million, up € 300 million compared to year end 2009 and up € 132 million in the third quarter. The net loss of SNS Property Finance was higher than in the second half of 2009 and in line with the average for the first half of 2010. Interest income at SNS Property Finance was under further pressure in the third quarter, impacted by the continued decline of the loan portfolio and higher funding costs. Total commitments SNS Property Finance have been declined by € 0.5 billion in the third quarter and the international commitments have been reduced by 32% whereby the net international loan portfolio has fallen below € 3.0 billion. For SNS REAAL as a whole, turning around the situation at SNS Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to servicing customers, the key priorities. At the end of the third quarter, the Tier 1 ratio of SNS Bank stood at 11.0% (end of June 2010: 11.1%) and the Core Tier 1 ratio was 8.5%

(end of June 2010: 8.6%). The decline in risk-weighted assets at SNS Property Finance largely compensated for the negative impact of the loss at SNS Property Finance.

As of 1 January 2011, SNS Property Finance has split into two separate units. SNS Property Finance will retain its international loan portfolio and part of its Dutch loan portfolio. This unit will be phased out in a responsible manner over the next two to four years. The remaining part of SNS Property Finance's Dutch portfolio will be combined with the existing small and medium-sized enterprise ("SME") activities of SNS Retail Bank in the new unit SNS SME (*SNS Zakelijk*). The pro forma gross loan portfolio of SNS SME as at the end of September 2010 amounted to approximately € 7.4 billion, predominantly consisting of profitable Dutch investment finance loans of SNS Property Finance and SME mortgage loans of SNS Retail Bank. Approximately € 3 billion in SME savings with SNS Retail Bank will also be transferred to SNS SME. SNS SME will focus on optimising the loan portfolio and improving its funding profile, partly by increasing SME savings. The pro forma gross loan portfolio of SNS Property Finance as at the end of September 2010 amounted to approximately € 6.9 billion, predominantly consisting of international and Dutch project finance loans. SNS Property Finance will focus on phasing out its entire loan portfolio over a period of two to four years.

On 9 March 2011, SNS Bank published its annual report 2010, including SNS Bank's publicly available financial statements and auditors report for the year ended 31 December 2010, which are incorporated herein by reference. Furthermore, on 25 August 2011, SNS Bank published its unaudited (semi-annual) interim financial statements of 2011, which are incorporated herein by reference.

On 25 August 2011 SNS REAAL announced a net profit of € 44 million for the first half year of 2011. Excluding the run-off portfolio of Property Finance, the core activities of SNS REAAL made a net profit of € 162 million. The net profit of SNS Retail Bank increased 32% to € 87 million compared to the first half of 2010. Interest income from savings was up in the first half of 2011, due to a marked increase of the savings portfolio by € 3.0 billion compared to year-end 2010 (+11%). SNS Retail Bank's market share in savings increased to 10.2% (2010: 9.5%). SNS Retail Bank's residential mortgage portfolio of € 51.9 billion was up € 2.6 billion compared to year-end 2010 (€ 49.3 billion). Of this € 2.6 billion, € 2.2 billion was caused by the transfer of securitised retail mortgages from DBV as at 1 January 2011. On the other hand, at the end of June 2011, € 0.5 billion of the mortgage portfolio of SNS Retail Bank was transferred to the Insurance activities. This consisted of REAAL's first half year production of new SNS Retail Bank mortgages covered by the Dutch Mortgage Guarantee scheme. Organically, SNS Retail Bank's residential mortgage portfolio grew by € 0.9 billion, supported by high retention rates.

SNS Retail Bank's market share of new residential mortgages in the first half of 2011 was 6.4%, stable compared to 2010 as a whole. In the first half of 2011, the proportion of new mortgages covered by the Dutch Mortgage Guarantee scheme was again substantial at 67%. Net interest income from mortgages was relatively stable, despite the impact from the sale of first loss pieces (e-notes) and the transfer of € 0.9 billion of retail mortgages to the Insurance activities in the fourth quarter of 2010. The transfer of the securitised DBV retail mortgages did not have a material impact on net interest income. SNS SME posted a net profit of € 34 million compared to € 43 million for the first half of 2010. This decrease was largely driven by lower interest income and higher impairment charges. In the first half of 2010, impairment charges had been below normalised levels due to releases of provisions. As part of SNS REAAL's capital release programme, commitments at SNS SME (gross loans including undrawn commitments) were reduced from € 7.4 billion at the end of 2010 to € 6.4 billion (-13%). Property Finance posted a net loss of € 118 million compared to a net loss of € 219 million for the first half of 2010. Adjusted for the goodwill impairment of € 68 million in 2010, the net loss decreased from € 151 million to € 118 million. This decrease was fully due to lower impairments, more than compensating for the lower net interest income and higher operating expenses. Total commitments declined from € 6.8 billion at the end of 2010 to € 6.0 billion (-12%), corresponding to a decline in risk-weighted assets by € 0.6 billion. For SNS REAAL as a whole, turning around the situation at Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to servicing customers, the key priorities. At the end of June 2011, the Tier 1 ratio of SNS Bank stood at 11.3% (end 2010: 10.7%) and the Core Tier 1 ratio was 8.4% (end 2010: 8.1%). The increase was supported by the decline in risk-weighted assets at Property Finance and profit of SNS Retail Bank partly mitigated by the negative impact of the loss at Property Finance.

SNS Bank was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Dutch Central Bank (DNB), the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

On 27 October 2011, SNS Bank published a press release regarding the new EBA solvency threshold, pursuant to which European banks must meet a 9% threshold for their core Tier 1 ratios, in accordance with the current EBA definition, after revaluing sovereign bond holdings at market rates. Based on the preliminary insights of EBA as published in this EBA press release, SNS Bank met this 9% core Tier 1 ratio threshold at such time. On 8 December 2011, SNS Bank published a press release regarding the final results from the new EBA solvency threshold test, determining that SNS Bank fell short € 159 million. This shortfall must be recovered by the end of June 2012. SNS Bank announced that it will ensure that it shall meet the required 9% core Tier 1 ratio threshold by the end of June 2012, eliminating the € 159 million shortfall.

On 10 November 2011 SNS REAAL published its trading update for the third quarter of 2011, which press release is incorporated by reference herein (see *Documents incorporated by reference*).

On 17 November 2011, SNS Bank published a press release announcing an offer to the holders of certain subordinated notes and subordinated fixed rate notes to exchange their notes into euro denominated fixed rate senior notes issued by SNS Bank under its € 25,000,000,000 Debt Issuance Programme in order to enhance the quality of SNS Bank's solvency ratio by creating core Tier 1 capital. On 29 November 2011, SNS Bank published a press release following the completion of this exchange offer, mentioning that the net proceeds of the offer resulted in approximately EUR 72 million.

Supervision

SNS Bank is a credit institution with a full Netherlands banking license and as such is supervised by DNB (*De Nederlandsche Bank N.V.*) and by the AFM.

Selected Financial Information

SNS Bank's publicly available consolidated audited annual financial statements for the years ended 31 December 2010 (set forth on pages 47 up to and including 140) and 31 December 2009 (set forth on pages 44 up to and including 123)(the "**Audited Financial Statements**") are incorporated by reference herein (see *Documents incorporated by reference*). All information concerning 2010 and 2009 below has been derived from the Audited Financial Statements.

Key Financial Information

<i>(amounts in millions of EUR)</i>	31 December 2010 (audited)	31 December 2009 (audited)
Total assets	78,918	80,251*
Loans and advances to the private sector	65,013	67,479
of which mortgage loans	50,767	50,878
Amounts due to customers	37,880	34,270
of which savings	27,398	24,435
Equity distributable to Shareholders	1,580	2,165
Capital base	3,694	3,590
Tier 1 ratio¹	10.7%	10.7%
BIS ratio¹	16.7%	13.9%
Net interest income	871	672
Other income	114	426

¹ As from 2008 figures are calculated based on Basel II, taking into account the 80% floor of Basel I.

of which net commission and management fees	92	99
Net profit	(431)	(99)
(in numbers)		
Branches (unaudited)	143	133
Cash dispensers (unaudited)	490	516
Employees (fte's, average) (unaudited)	2,639	3,270

* SNS Bank has recognised a provision of €38 million (2009: €38 million) in relation to its share in the deposit guarantee scheme related to DSB Bank. This amount represents the expected uncollectability on the claim in the assets available for distribution of DSB Bank. In 2009 this amount was presented in the balance sheet item 'other liabilities'. In 2010 the compensation to customers of DSB Bank has been partially contributed to the Dutch Central Bank. As a result, SNS Bank has offset the provision with its contribution in the assets available for distribution of DSB. The net amount is presented under other assets.

SELLERS AND RESIDENTIAL MORTGAGE BUSINESS

A. Mortgage Origination

SNS Bank originates mortgage loans through two separate channels: directly, through its branch network and indirectly, through independent agents, such as estate agents, financial advisers and insurance intermediaries. SNS Bank originates mortgage loans through independent agents only, such as financial advisers and insurance intermediaries. RegioBank originates mortgages through its franchise network.

Borrower Income Requirements

The maximum amount that can be borrowed depends on, *inter alia*, the Borrower's income. 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.

Other Conditions

The following general conditions also apply to mortgage loans offered:

- The borrowers must be at least 18 years old;
- Self employed and contractors are subject to additional income tests;
- Credit assessment of the borrower is required, and
- Insurance in respect of the property against risk of fire and other accidental damage for its full restitution value is required.

B. Residential Mortgage Products

The Sellers offer a full range of mortgage products with various interest rate and repayment mechanisms. Only certain specified mortgage products are intended to be assigned to the Issuer. The characteristics of these products are described further below.

Legal Form

Details of all land and properties are recorded in public registers in the Netherlands. All Mortgage Loans are secured by a mortgage evidenced by a notarial mortgage deed recorded in these registers. Although other legal forms of mortgage loans are available in the Netherlands, all mortgage loans originated are "Bank Mortgages". A Bank Mortgage is a mortgage that secures not only the loan granted to finance a property, long lease or apartment right, but also any other liabilities owed at any time by the relevant Borrower to the relevant Seller. Accordingly, the Mortgaged Asset provides security for all debts up to a maximum amount as registered in the relevant public registry. For a further description of Bank Mortgages see *Risk Factors* above.

Mortgaged Assets

The mortgage rights securing the Mortgage Loans are vested on (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*"). For over a century different municipalities and other public bodies in the Netherlands have used the long lease ("*erfpacht*") as a system to provide land without giving up the ownership of it. There are three types of long lease: temporary ("*tijdelijk*"), ongoing ("*voortdurend*") and perpetual ("*eeuwigdurend*"). A long lease is a right in rem ("*zakelijk recht*") which entitles the leaseholder ("*erfpachter*") to hold and use a real property ("*onroerende zaak*") owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration ("*canon*") will be due by the leaseholder to the landowner for the long lease.

Repayment Mechanism

Apart from Interest-Only mortgage loans ("*aflossingsvrije hypotheek*") whereby principal is repaid at final maturity of the mortgage loan (which to the extent compulsory under the relevant acceptance conditions, have the benefit of combined risk and capital life insurance policies taken out by Borrowers with an insurance company), the following repayment mechanisms are offered by all or some Sellers:

Savings Mortgage Loans ("*spaarhypotheek*")

A Savings Mortgage Loan and the Savings Mortgage Receivable relating thereto consists of a Mortgage

Loan entered into by the relevant Seller and the relevant Borrower, which has the benefit of a Savings Insurance Policy taken out by the Borrower with an insurance company.

Most of the Savings Mortgage Loans originated by SNS Bank are documented as Savings Plus Mortgage Loans ("**Savings Plus Mortgage Loans**") ("*Spaarhypotheken Plus*"), whereby the Savings Premium under the Savings Insurance Policy is either (i) deposited by the Savings Insurance Company in a savings account held with SNS Bank (the "**Savings Alternative**") or (ii), at the option of the Borrower, invested in certain investment funds offered by SNS Beleggingsfondsen N.V. (the "**Investment Alternative**"). Furthermore, the terms and conditions of the Savings Insurance Policy in connection with the Savings Plus Mortgage Loans provide that on each interest rate reset date the Borrower can (i) switch whole or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative into the Investment Alternative (the "**Savings Switch**") and (ii) switch whole or part of the value of the investments of the Investment Alternative into the Savings Alternative.

Bank Savings Mortgage Loans

The Mortgage Loans (or parts thereof) may be in the form of bank savings mortgage loans ("*bankspaarhypotheken*" or "**Bank Savings Mortgage Loans**" and, with respect to the relevant Seller, "**Relevant Bank Savings Mortgage Loans**") which consist of Mortgage Loans entered into by the relevant Seller and the relevant Borrower combined with a blocked savings account (the "**Bank Savings Account**"). Under the Bank Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the Mortgage Loan. Instead, the Borrower pays a monthly deposit in the Bank Savings Account (the "**Bank Savings Deposit**"). The Bank Savings Deposit is calculated in such a manner that, on an annuity basis, the balance standing to the credit of the Bank Savings Account is equal to the relevant part of the amount due by the Borrower to the relevant Seller at maturity of the Bank Savings Mortgage Loan. The balances standing to the credit of the Bank Savings Accounts are pledged to the relevant Seller as security for repayment of the relevant Bank Savings Mortgage Loan.

Investment-based Mortgage Loans ("*beleggingshypothek*")

In case of SNS Bank, the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying his own funds or (part of) the proceeds of the Investment-based Mortgage Loan by means of an '*SNS Rendementrekening*', an investment account held with SNS Bank (the "**Investment Account**") in certain investment funds of SNS Beleggingsfondsen N.V. (the "**Investment Funds**"). The investments in Investment Funds are effectuated by the Borrowers paying the relevant amount from the Investment Account to an account held with SNS Bank, designated by SNS Bank for the purchasing of securities of Investment Funds by Stichting SNS Beleggersgiro ("**SNS Beleggersgiro**"). The securities purchased by SNS Beleggersgiro, will be in the form of "*Wge-effecten*" (securities regulated under the Wge) and will be administrated on the Investment Account. With SNS Bank the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying an agreed amount in certain investment funds or certain other securities selected by the Borrower out of a range of investment funds and/or securities offered by the bank or investment firm ("*beleggingsonderneming*") (hereinafter the "**Investment Firm**"). The Investment Firm is notified of the fact that the Borrower is only allowed to purchase investment funds and/or securities selected by SNS Bank. The securities purchased will be administrated on an investment account held with a bank or a beleggersgiro in the Netherlands.

Life Mortgage Loans ("*levenshypothek*")

An Interest-only Mortgage Loan to which a Life Insurance Policy with a Life Insurance Company is connected. Principal repayments will be paid out from the proceeds of the Life Insurance Policy.

Linear Mortgage Loans ("*lineaire hypothek*")

Scheduled (usually monthly) repayments of principal are fixed over the term of the mortgage.

Annuity Mortgage Loans ("*annuïteitenhypothek*")

Scheduled (usually monthly) repayments of principal plus interest are fixed (provided that the interest rates do not change).

Combined Mortgage Loans ("*combinatiehypotheken*")

In order to tailor a Mortgage Loan to meet as closely as possible the specific fiscal and economic needs

of a Borrower, it is common for a Mortgage Loan to be constructed from a combination of mortgage types.

Interest Rate

The mortgage loans bear interest on the basis of any of the following alternatives:

- fixed rate, whereby the interest rates can be fixed for a specific period between 1 to 30 years;
- floating rate; or
- any other type of interest alternatives offered, including:
 - Stable Interest ("*Stabiele Rente*"), which is the interest payable by the Borrower is determined on an annual basis, whereby the Borrower chooses a bandwidth between 1.0 per cent. and 3.5 per cent., (increased by steps of 0.5 per cent.) at the beginning of the Mortgage Loan. At any time, the Borrower is entitled to choose another bandwidth, subject to payment of certain administrative costs. Each bandwidth has its own SNS Stable Interest rate. Every year the interest rate in the contract ("*contractrente*") will be compared with the actual SNS Stable Interest rate ("*toetsrente*") for the applicable bandwidth. When the difference falls within the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower ("*contractrente*"). When the difference falls outside the bandwidth, the interest rate for that year will be fixed at the interest rate equal to the interest rate in the contract of the Borrower ("*contractrente*") adjusted for the percentage which did fall outside the bandwidth.
 - Ideal Interest ("*Ideaal Rente*"), which is the average interest rate over five years. The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of five interest percentages determined by SNS as the Ideal Interest and in which the denominator is five. In the first year, the numerator equals the Ideal Interest percentage for that year multiplied by five. In the second year the numerator equals the Ideal Interest percentage for year one multiplied by four plus the Ideal Interest percentage for year two. In the years thereafter, the most recent Ideal Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.
 - Middle Interest ("*Middelrente*"), which is the average interest rate over ten years. The interest payable by the Borrower is determined using a fraction in which the numerator is the sum of ten interest percentages determined by the originator as the Ideal Interest and in which the denominator is ten. In the first year, the numerator equals the Middle Interest percentage for that year multiplied by ten. In the second year the numerator equals the Middle Interest percentage for year one multiplied by nine plus the Middle Interest percentage for year two. In the years thereafter, the most recent Middle Interest percentage is included and the oldest Ideal Interest percentage is excluded from the numerator.
 - Capped Interest ("*Plafond Rente*"), which is payable by the Borrower is a floating interest rate with a cap. The Borrower can choose a Ceiling Interest for five or ten years. In this period the borrower pays the floating Ceiling Interest rate with an agreed maximum ("*plafond*") interest rate.
 - Interest Damper ("*Rente Demper*"), which is payable by the Borrower is determined on semi annual basis whereby the interest rate is the average of a floating rate interest, as long as the floating rate stays within the bandwidth chosen by the Borrower. If the floating rate interest exceeds the bandwidth, the interest rate will be fixed at the interest rate equal to the average interest rate adjusted with the percentage which falls outside the bandwidth. The chosen bandwidth will be between 1.0 per cent. and 3.0 per cent. respectively, depending on the duration of the interest period of 5, 10 or 15 years.
 - Starting Rate ("*Instaprente*"), which is payable by the Borrower is a temporary interest rate which is determined for a limited period mostly for 12 to 24 months of the tenor of the mortgage loan. During this period, the Borrower has to make a decision for the succeeding interest period and interest rate.
 - VariRust ("*VariRust*"), which is payable by the Borrower is a floating rate interest with a margin (in excess of the applicable interest rate) of 1.0 per cent. or 3.0 per cent. by the Borrower.
 - Refixing period: whereby, similar to the fixed rate mortgages, the fixed rates reset after a specified period. In the case of the refixing period, the Borrower will remain on the

original fixed rate during the refixing period and has the option to refix at any point during that period to a rate offered by SNS.

Prepayments

Annual prepayments of not more than 20 per cent. of the original mortgage loan are allowed without a penalty being due. In addition, full prepayments can be made without penalty in specific situations:

- at the time of rate resetting;
- on sale or destruction of the property;
- if the Borrower dies.

In other cases, except for Ceiling Interest mortgage loans, penalty charges apply which are calculated as the net present value of the difference between the fixed rate being paid and the current mortgage rate, if lower, for the remaining term of the fixed period. For mortgage loans with a Ceiling Interest, the penalty is calculated by multiplying an agreed percentage with the remaining term of the Ceiling Interest and the loan balance.

C. Mortgage Administration

Collection Procedures

If a client has given direct debit instructions, interest payments and repayments due will be debited directly from this account. Otherwise the client will receive a payment slip.

The loan administration system calculates the repayment schedules and reconciles collected funds with the appropriate account. A range of exception reports are automatically produced and are used by arrears management to monitor the status of individual loans.

Arrears Management

The procedures for the monitoring and collection of late payments include the following actions:

At the beginning of each month late payments are being signalled. After ten days a reminder letter is automatically generated and sent to the Borrower. Further reminder letters are being generated if the arrear persists. Besides reminder letters the client may be contacted by phone either directly by the bank or with the use of the intermediary. In case of increasing arrears and limited possibilities to become current an attempt is made to come to an agreement for a private sale of the property. If all negotiations with the borrower fail the civil-law notary will be instructed, who will then organise a forced sale by way of public auction.

Rate re-setting procedures

Prior to the reset date, the loan administration system automatically generates a letter to the Borrower advising that a rate re-setting is imminent and, in addition, listing the rate(s) that would apply. The Borrower does not have to choose the same fixed rate period as the previous one. If there is no response from the Borrower before the rate re-setting date, the rate is automatically reset for a one-year term.

D. Concentration with insurer

In view of the fact that the Sellers and SRLEV N.V. all form part of the group of companies formed by SNS REAAL N.V. and its subsidiaries, it is probable that more than an average part of the insurance policies relating to the Mortgage Receivables originated by the Sellers and purchased by the Issuer are taken out by the Borrowers with SRLEV N.V.

DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date represent the rights (whether actual or contingent) of the relevant Seller against any Borrower under or in connection with the Mortgage Loans (the "**Final Portfolio**") selected by agreement between the Sellers and the Issuer.

The Mortgage Loans are loans secured by a mortgage, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") each entered into by the relevant Seller and the relevant Borrowers. The Mortgage Loans are all in the form of Bank Mortgages. See *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* in *Risk Factors* above.

The Mortgage Loans in the Final Portfolio will be selected from a provisional pool of mortgage loans (the "**Provisional Pool**") that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement on the Closing Date. The Final Portfolio will have the same general characteristics as the Provisional Pool.

For a description of the representations and warranties given by the Sellers reference is made to *Mortgage Receivables Purchase Agreement* below.

The numerical information set out below relates to the Provisional Pool which was selected on 30 November 2011. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

Key Characteristics of the Provisional Pool

Outstanding principal balance	€	3.955.940.085
Outstanding savings balance	€	73.537.661
Outstanding net balance	€	3.882.402.424
Number of mortgage loans		21.830
Number of mortgage loan parts		43.255
Average outstanding principal balance	€	177.847
Minimum outstanding principal balance	€	10
Maximum outstanding principal balance	€	2.300.000
Maximum current interest rate (%)		8,80
Minimum current interest rate (%)		2,04
Weighted average current interest rate (%)		4,61
Weighted average Current Loan to Foreclosure Value ratio (%)		89,04
Weighted average loan to market value (%) *		77,91
Weighted average seasoning (months)		54,56
Weighted average current remaining Term to Maturity (yrs)**		24,65

* Assuming that the foreclosure value is equal to 87.5% of the market value

** Excluding perpetuals

Table 1: Originator

Bank	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
SNS Bank	3.335.389.957	85,91%	18.694	85,63%
Regio Bank	547.012.468	14,09%	3.136	14,37%
Total	3.882.402.424	100%	21.830	100%

Table 2: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
No	2.554.864.750	65,81%	26.396	61,02%
Yes	1.327.537.674	34,19%	16.859	38,98%
Total	3.882.402.424	100%	43.255	100%

Table 3: Mortgage Type

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	55.972.960	1,44%	1.350	3,12%
Interest only	2.934.667.072	75,59%	31.788	73,49%
Investment-based	248.735.345	6,41%	2.318	5,36%
Linear	5.315.407	0,14%	124	0,29%
Savings	637.711.640	16,43%	7.675	17,74%
Total	3.882.402.424	100%	43.255	100%

Table 4: Types of property

Type of property	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
Apartment	338.350.299	8,71%	2.187	10,02%
Farm	87.666.708	2,26%	334	1,53%
House	3.396.991.349	87,50%	18.790	86,07%
Recreation house	59.088.967	1,52%	516	2,36%
Watervilla	305.101	0,01%	3	0,01%
Total	3.882.402.424	100%	21.830	100%

Table 5: Mortgage Loan Size

Size of outstanding loan balance (euro)	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
0 - <100,000	333.717.767	8,60%	5.160	23,64%
100,000 - <200,000	1.410.645.209	36,33%	9.466	43,36%
200,000 - <300,000	1.182.163.108	30,45%	4.961	22,73%
300,000 - <400,000	454.714.574	11,71%	1.342	6,15%
400,000 - <500,000	203.023.927	5,23%	462	2,12%
500,000 - <600,000	108.521.974	2,80%	201	0,92%
600,000 - <700,000	70.761.224	1,82%	111	0,51%
700,000 - <800,000	40.215.362	1,04%	54	0,25%
800,000 - <900,000	22.729.608	0,59%	27	0,12%
900,000 - <1,000,000	12.331.345	0,32%	13	0,06%
>=1,000,000	43.578.328	1,12%	33	0,15%
Total	3.882.402.424	100%	21.830	100%

Table 6: Seasoning

Year of origination	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1996	3.963.498	0,10%	89	0,21%
1997	8.979.453	0,23%	102	0,24%
1998	193.809.430	4,99%	3.651	8,44%
1999	97.124.491	2,50%	1.467	3,39%
2000	122.318.841	3,15%	1.447	3,35%
2001	74.597.496	1,92%	856	1,98%
2002	116.406.016	3,00%	1.301	3,01%
2003	150.635.212	3,88%	1.620	3,75%
2004	145.999.880	3,76%	1.762	4,07%
2005	247.273.345	6,37%	2.863	6,62%
2006	296.216.264	7,63%	3.205	7,41%
2007	479.448.979	12,35%	4.355	10,07%
2008	343.139.830	8,84%	3.412	7,89%
2009	310.571.641	8,00%	3.247	7,51%
2010	582.573.244	15,01%	6.330	14,63%
2011	709.344.806	18,27%	7.548	17,45%
Total	3.882.402.424	100%	43.255	100%

Table 7: Interest Type

Interest Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
"rentedemper" 10 year, 2% band	22.295.046	0,57%	217	0,50%
"rentedemper" 10 year, 3% band	12.348.500	0,32%	119	0,28%
"rentedemper" 15 year, 3% band	3.181.919	0,08%	43	0,10%
"rentedemper" 5 year, 1% band	7.632.406	0,20%	73	0,17%
"rentedemper" 5 year, 2% band	4.319.280	0,11%	34	0,08%
"rentedemper" 5 year, 3% band	583.953	0,02%	8	0,02%
"Stabielrente" 1% band	48.243.261	1,24%	674	1,56%
"Stabielrente" 1,5% band	1.794.287	0,05%	15	0,03%
"Stabielrente" 2% band	8.395.091	0,22%	144	0,33%
"Stabielrente" 2,5% band	484.349	0,01%	7	0,02%
"Stabielrente" 3% band	751.902	0,02%	14	0,03%
"VariRust" 2% band	260.845	0,01%	6	0,01%
"VariRust" 1% band	947.068	0,02%	16	0,04%
1 yr fixed	106.003.957	2,73%	1.536	3,55%
1 yr fixed + 1 yr refixing period	1.491.301	0,04%	15	0,03%
10 yr "plafondrente"	326.006.033	8,40%	3.680	8,51%
10 yr fixed	1.244.838.180	32,06%	13.457	31,11%
10 yr fixed + 2 yr refixing period	21.036.469	0,54%	254	0,59%
12 months "instaprente"	463.006	0,01%	3	0,01%
12 yr fixed	54.505.894	1,40%	649	1,50%
14 yr fixed + 1 yr refixing period	36.658.029	0,94%	790	1,83%
15 yr fixed	108.831.810	2,80%	1.263	2,92%
2 yr fixed	895.166	0,02%	12	0,03%
20 yr fixed	190.661.423	4,91%	2.229	5,15%
24 months "instaprente"	1.506.545	0,04%	21	0,05%
3 yr fixed	45.193.201	1,16%	531	1,23%
30 yr fixed	6.476.805	0,17%	88	0,20%
4 yr fixed + 1 yr refixing period	12.686.153	0,33%	196	0,45%
5 yr "plafondrente"	433.836.902	11,17%	4.727	10,93%
5 yr fixed	403.432.229	10,39%	4.480	10,36%
5 yr fixed + 2 yr refixing period	6.335.588	0,16%	98	0,23%
6 yr fixed	152.111.376	3,92%	1.576	3,64%
7 yr fixed	15.931.113	0,41%	156	0,36%
9 yr fixed + 1 yr refixing period	18.908.030	0,49%	320	0,74%
Average interest rate	8.676.384	0,22%	147	0,34%
Ideal	11.860.785	0,31%	172	0,40%
Variable	562.818.137	14,50%	5.485	12,68%
Total	3.882.402.424	100%	43.255	100%

Table 8: Interest Rate

Interest Rate %	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2 - <3	49.811.998	1,28%	546	1,26%
3 - <4	688.657.853	17,74%	7.401	17,11%
4 - <5	1.926.621.255	49,62%	20.363	47,08%
5 - <6	1.116.863.294	28,77%	13.294	30,73%
6 - <7	99.369.364	2,56%	1.624	3,75%
7 - <8	920.726	0,02%	22	0,05%
8 - <9	157.934	0,00%	5	0,01%
Total	3.882.402.424	100%	43.255	100%

Table 9: LTFV

Current Loan-to-Foreclosure Value Ratio (%)	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
0 - <10	2.695.489	0,07%	90	0,41%
10 - <20	19.467.987	0,50%	452	2,07%
20 - <30	53.273.484	1,37%	800	3,66%
30 - <40	104.959.202	2,70%	1.173	5,37%
40 - <50	178.960.560	4,61%	1.579	7,23%
50 - <60	272.908.078	7,03%	1.971	9,03%
60 - <70	343.916.676	8,86%	2.082	9,54%
70 - <80	462.569.157	11,91%	2.551	11,69%
80 - <90	357.520.561	9,21%	1.807	8,28%
90 - <100	457.236.279	11,78%	2.123	9,73%
100 - <110	499.452.900	12,86%	2.315	10,60%
110 - <120	648.574.082	16,71%	2.822	12,93%
120 - <130	480.867.967	12,39%	2.065	9,46%
Total	3.882.402.424	100%	21.830	100%

Table 10: Geographical distribution

Region	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
Drenthe	122.920.932	3,17%	830	3,80%
Flevoland	101.022.520	2,60%	607	2,78%
Friesland	84.904.672	2,19%	509	2,33%
Gelderland	665.537.993	17,14%	3.657	16,75%
Groningen	118.612.225	3,06%	869	3,98%
Limburg	529.573.285	13,64%	3.875	17,75%
Noord-Brabant	587.753.039	15,14%	3.005	13,77%
Noord-Holland	516.177.428	13,30%	2.367	10,84%
Overijssel	291.920.055	7,52%	1.766	8,09%
Utrecht	314.669.474	8,11%	1.468	6,72%
Zeeland	68.458.277	1,76%	425	1,95%
Zuid-Holland	480.852.524	12,39%	2.452	11,23%
	3.882.402.424	100%	21.830	100%

Table 11: Legal final maturity of mortgage loans

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2011	18.879	0,00%	6	0,01%
2012	904.185	0,02%	33	0,08%
2013	2.309.548	0,06%	106	0,25%
2014	1.457.818	0,04%	58	0,13%
2015	2.185.264	0,06%	62	0,14%
2016	3.419.502	0,09%	94	0,22%
2017	5.390.359	0,14%	88	0,20%
2018	12.149.836	0,31%	309	0,71%
2019	8.751.868	0,23%	204	0,47%
2020	7.794.442	0,20%	165	0,38%
2021	9.434.043	0,24%	196	0,45%
2022	6.437.183	0,17%	138	0,32%
2023	12.260.896	0,32%	249	0,58%
2024	13.578.570	0,35%	267	0,62%
2025	14.499.085	0,37%	225	0,52%
2026	18.193.214	0,47%	323	0,75%
2027	21.940.063	0,57%	356	0,82%
2028	132.059.366	3,40%	2.284	5,28%
2029	86.878.611	2,24%	1.329	3,07%
2030	116.308.989	3,00%	1.431	3,31%
2031	127.835.699	3,29%	1.487	3,44%
2032	115.894.536	2,99%	1.270	2,94%
2033	139.134.901	3,58%	1.487	3,44%
2034	167.285.798	4,31%	1.876	4,34%
2035	298.733.167	7,69%	3.196	7,39%
2036	365.142.883	9,41%	3.612	8,35%
2037	302.054.999	7,78%	2.807	6,49%
2038	320.257.772	8,25%	3.056	7,07%
2039	235.427.302	6,06%	2.377	5,50%
2040	461.665.558	11,89%	4.797	11,09%
2041	661.480.391	17,04%	6.739	15,58%
Perpetual	211.517.697	5,45%	2.628	6,08%
	3.882.402.424	100%	43.255	100%

Table 12: Fixed rate mortgage loans: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
No	2.080.684.767	62,68%	22.074	58,44%
Yes	1.238.899.521	37,32%	15.696	41,56%
Total	3.319.584.288	100%	37.770	100%

Table 13: Floating rate mortgage loans: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
No	474.179.984	84,25%	4.322	78,80%
Yes	88.638.153	15,75%	1.163	21,20%
Total	562.818.137	100%	5.485	100%

Table 14: Fixed rate mortgage loans: Mortgage types

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	43.991.741	1,33%	1.123	2,97%
Interest only	2.424.894.570	73,05%	26.921	71,28%
Investment-based	217.270.980	6,55%	2.034	5,39%
Linear	3.774.325	0,11%	95	0,25%
Savings	629.652.671	18,97%	7.597	20,11%
Total	3.319.584.288	100%	37.770	100%

Table 15: Floating rate mortgage loans: Mortgage types

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	11.981.219	2,13%	227	4,14%
Interest only	509.772.502	90,57%	4.867	88,73%
Investment-based	31.464.365	5,59%	284	5,18%
Linear	1.541.081	0,27%	29	0,53%
Savings	8.058.970	1,43%	78	1,42%
Total	562.818.137	100%	5.485	100%

Table 16: Fixed rate mortgage loans: Seasoning

Year of originati	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1996	3.068.414	0,09%	79	0,21%
1997	5.793.372	0,17%	86	0,23%
1998	167.792.012	5,05%	3.307	8,76%
1999	78.251.408	2,36%	1.249	3,31%
2000	98.925.206	2,98%	1.235	3,27%
2001	61.756.537	1,86%	723	1,91%
2002	87.899.468	2,65%	1.057	2,80%
2003	119.846.593	3,61%	1.376	3,64%
2004	110.508.716	3,33%	1.373	3,64%
2005	200.005.295	6,03%	2.359	6,25%
2006	277.987.377	8,37%	2.981	7,89%
2007	440.855.177	13,28%	4.009	10,61%
2008	323.699.336	9,75%	3.243	8,59%
2009	249.713.403	7,52%	2.725	7,21%
2010	505.761.685	15,24%	5.627	14,90%
2011	587.720.288	17,70%	6.341	16,79%
Total	3.319.584.288	100%	37.770	100%

Table 17: Floating rate mortgage loans: Seasoning

Year of origination	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1996	895.084	0,16%	10	0,18%
1997	3.186.081	0,57%	16	0,29%
1998	26.017.417	4,62%	344	6,27%
1999	18.873.083	3,35%	218	3,97%
2000	23.393.636	4,16%	212	3,87%
2001	12.840.959	2,28%	133	2,42%
2002	28.506.548	5,06%	244	4,45%
2003	30.788.619	5,47%	244	4,45%
2004	35.491.163	6,31%	389	7,09%
2005	47.268.050	8,40%	504	9,19%
2006	18.228.887	3,24%	224	4,08%
2007	38.593.802	6,86%	346	6,31%
2008	19.440.494	3,45%	169	3,08%
2009	60.858.238	10,81%	522	9,52%
2010	76.811.559	13,65%	703	12,82%
2011	121.624.518	21,61%	1.207	22,01%
Total	562.818.137	100%	5.485	100%

Table 18: Fixed rate mortgage loans: Interest rate

Interest Rate %	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2 - <3	11.501.721	0,35%	158	0,42%
3 - <4	393.553.540	11,86%	4.303	11,39%
4 - <5	1.697.546.708	51,14%	18.366	48,63%
5 - <6	1.116.534.294	33,63%	13.292	35,19%
6 - <7	99.369.364	2,99%	1.624	4,30%
7 - <8	920.726	0,03%	22	0,06%
8 - <9	157.934	0,00%	5	0,01%
Total	3.319.584.288	100%	37.770	100%

Table 19: Floating rate mortgage loans: Interest rate

Interest Rate %	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2 - <3	38.310.277	6,81%	388	7,07%
3 - <4	295.104.313	52,43%	3.098	56,48%
4 - <5	229.074.547	40,70%	1.997	36,41%
5 - <6	329.000	0,06%	2	0,04%
6 - <7	0	0,00%	0	0,00%
7 - <8	0	0,00%	0	0,00%
8 - <9	0	0,00%	0	0,00%
Total	562.818.137	100%	5.485	100%

Table 20: Fixed rate mortgage loans: Legal final maturity of mortgage loans

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2011	18.879	0,00%	6	0,02%
2012	773.819	0,02%	29	0,08%
2013	1.958.665	0,06%	100	0,26%
2014	1.328.711	0,04%	50	0,13%
2015	1.809.321	0,05%	57	0,15%
2016	2.537.439	0,08%	82	0,22%
2017	2.761.809	0,08%	82	0,22%
2018	10.802.896	0,33%	290	0,77%
2019	7.809.220	0,24%	187	0,50%
2020	6.468.634	0,19%	147	0,39%
2021	8.880.307	0,27%	187	0,50%
2022	5.935.164	0,18%	131	0,35%
2023	11.116.277	0,33%	234	0,62%
2024	12.672.862	0,38%	253	0,67%
2025	13.409.928	0,40%	213	0,56%
2026	17.016.536	0,51%	306	0,81%
2027	19.978.871	0,60%	336	0,89%
2028	117.661.709	3,54%	2113	5,59%
2029	73.401.632	2,21%	1150	3,04%
2030	98.668.220	2,97%	1249	3,31%
2031	113.564.281	3,42%	1333	3,53%
2032	94.749.731	2,85%	1088	2,88%
2033	116.120.907	3,50%	1297	3,43%
2034	130.171.690	3,92%	1490	3,94%
2035	234.056.940	7,05%	2564	6,79%
2036	340.840.717	10,27%	3326	8,81%
2037	292.174.635	8,80%	2690	7,12%
2038	303.216.006	9,13%	2910	7,70%
2039	188.010.063	5,66%	1965	5,20%
2040	387.122.290	11,66%	4149	10,98%
2041	541.369.875	16,31%	5590	14,80%
Perpetual	163.176.251	4,92%	2166	5,73%
	3.319.584.288	100%	37.770	100%

Table 21: Floating rate mortgage loans: Legal final maturity of mortgage loans

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2011	-	0,00%	-	0,00%
2012	130.366	0,02%	4	0,07%
2013	350.883	0,06%	6	0,11%
2014	129.106	0,02%	8	0,15%
2015	375.943	0,07%	5	0,09%
2016	882.062	0,16%	12	0,22%
2017	2.628.549	0,47%	6	0,11%
2018	1.346.940	0,24%	19	0,35%
2019	942.648	0,17%	17	0,31%
2020	1.325.808	0,24%	18	0,33%
2021	553.736	0,10%	9	0,16%
2022	502.018	0,09%	7	0,13%
2023	1.144.618	0,20%	15	0,27%
2024	905.708	0,16%	14	0,26%
2025	1.089.157	0,19%	12	0,22%
2026	1.176.678	0,21%	17	0,31%
2027	1.961.192	0,35%	20	0,36%
2028	14.397.657	2,56%	171	3,12%
2029	13.476.979	2,39%	179	3,26%
2030	17.640.769	3,13%	182	3,32%
2031	14.271.418	2,54%	154	2,81%
2032	21.144.805	3,76%	182	3,32%
2033	23.013.994	4,09%	190	3,46%
2034	37.114.108	6,59%	386	7,04%
2035	64.676.228	11,49%	632	11,52%
2036	24.302.166	4,32%	286	5,21%
2037	9.880.364	1,76%	117	2,13%
2038	17.041.766	3,03%	146	2,66%
2039	47.417.239	8,42%	412	7,51%
2040	74.543.268	13,24%	648	11,81%
2041	120.110.516	21,34%	1.149	20,95%
Perpetual	48.341.445	8,59%	462	8,42%
	562.818.137	100%	5.485	100%

Table 22: Interest type

Interest Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Variable	562.818.137	14,50%	5.485	12,68%
Fixed*	3.319.584.288	85,50%	37.770	87,32%
Total	3.882.402.424	100%	43.255	100%

*: defined as all other types of mortgages in the pool with the exception of variable

NHG GUARANTEE PROGRAMME

NHG Guarantee

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 a central privatised entity, "Stichting Waarborgfonds Eigen Woningen" (the "WEW"), is responsible for administration and granting of the "*Nationale Hypotheek Garantie*" ("**NHG Guarantee**") under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (See *Risk Factors* above).

Financing of the WEW

The WEW finances itself, inter alia, by a one-off charge to the borrower of 0.40 per cent. (as of 1 January 2007) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW of the other 50 per cent. of the difference. Both the keep well agreement between the Dutch State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy ("*faillissement*"), suspension of payments ("*surseance van betaling*") or liquidation ("*ontbinding*") of the WEW) to meet its obligations under guarantees issued.

Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG to register the mortgage and establish the guarantee. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents by WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register ("*Bureau Krediet Registratie*") ("**BKR**"), a central credit agency used by all financial institutions in the Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages ("*Stichting Fraudepreventie*").

Hypotheek; "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for a NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

The Mortgage Conditions should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs the WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of the WEW is required in case of a private sale unless sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within three months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, WEW must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by the WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if the WEW were still guaranteeing the repayment of the Mortgage Loan during the remainder of the term of the Mortgage Loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

Additional loans

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, inter alia, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions,

including, inter alia, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

Main NHG Underwriting Criteria ("Normen") per 1 January 2012

With respect to a borrower, the underwriting criteria include but are not limited to:

1. The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
2. As a valid source of income the following applies: indefinite contract of employment, temporarily contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probational period ("*proeftijd*") a three year history of income statements, for self employed three year annual statements.
3. The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest terms of less than 10 years on the basis of a percentage determined by the Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*" or "*CHF*") which is in turn based on the market interest on loans to the State of the Netherlands with a remaining life of 10 years, plus such margin as may be determined by the CHF. This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

1. As of 1 July 2009 the absolute maximum loan amount is EUR 350,000. The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
 - (a) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 8 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes ("*vrij op naam*"), the purchase amount under (i) is multiplied by 97 per cent..
 - (b) For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 8 per cent. of the amount under (i).
2. The maximum loan amount that is interest only is 50% of the original value of the property.
3. The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables and will accept the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the relevant Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of 31 December 2011 (the "**Cut-off Date**"). Each Seller will pay, or will procure that the Collection Foundation will pay, to the Issuer ultimately on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price which shall be payable on the Closing (the "**Initial Purchase Price**") and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be euro 3,866,957,260.78 which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-off Date. An amount equal to euro 41,181,671.35 being the aggregate Construction Amount at Closing, will be withheld by the Issuer and will be deposited on the Floating Rate GIC Account, with a corresponding credit of the Construction Ledger. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a "**Deferred Purchase Price Instalment**") will, with respect to a Payment Date, be equal to (A) prior to the delivery of an Enforcement Notice, the sum of (i) the positive difference, if any, between the Interest Available Amount and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (i) and (ii) subject to the Notes having been repaid in full, the positive difference, if any, between the Redemption Available Amount and the sum of all amounts payable by the Issuer as set forth in the Principal Priority of Payments under (a) up to and including (e) on such date, or (B), after the delivery of an Enforcement Notice, the amount remaining after all payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (g) have been made (see *Credit Structure* above). The "**Outstanding Principal Amount**" in respect of a Mortgage Receivable means, (a) on any date the (then remaining) aggregate principal sum ("*hoofdsom*") due by the relevant Borrower under the relevant Mortgage Receivable and (b) after the occurrence of a Realised Loss in respect of such Mortgage Receivable, zero.

Representations and Warranties

Each Seller represents and warrants with respect to the Mortgage Receivables which it will sell (the "**Relevant Mortgage Receivables**") and the Mortgage Loans to which such Mortgage Receivables relate (the "**Relevant Mortgage Loans**") and the Beneficiary Rights relating thereto that on the Closing Date, *inter alia*:

- (a) each of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto is duly and validly existing;
- (b) the relevant Seller has full right and title ("*titel*") to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned and pledged, save that for assignment and pledge of the Savings Mortgage Receivables the consent of the Savings Insurance Company is required;
- (c) the relevant Seller has power ("*is beschikkingsbevoegd*") to sell and assign the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;

- (d) the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto have been granted by the relevant Seller in favour of any third party with regard to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) each Relevant Mortgage Receivable is secured by a mortgage right (a "**Mortgage**") on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Netherlands law;
- (f) (i) all Mortgage Loans entered into by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010), and all Mortgage Loans entered into by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank and all Mortgage Loans entered into by SNS Bank before the end of 2005 provide that in case of assignment or pledge of the receivable the assignee or pledgee will have the benefit of the Mortgage if this has been stipulated upon the assignment or pledge and that in such event the mortgage right no longer secures the Other Claims of the relevant Seller, and (ii) all Mortgage Loans entered into by SNS Bank (other than those referred to in item (i) above) after the end of 2005 provide that in case of assignment or pledge of the receivable the Borrower and SNS Bank have the explicit intention that the assignee or pledgee will have the benefit of (*a pro rata part of*) the Mortgage and rights of pledge securing such receivable (the "**Borrower Pledges**"), unless SNS Bank determines otherwise prior to the assignment or pledge;
- (g) upon creation ("*vestiging*") of each Mortgage and Borrower Pledge (other than the Borrower Insurance Pledges entered into by SNS Bank before the end of 2005 and the Borrower Securities Pledges) the power to unilaterally terminate the Mortgage and Borrower Pledge was granted to the relevant Seller and such power has not been amended, revoked or terminated;
- (h) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the relevant Seller, which guidelines are in form as may reasonably be expected from a lender of residential mortgage loans in the Netherlands. No revaluation of the Mortgaged Assets has been made for the purpose of the transaction contemplated by the Relevant Documents, and the valuations quoted are as at the date of the original initial mortgage loan;
- (i) each Relevant Mortgage Receivable and the Mortgage and the Borrower Pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the relevant Seller, subject to any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors. The binding effect and enforceability of the obligations of a Borrower may be affected by rules of Netherlands law which generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness ("*redelijkheid en billijkheid*") and rules relating to force majeure;
- (j) all Mortgages and Borrower Pledges granted to secure the Relevant Mortgage Receivables (i) constitute valid mortgage rights ("*hypothekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Relevant Mortgage Receivable resulting from the Relevant Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Seller on behalf of the Borrower;
- (k) each of the Relevant Mortgage Loans and, if offered by the relevant Seller, the Insurance Policy connected thereto, has been granted, in all material respects, in accordance with all applicable legal requirements prevailing at the time of origination, and the Code of Conduct on Mortgage Loans ("*Gedragcode Hypothecaire Financieringen*") and the relevant Seller's standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Netherlands residential mortgages;
- (l) each of the Interest-Only Mortgage Loans originated by SNS Bank before 1 October 2003 with a LtFV higher than 75% and with a tenor of more than thirty years or without a maturity date will have a Life Insurance Policy or a Savings Insurance Policy attached to it in the form of a combined risk and capital policy which, as far as the risk element is concerned, pays out upon death of the insured and, as far as the capital element is concerned, upon maturity of the Life

- Insurance Policy and each of the Life Insurance Policies has a term not exceeding thirty years from the date the Mortgage Loan was granted;
- (m) the Outstanding Principal Amount of the Interest-Only Mortgage Loans originated by SNS Bank before 1 October 2003 with a LtFV lower than 75% does not exceed EUR 211,517,697 per cent. at Closing.
 - (n) the Mortgage Conditions applicable to the Mortgage Loans originated by SNS Bank provide that the Outstanding Principal Amount, increased with interest, reimbursements, costs and amounts paid by SNS Bank on behalf of the Borrower and any other amounts due by the Borrowers to SNS Bank will become due and payable, inter alia, if the Life Insurance Policy belonging to the Mortgage Loan is invalid and/or payment of premium under the Life Insurance Policy is suspended ("*premievrij*") and/or the Life Insurance Company makes a payment under the Life Insurance Policy;
 - (o) as at the Closing Date no amounts due and payable under any of the Relevant Mortgage Receivables will be unpaid for a period exceeding one month;
 - (p) with respect to the Relevant Mortgage Loans, whereby it is a condition for the granting of the relevant Mortgage Loan that a Life Insurance Policy is entered into by the Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the relevant Seller (see *Mortgage Loan Criteria* under (ix) below), (ii) the Relevant Mortgage Loan and the Life Insurance Policy are in the relevant Seller's or the Life Insurance Company's promotional materials not offered as one combined mortgage and life insurance product or under one name and (iii) the Borrowers are not obliged to enter into the Life Insurance Policy with a Life Insurance Company which is a group company of the relevant Seller;
 - (q) with respect to Investment-based Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Seller and the securities are purchased for the account of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an Investment Firm, which is by law obliged to ensure that the securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Dutch Giro Securities Transfer Act ("*Wet Giraal Effectenverkeer*", the Wge) or, if they do not qualify as such, by a separate depository vehicle;
 - (r) with respect to Insurance Savings Mortgage Loans, the relevant Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Seller has been validly appointed as beneficiary under such policy or (ii) the Savings Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;
 - (s) with respect to the Relevant Bank Savings Mortgage Loans, the relevant Seller has the benefit of a valid Borrower Pledge on the rights under the relevant Bank Savings Account;
 - (t) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
 - (u) each Relevant Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
 - (v) with respect to the Relevant Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the Relevant Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Relevant Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Seller provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
 - (w) to the best knowledge of the relevant Seller and without prejudice to the representation under (n), the Borrowers are not in any material breach of any provision of their Mortgage Loans;
 - (x) the Mortgage Conditions of the Mortgage Loans originated by SNS Bank and RegioBank provide that all payments by the relevant Borrowers should be made without any deduction or set-off;
 - (y) each Relevant Mortgage Loan was originated by the relevant Seller;
 - (z) each Relevant NHG Mortgage Loan has the benefit of an NHG Guarantee and (i) each NHG Guarantee connected to the Relevant NHG Mortgage Loan was granted for the full amount of the Relevant NHG Mortgage Loan at origination and constitutes legal, valid and binding obligations of Stichting Waarborgfonds Eigen Woningen, enforceable in accordance with their

- terms, (ii) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the Relevant NHG Mortgage Loans were complied with and (iii) none of the Sellers is aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any Relevant NHG Mortgage Loan should not be met in full and in a timely manner;
- (aa) each of the Mortgaged Assets had, at the time the Relevant Mortgage Loan was advanced, the benefit of buildings insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*");
 - (bb) the relevant Seller has not been notified and is not aware of anything affecting the relevant Seller's title to the Relevant Mortgage Receivables;
 - (cc) the repayment of the Relevant Mortgage Receivables by the Borrowers is executed by way of direct debit procedures or on the basis of an invoice;
 - (dd) the notarial mortgage deeds ("*minuut*") relating to the mortgage rights are kept by a civil law notary in the Netherlands and are registered in the appropriate registers, while the loan files, which include certified copies of the notarial mortgage deeds, are kept by the relevant Seller;
 - (ee) other than the Construction Amount, the full principal amount of each Mortgage Loan was in case of each of the Relevant Mortgage Loans paid to the relevant Borrower, whether or not through the relevant civil law notary;
 - (ff) each of the Mortgage Receivables to which a Life Insurance Policy is connected has the benefit of Life Insurance Policies with any of the Insurance Companies and either (i) the relevant Seller has been validly appointed as beneficiary ("*begunstigde*") under such Life Insurance Policies upon the terms of the Relevant Mortgage Loans and the Life Insurance Policies or (ii) the relevant Insurance Company has been given a Borrower Insurance Proceeds Instruction;
 - (gg) it can be determined in its administration without any uncertainty which Beneficiary Rights belong to which Mortgage Receivables;
 - (hh) in respect of Employee Mortgage Loans, (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan against salary payments is agreed or actually effectuated;
 - (ii) each Relevant Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
 - (jj) each of the Relevant Mortgage Loans has been granted, each of the Mortgages and Borrowers Pledges has been vested, subject to the general terms and conditions and in the forms of the mortgage deeds and deeds of pledge attached to the Mortgage Receivables Purchase Agreement;
 - (kk) the particulars of each Relevant Mortgage Receivable as set forth in the list of Mortgage Receivables attached to the Mortgage Receivables Purchase Agreement are correct and complete in all material respects; and
 - (ll) the aggregate Outstanding Principal Amount of all Mortgage Receivables purchased on the Closing Date is equal to EUR 3,866,957,260.78.

Mortgage Loan Criteria

Each of the Mortgage Loans will meet the following criteria (the "**Mortgage Loan Criteria**") at Closing:

- (i) the Mortgage Loans are either:
 - a. Interest-only mortgage loans ("*aflossingsvrije hypotheek*");
 - b. Linear mortgage loans ("*lineaire hypotheek*");
 - c. Annuity mortgage loans ("*annuïteitenhypotheek*");
 - d. Investment-based mortgage loans ("*beleggingshypotheek*");
 - e. Savings mortgage loans ("*spaarhypotheek*");
 - f. Bank Savings mortgage loans ("*spaarhypotheek*");
 - g. Life mortgage loans ("*levenhypotheek*");
 - or
 - h. Mortgage loans which combine any of the above mentioned types of mortgage loans ("*combinatiehypotheek*");
- (ii) the Borrower is a resident of the Netherlands;
- (iii) the Borrower has made at least one monthly payment under the relevant Mortgage Loan;

- (iv) the interest of each Mortgage Receivable is either (i) fixed rate (ii) floating rate, or (iii) any other type of interest alternatives offered by the relevant Seller;
- (v) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (vi) each Mortgage Loan has been entered into after 19 January 1996;
- (vii) interest payments are scheduled to be made monthly;
- (viii) the maximum Outstanding Principal Amount of each Mortgage Receivable, or all Mortgage Receivables secured on the same Mortgaged Assets together, did not exceed 125 per cent. of the Foreclosure Value of the Mortgaged Assets upon origination of the Mortgage Receivable or Mortgage Receivables;
- (ix) where compulsory under the acceptance conditions used by the relevant Seller, each Mortgage Loan has a Life Insurance Policy or Risk Insurance Policy attached to it;
- (x) each Mortgage Loan, save Interest-only Mortgage Loans originated by SNS Bank prior to 1 October 2003, has a legal maturity of not more than thirty (30) years;
- (xi) each Mortgage Loan, other than NHG Mortgage loans, has an original Outstanding Principal Amount of not more than euro 2,300,000;
- (xii) each NHG Mortgage Loan has an original Outstanding Principal Amount of not more than euro 350.000;
- (xiii) each Mortgage Receivable is secured by a first ranking Mortgage;
- (xiv) each Mortgaged Asset is located in the Netherlands
- (xv) none of the Mortgage Loans has been originated by Regio Bank N.V. prior to the merger with CVB Bank N.V.;

Repurchase

In the Mortgage Receivables Purchase Agreement, each Seller has undertaken to repurchase and accept re-assignment of a Relevant Mortgage Receivable on the immediately succeeding Mortgage Payment Date if:

- (i) at any time any of the representations and warranties relating to the Relevant Mortgage Loans and the Relevant Mortgage Receivables given by the relevant Seller proves to have been untrue or incorrect in any material respect, the relevant Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto, or if such matter is not capable of being remedied or is not remedied within the said period of 14 days,
- (ii) the relevant Seller agrees with a Borrower to make a Mortgage Loan Further Advance prior to the occurrence of an Assignment Notification Event and partial termination of the relevant mortgage right (see *Assignment Notification Events* below),
- (iii) the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment;
- (iv) (a) prior to foreclosure of a Relevant NHG Mortgage Loan originated by the relevant Seller such Relevant NHG Mortgage Loan no longer has the benefit of an NHG Guarantee, or (b) following foreclosure of a Relevant NHG Mortgage Loan, the amount actually reimbursed under the NHG Guarantee is lower than the amount claimable under the terms of the NHG Guarantee, each time as a result of an action taken or omitted to be taken by the relevant Seller or the Pool Servicer, on the Mortgage Payment Date immediately following the date on which the Relevant NHG Mortgage Loan ceases to have the benefit of the NHG Guarantee or the payment under the NHG Guarantee has been received by the Issuer, as the case may be, on (i) the immediately following Mortgage Payment Date or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date;
- (v) on the Mortgage Payment Date immediately following the date on which SNS Bank or the Savings Insurance Company complies with a request from the Borrower for a Savings Switch and the Participation in the relevant Savings Plus Mortgage Loan is not terminated; and
- (vi) on the Mortgage Payment Date immediately following the date on which any Seller complies with a request from a Borrower to switch whole or part of (i) a Relevant Floating Rate Mortgage

Receivable into a Relevant Fixed Rate Mortgage Receivable or (ii) a Relevant Fixed Rate Mortgage Receivable into a Relevant Floating Rate Mortgage Receivable.

The purchase price for the Mortgage Receivable in such events will be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable except if:

- (i) it concerns a Mortgage Loan Amendment, and
- (ii) such Mortgage Receivable is either in arrears for a period exceeding 90 days or in respect of such Mortgage Receivable an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets,

in which case the purchase price shall be at least the lesser of (i) the sum of (x) an amount equal to the indexed foreclosure value of the relevant Mortgaged Assets, and (y) with respect to NHG Mortgage Receivables, the amount claimable under the relevant NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable. In the event of a repurchase set forth in item (iv)(b) above, the purchase price shall be equal to the amount that was not reimbursed under the NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Seller or Pool Servicer, plus any post-foreclosure proceeds.

No repurchase and re-assignment of the Relevant Mortgage Receivable is required if the relevant Seller agrees with a Borrower to grant (i) a new mortgage loan secured by a new mortgage right which is lower-ranking than the mortgage right which secures the Mortgage Receivable or (ii) a loan or credit to a Borrower other than a mortgage loan, including, without limitation, by means of a personal loan, a home improvement loan or a current account facility.

Other than in the events set out above and in the paragraph *Substitution relating to weighted average margin of interest rate and weighted average interest rate*, none of the Sellers will be obliged to repurchase any Mortgage Receivables from the Issuer.

Substitution relating to weighted average margin of interest rate and weighted average interest rate

Each Seller will use its best efforts, subject to applicable law, including, without limitation, principles of reasonableness and fairness, to ensure that the weighted average margin on the Relevant Floating Rate Mortgage Receivables shall be at least 1 per cent. above Euribor for one month deposits. In the event that the weighted average margin falls below 1 per cent. above Euribor for one month deposits, the relevant Seller shall repurchase and Issuer will sell and assign part of Relevant Floating Rate Mortgage Receivables and the Beneficiary Rights relating thereto on the immediately following Mortgage Payment Date and the Issuer shall purchase and the Seller shall sell and assign substitute floating rate mortgage receivables and any beneficiary rights relating thereto at a purchase price equal to their Outstanding Principal Amount on such Mortgage Payment Date, such that the weighted average margin on the Relevant Floating Rate Mortgage Receivables shall be at least 1 per cent above Euribor for one month deposits. The purchase price for such sale and repurchase shall be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable. The representations and warranties set out above shall be made *mutatis mutandis* on the date of any such substitution.

Each Seller will use its best efforts, subject to applicable law, including, without limitation, principles of reasonableness and fairness, to ensure that the weighted average interest rate of the Relevant Mortgage Receivables shall be at least 3.5 per cent.. In the event that the weighted average interest rate of the Relevant Mortgage Receivables falls below 3.5 per cent., the relevant Seller shall repurchase and Issuer will sell and assign part of Relevant Mortgage Receivables and the Beneficiary Rights relating thereto on the immediately following Mortgage Payment Date and the Issuer shall purchase and the Seller shall sell and assign substitute mortgage receivables and any beneficiary rights relating thereto at a purchase price equal to their Outstanding Principal Amount on such Mortgage Payment Date, such

that the weighted average interest rate of the Relevant Mortgage Receivables shall be at least 3.5 per cent. The purchase price for such sale and repurchase shall be equal to the Outstanding Principal Amount of the Mortgage Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable. The representations and warranties set out above shall be made *mutatis mutandis* on the date of any such substitution.

Clean-Up Call Option

On each Payment Date the Sellers, acting jointly, have the right to exercise the Clean-Up Call Option.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the relevant Seller, or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Clean-Up Call Option. See also *Sale of Mortgage Receivables* above.

Assignment Notification Events

The Mortgage Receivables Purchase Agreement provides that if:

- (a) a default is made by any Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (b) any Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (c) any representation, warranty or statement made or deemed to be made by any Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties contained in Clause 7.1 thereof, or under any of the other Relevant Documents to which the relevant Seller is a party or if any notice or other document, certificate or statement delivered by any Seller pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) any Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the relevant Seller or for its being converted ("*conversie*") into a foreign entity or its assets are placed under administration ("*onder bewind gesteld*"); or
- (e) any Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of Wft as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (f) at any time it becomes unlawful for any Seller to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party; or
- (g) any Seller has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the other Relevant Documents; or
- (h) the credit rating of SNS Bank's long term unsecured, unsubordinated and unguaranteed debt obligations falls below "Baa1" by Moody's or such rating is withdrawn, or
- (i) the long-term issuer default rating of SNS Bank falls below BBB by Fitch or such rating is withdrawn; or
- (j) a Security Trustee Pledge Notification Event has occurred; or
- (k) RegioBank ceases to be a subsidiary of SNS Bank within the meaning of section 2:24a of the Netherlands Civil Code; or
- (l) SNS REAAL withdraws its 403-Declaration in respect of RegioBank, unless (i) the 403-

- Declaration is replaced by a 403-declaration granted by SNS Bank or (ii) RegioBank has merged with SNS Bank whereby it is the disappearing entity, or
- (m) the Collection Foundation has been declared bankrupt ("*faillissement*") or been subjected to suspension of payments ("*surseance van betaling*") or analogous insolvency procedures under any applicable law,

(each of the items (a) through (l), an "**Assignment Notification Event**") then the Seller to which the Assignment Notification Event relates or, as the case may be, each Seller, shall, unless an appropriate remedy to the satisfaction of the Security Trustee is found, and only after the Security Trustee (i) has notified the Rating Agencies of such remedy and (ii)(A) the Rating Agencies have provided a confirmation that the then current ratings assigned to the notes will not be adversely affected (a "**Rating Agency Confirmation**") in connection there with or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by it to any of the Notes will be adversely affected, forthwith:

- (a) notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee are forthwith notified of (i) the partial termination (x) in respect of SNS Bank, the mortgage rights and the rights of pledge securing the Relevant Mortgage Loans originated after the end of 2005 and the rights of pledge securing the Relevant Mortgage Loans originated before the end of 2005 (other than those referred to in item (y) below) and (y) in respect of Mortgage Loans originated by former BLG Hypotheekbank (which merged into SNS Bank on 11 October 2010), and the Mortgage Loans originated by SNS Bank under the name BLG Hypotheken after the merger of BLG Hypotheekbank into SNS Bank, the rights of pledge securing the Relevant Mortgage Loans and (z) in respect of RegioBank, the mortgage rights and the rights of pledge securing the Relevant Mortgage Loans, in as far as these mortgage rights and rights of pledge secure other debts than the Relevant Mortgage Receivables and (ii) the assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself; and
- (b) release the Borrower Insurance Pledge in respect of the Insurance Policies and undertake its reasonable efforts to the effect that a first ranking right of pledge is created on the right of the Borrowers/insured under the Insurance Policies in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Security Trustee Pledge Notification Event and (ii) the Security Trustee subject to the condition precedent of the occurrence of a Security Trustee Pledge Notification Event; and
- (c) with regard to the Investment-based Mortgage Loans, release the right of pledge in favour of the relevant Seller on the relevant securities, if any, and undertake to use its best efforts to create a first ranking pledge on the relevant securities in favour of (x) the Issuer subject to the dissolving condition of the occurrence of a Security Trustee Pledge Notification Event and (y) the Security Trustee subject to the condition precedent of the occurrence of a Security Trustee Pledge Notification Event; and
- (d) notify or ensure that the Insurance Companies are notified of the assignment of the Beneficiary Rights.

In addition, pursuant to the Beneficiary Waiver Agreement, SNS Bank and RegioBank waive their rights as beneficiaries under the Savings Insurance Policies, subject to the condition precedent of the occurrence of an Assignment Notification Event, and appoint as first beneficiary (x) the Issuer subject to the dissolving condition of the occurrence of an Security Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of an Security Trustee Pledge Notification Event.

Furthermore, pursuant to the Beneficiary Waiver Agreement, to the extent that the waiver and appointment referred to above are not effective in respect of the Savings Insurance Policies and furthermore in respect of the Life Insurance Policies, the relevant Seller and in respect of Savings Insurance Policies, the Savings Insurance Company shall upon the occurrence of an Assignment Notification Event (a) use their best efforts to terminate the appointment of the relevant Seller as

beneficiary under the Insurance Policies and to appoint as first beneficiary under the Insurance Policies (x) the Issuer under the dissolving condition of the occurrence of a Security Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Security Trustee Pledge Notification Event and (b) with respect to Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, use their best efforts to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Seller and to issue such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Security Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Security Trustee Pledge Notification Event.

Consent of the Savings Insurance Company

The Savings Insurance Company has, pursuant to each mortgage deed relating to a Savings Mortgage Loan, granted its consent ("*goedkeuring*") to (i) the sale and assignment of the Savings Mortgage Receivables by SNS Bank to the Issuer in accordance with the Mortgage Receivables Purchase Agreement and (ii) the pledge thereof by the Issuer to the Security Trustee in accordance with the Security Trustee Receivables Pledge Agreement.

Set-off by Borrowers

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

To secure the payment obligations of the Sellers hereunder, the Issuer will enter into the Financial Collateral Agreement with the Sellers and the Security Trustee (see *Credit Structure* above).

SUB-PARTICIPATION AGREEMENTS

Insurance Savings Sub-Participation

Under the Insurance Savings Sub-Participation Agreement the Issuer will grant to the Savings Insurance Company a sub-participation in the Insurance Savings Mortgage Receivables, provided that, to the extent Savings Plus Mortgage Loans originated by SNS Bank are involved, this will only apply to Savings Plus Mortgage Loans to which a Savings Insurance Policy with the Savings Alternative is connected.

Savings Premium

The conditions applicable to the Insurance Savings Mortgage Loans which are subject to a Participation, stipulate that the Savings Premia paid by the Borrowers/insured will be deposited by the Savings Insurance Company on a savings account held with SNS Bank or RegioBank as the case may be.

SNS Bank and RegioBank have agreed with the Savings Insurance Company that they shall on-lend to the Savings Insurance Company amounts equal to the Savings Premia deposited on the savings account in order to facilitate the Savings Insurance Company in meeting its obligations under the Sub-Participation Agreement. However, the obligations of the Savings Insurance Company under the Sub-Participation Agreement are not conditional upon the receipt of such amounts from SNS Bank or RegioBank, as the case may be.

Insurance Savings Participation

In the Insurance Savings Sub-Participation Agreement the Savings Insurance Company will undertake to pay to the Issuer:

- (i) at (a) in respect of Insurance Savings Mortgage Receivables, the Closing Date or (b) in respect of a switch from any type of Mortgage Loan into an Insurance Savings Mortgage Loan (with respect to SNS Bank, that with the Savings Alternative), the next succeeding Mortgage Payment Date, an amount equal to the sum of the Savings Premia received by the Savings Insurance Company with accrued interest up to the Cut-off Date or, respectively, the relevant Payment Date, the relevant Mortgage Payment Date (the "**Initial Insurance Savings Participation**") in relation to each of the Insurance Savings Mortgage Receivables which are subject to a Participation;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies provided that in respect of each relevant Insurance Savings Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Insurance Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Insurance Savings Mortgage Receivable which is subject to a Participation.

As a consequence of such payments, the Savings Insurance Company will acquire a participation (the "**Insurance Savings Participation**") in each of the relevant Insurance Savings Mortgage Receivables which are subject to a Participation, which is equal to the Initial Participation in respect of the relevant Insurance Savings Mortgage Receivables which are subject to a Participation, increased during each Mortgage Calculation Period on the basis of the following formula (the "**Insurance Savings Participation Increase**"):

$(P/H \times R) + S$, whereby

- P = the Insurance Savings Participation on the first day of the relevant Mortgage Calculation Period in the relevant Insurance Savings Mortgage Receivable;
- S = the amount received by the Issuer from the Savings Insurance Company in such Mortgage Calculation Period in respect of the relevant Insurance Savings Mortgage Receivable pursuant to the Sub-Participation Agreement;

- H = the principal sum outstanding on the relevant Insurance Savings Mortgage Receivable on the first day of the relevant Mortgage Calculation Period;
- R = the amount of interest, due by the Borrower on the relevant Insurance Savings Mortgage Receivable and actually received by the Issuer in such Mortgage Calculation Period.

In consideration for the undertakings of the Savings Insurance Company described above, the Issuer will undertake to pay to the Savings Insurance Company on each Mortgage Payment Date an amount equal to the Insurance Savings Participation in each of the Insurance Savings Mortgage Receivables which are subject to a Participation in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Payment Date, during the period which commences on the Cut-off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Payment Date (i) by means of repayment and prepayment under the relevant Insurance Savings Mortgage Receivables which are subject to a Participation, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Insurance Savings Mortgage Receivable, (ii) in connection with a repurchase of Insurance Savings Mortgage Receivables which are subject to a Participation pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Insurance Savings Mortgage Receivables which are subject to a Participation pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Proceeds on any Insurance Savings Mortgage Receivables which are subject to a Participation to the extent such amounts relate to principal (the "**Insurance Savings Participation Redemption Available Amount**").

Reduction of Participation

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Insurance Savings Mortgage Receivable which is subject to a Participation if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy with the Savings Alternative and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Insurance Savings Mortgage Receivable, the Insurance Savings Participation of the Insurance Savings Insurance Company in respect of such Insurance Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

Enforcement Notice

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Savings Insurance Company may, and if so directed by the Savings Insurance Company shall, by notice to the Issuer:

- (i) declare that the obligations of the Savings Insurance Company under the Insurance Savings Sub-Participation Agreement are terminated;
- (ii) declare the Insurance Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Insurance Savings Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Insurance Savings Mortgage Receivables which are subject to an Insurance Savings Participation.

Termination

If one or more of the Insurance Savings Mortgage Receivables which are subject to a Insurance Savings Participation are (i) repurchased by the relevant Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (ii) sold by the Issuer to a third party pursuant to the Trust Deed or (iii) subject to a Savings Switch and the Issuer has sufficient funds available to repay the Insurance Savings Participation, the Insurance Savings Participation in such Insurance Savings Mortgage Receivables will terminate and the Insurance Savings Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables will be paid by the Issuer to the Savings Insurance Company. If so requested by the Savings Insurance Company, the Issuer will use its best efforts to ensure that the acquirer of the relevant Insurance Savings Mortgage Receivables will enter into an Insurance Savings Sub-Participation Agreement with the Savings Insurance Company in a form

similar to the Insurance Savings Sub-Participation Agreement. Furthermore, the Insurance Savings Participation envisaged in the Insurance Savings Sub-Participation Agreement shall terminate if at the close of business of any Mortgage Payment Date the Savings Insurance Company has received the Participation in respect of the relevant Insurance Savings Mortgage Receivable.

Bank Savings Sub-Participation

Under the Bank Savings Sub-Participation Agreement the Issuer will grant to each Bank Savings Participant a sub-participation in the Relevant Bank Savings Mortgage Receivables.

Bank Savings Accounts

The conditions applicable to the Bank Savings Mortgage Loans stipulate that amounts paid by the Borrowers will be deposited by the relevant Bank Savings Participants on the relevant Bank Savings Account held with SNS Bank or RegioBank as the case may be.

Bank Savings Participation

In the Bank Savings Sub-Participation Agreement each Bank Savings Participant will undertake to pay to the Issuer:

- (iii) at the Closing Date an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the Cut-off Date (the "**Initial Bank Savings Participation**") in relation to each of the Relevant Bank Savings Mortgage Receivables;
- (iv) on each Mortgage Payment Date an amount equal to the amount received by each Bank Savings Participant on the relevant Bank Savings Account in relation to the Relevant Bank Savings Mortgage Receivables during the Mortgage Calculation Period immediately preceding such Mortgage Payment Date provided that no amounts will be paid to the extent that, as a result thereof, the Bank Savings Participation in the Relevant Bank Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the Relevant Bank Savings Mortgage Receivable.

As a consequence of such payments, each Bank Savings Participant will acquire a participation (the "**Bank Savings Participation**", and together with the Insurance Savings Participation, the "**Participation**") in each of the Relevant Bank Savings Mortgage Receivables, which is equal to the Initial Bank Savings Participation in respect of the Relevant Bank Savings Mortgage Receivables, increased during each Mortgage Calculation Period on the basis of the following formula (the "**Bank Savings Participation Increase**"):

$(P/H \times R) + S$, whereby

- P = the Bank Savings Participation on the first day of the relevant Mortgage Calculation Period in respect of the Relevant Bank Savings Mortgage Receivable;
- S = the amount received by the Issuer from the Bank Savings Participants in such Mortgage Calculation Period in respect of the Relevant Bank Savings Mortgage Receivable pursuant to the Bank Savings Sub-Participation Agreement;
- H = the principal sum outstanding on the Relevant Bank Savings Mortgage Receivable on the first day of the relevant Mortgage Calculation Period;
- R = the amount of interest, due by the Borrower on the Relevant Bank Savings Mortgage Receivable and actually received by the Issuer in such Mortgage Calculation Period.

In consideration for the undertakings of the Bank Savings Participants described above, the Issuer will undertake to pay to each Bank Savings Participant on each Mortgage Payment Date an amount equal to the Bank Savings Participation in each of the Relevant Bank Savings Mortgage Receivables in respect of which amounts have been received during the relevant Mortgage Calculation Period or, in the case of the first Mortgage Payment Date, during the period which commences on the Cut-off Date and ends on the last day of the Mortgage Calculation Period immediately preceding such first Mortgage Payment Date (i) by means of repayment and prepayment under the Relevant Bank Savings Mortgage Receivables, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Relevant Bank Savings Mortgage Receivable, (ii) in connection with a repurchase of Relevant Bank Savings Mortgage Receivables pursuant to the

Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Relevant Bank Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Proceeds on any Relevant Bank Savings Mortgage Receivables to the extent such amounts relate to principal (the "**Bank Savings Participation Redemption Available Amount**").

Reduction of Participation

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Relevant Bank Savings Mortgage Receivable if, for whatever reason, any Bank Savings Participant does not pay the amounts due under the Relevant Bank Savings Mortgage Receivable, whether in full or in part, and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Relevant Bank Savings Mortgage Receivable, the Bank Savings Participation of the Bank Savings Participant in respect of such Relevant Bank Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Bank Savings Participation Redemption Available Amount shall be adjusted accordingly.

Enforcement Notice

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of any Bank Savings Participant may, and if so directed by any Bank Savings Participants shall, by notice to the Issuer:

- (i) declare that the obligations of the relevant Bank Savings Participant under the Bank Savings Sub-Participation Agreement are terminated;
- (ii) declare the Bank Savings Participation in relation to the Relevant Bank Savings Mortgage Receivables to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Bank Savings Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Relevant Bank Savings Mortgage Receivables which are subject to a Bank Savings Participation.

Termination

If one or more of the Relevant Bank Savings Mortgage Receivables are (i) repurchased by the relevant Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Bank Savings Participation in such Relevant Bank Savings Mortgage Receivables will terminate and the Bank Savings Participation Redemption Available Amount in respect of the Relevant Bank Savings Mortgage Receivables will be paid by the Issuer to the relevant Bank Savings Participant. If so requested by the relevant Bank Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the Relevant Bank Savings Mortgage Receivables will enter into a bank savings sub-participation agreement with the relevant Bank Savings Participant in a form similar to the Bank Savings Sub-Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Sub-Participation Agreement shall terminate if at the close of business of any Mortgage Payment Date the relevant Bank Savings Participants have received the Bank Savings Participation in respect of the Relevant Bank Savings Mortgage Receivables.

ADMINISTRATION AGREEMENT

Services

In the Administration Agreement the Pool Servicers will agree (i) to provide administration and cash management services to the Issuer on a day-to-day basis in relation to the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Administration* in *Sellers and Residential Mortgage Business* above); (ii) to communicate with the relevant Borrowers; (iii) to investigate payment delinquencies, (iv) to prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities and (v) calculate the Potential Set-Off Required Amount. The Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the relevant Seller to the Floating Rate GIC Account and the production of monthly reports in relation thereto, (b) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions of the Notes, (c) the maintaining of all required ledgers in connection with the above, (d) all calculation to be made in connection with the Financial Collateral Agreement and (e) all calculations to be made pursuant to the Conditions under the Notes.

Each Pool Servicer will be obliged to administer the Relevant Mortgage Loans and the Relevant Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own portfolio.

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the Mortgage Reports provided by the Pool Servicer for each Calculation Period. In case the Issuer Administrator does not receive a Mortgage Report from the Pool Servicer with respect to a Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from the Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events or Security Trustee Pledge Notification Events).

Termination

The Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee and provided that (A) the relevant Rating Agencies have provided a Rating Agency Confirmation with respect to any such termination and appointment or (B) in respect of Moody's (I) by the 10th calendar day after Moody's was notified of any such termination and appointment, Moody's has not indicated (x) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by it to any Class of the Notes will be downgraded below the Minimum Ratings or, if the then current ratings are below the Minimum Ratings, that the then current ratings will be adversely affected and (II) the Security Trustee or, as the case may be, the Security Trustees, in its (their) reasonable opinion, does not expect such a downgrade to occur) in certain circumstances, including (a) a default by any of the Pool Servicers and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Administration Agreement, (b) a default is made by any of the Pool Servicers and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement, (c) any of the Pool Servicers and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or

threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Wft or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) any of the Pool Servicers is no longer licensed as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Wft.

Upon the occurrence of a termination event as set out above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator and/or pool servicer, as the case may be, and such substitute issuer administrator and/or pool servicer, as the case may be, shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement, provided that such substitute issuer administrator and/or pool servicer, as the case may be, shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute pool servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a license under the Wft. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Security Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Administration Agreement may be terminated by each Pool Servicer or the Issuer Administrator upon the expiry of not less than 12 months' notice of termination given by the relevant Pool Servicer or the Issuer Administrator to each of the Issuer and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute issuer administrator and/or pool servicer, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and the Pool Servicers and the Issuer Administrator shall not be released from its obligations under the Administration Agreement until such substitute administrator has entered into such new agreement.

THE ISSUER

Lowland Mortgage Backed Securities 1 B.V. (the "**Issuer**") was incorporated with limited liability under the laws of the Netherlands on 17 January 2012. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The Issuer operates on a cross-border basis when offering the Notes in certain countries. The registered office of the Issuer is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 54463165.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables ("*vorderingen op naam*") and to exercise any rights connected to such receivables, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans amongst others to repay the principal sum of the securities mentioned under (b), and to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding.

Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 19 June 2001. The objects of Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and comparable companies and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding is ATC Corporate Services (Netherlands) B.V.

Statement by managing director of the Issuer

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

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents (see further *Terms and Conditions of the Notes* below).

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are R. Arendsen, R. Rosenboom, R. Posthumus, R. Langelaar and A.R. van der Veen. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

ATC Management B.V. belongs to the same group of companies as ATC Corporate Services (Netherlands) B.V. The sole shareholder of ATC Management B.V. and ATC Corporate Services (Netherlands) B.V. is ATC Group B.V. The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company, and (c) management of legal entities. The objectives of ATC Corporate Services (Netherlands) B.V. are (a) to represent financial, economic and administrative interests (b) to act as trust office (c) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice

and other services (d) to acquire and use property and property rights (e) to invest funds (f) to provide security for debts of legal entities.

Each of the Directors of Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding and the Issuer has entered into a management agreement with the entity of which it has been appointed managing director. In each management agreement the relevant Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Notes outstanding. In addition, each Director agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee which consent will only be given if (i) the Security Trustee has notified the Rating Agencies and (ii)(A) the Rating Agencies have provided a Rating Agency Confirmation in connection there with or (B) by the 10th calendar day after the Rating Agencies were notified, the Rating Agencies have not indicated (x) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by it to any of the Notes will be adversely affected.

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2012.

Capitalisation

The following table shows the capitalisation of the Issuer as of 27 January 2012 as adjusted to give effect to the issue of the Notes:

Share Capital

Authorised Share Capital	euro	90,000
Issued Share Capital	euro	18,000

Borrowings

Senior Class A1 Notes	euro	538,600,000
Senior Class A2 Notes	euro	2,799,300,000
Mezzanine Class B Notes	euro	189,600,000
Mezzanine Class C Notes	euro	144,100,000
Junior Class D Notes	euro	79,600,000
Subordinated Class E Notes	euro	41,800,000
Initial Participation	euro	73,955,260

Responsibility statement

The Issuer is responsible for the information contained in this Prospectus, except for the information for which any relevant Seller is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus, except for the information for which the relevant Seller is responsible, as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

SNS Bank is solely responsible for the information contained in the following sections of this Prospectus: *Retention and disclosure requirements under the Capital Requirements Directive in Overview of the Dutch Residential Mortgage Market, Documents incorporated by reference, SNS Bank N.V, Sellers and Residential Mortgage Business and Description of Mortgage Loans and NHG Guarantee Programme*. To the best of SNS Bank's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has

been accurately reproduced and as far as SNS Bank is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. SNS Bank accepts responsibility accordingly.

USE OF PROCEEDS

The net proceeds of the Notes, to be issued on the Closing Date amount to euro 3,793,000,000 and will be applied by the Issuer on the Closing Date to pay (part of) the Initial Purchase Price for the Mortgage Receivables purchased on such date under the Mortgage Receivables Purchase Agreement.

An amount of euro 41,181,671.35 of the Initial Purchase Price for the relevant Mortgage Receivables will be withheld by the Issuer and deposited on the Floating Rate GIC Account with a corresponding credit to the Construction Ledger for payments relating to the Construction Amount.

An amount of euro 73,955,260 will be received by the Issuer on the Closing Date as consideration for the Initial Participation (i) granted to the Savings Insurance Company in the Insurance Savings Mortgage Receivables which are subject to a Participation and (ii) and the Bank Savings Participants in the Relevant Bank Savings Mortgage Receivables. The Issuer will apply this amount towards payment of the remaining part of the Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the Pool Servicers and the Issuer Administrator under the Administration Agreement, (iii) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iv) to each Seller under the Mortgage Receivables Purchase Agreement and (v) to the Savings Insurance Company and the Bank Savings Participants under the Sub-Participation Agreements (the parties referred to in items (i) through (v) together the "**Secured Parties**"). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount, save for amounts due to the Savings Insurance Company and the Bank Savings Participants in connection with the Participations, among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties, other than the Savings Insurance Company and the Bank Savings Participants, will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables which are subject to a Participation) and other assets pledged to the Security Trustee under the Security Trustee Receivables Pledge Agreement and the Security Trustee Asset Pledge Agreement and (ii) on each of the Savings Mortgage Receivables which are subject to a Participation to the extent the amount exceeds the Participation in the relevant Savings Mortgage Receivables.

The amounts due to the Savings Insurance Company and the Bank Savings Participants will be equal to the Participation in each of the Savings Mortgage Receivables which are subject to a Participation or if the amount recovered is less than the Participation in such Savings Mortgage Receivables the amount equal to the amount actually recovered.

The Issuer will vest a right of pledge (the "**Security Trustee Receivables Pledge Agreement** ") in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date, which will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Relevant Documents. The pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except in the event that certain notification events occur relating to the Issuer, including the issuing of an Enforcement Notice by the Security Trustee (the "**Security Trustee Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be a "silent" right of pledge ("*stil pandrecht*") within the meaning of article 3:239 of the Netherlands Civil Code.

In addition, a right of pledge (the "**Security Trustee Assets Pledge Agreement** ", and together with the Security Trustee Receivables Pledge Agreement, the "**Pledge Agreements**") will be vested by the Issuer in favour of the Security Trustee on the Closing Date over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Sub-Participation Agreements and (iv) the Floating Rate GIC and (b) in respect of the Floating Rate GIC Account. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*").

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

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and amounts owing to the Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Junior Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Subordinated Class E Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders (see *Credit Structure* above).

The Collection Foundation will in a collection foundation accounts pledge agreement dated 31 January 2012 (the "**Collection Foundation Accounts Pledge Agreement**") grant a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees, and a second ranking right of pledge in favour of, *inter alia*, the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees) in securitisations or similar transactions (and any security trustees relating thereto) initiated by the Sellers will after accession also have the benefit of such right of pledge. Such rights of pledge have been notified to the Foundation Account Provider.

Since the Previous Transaction SPVs and/or the Previous Transaction Security Trustees, as the case may be, and the Issuer and/or the Security Trustee, as the case may be, have a second and a first ranking right of pledge, respectively, on the amounts standing to the credit of the Collection Foundation Accounts, the rules applicable to co-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In principle co-owners are required to co-operate with regard to their co-owned goods, but according to section 3:168 of the Netherlands Civil Code it is possible for co-owners to make an arrangement for the management ("*beheer*") of the co-owned goods by one or more of the co-owning parties.

Furthermore, the Previous Transaction SPVs, the Issuer, the Security Trustee and the Previous Transaction Security Trustees have further in the Collection Foundation Accounts Pledge Agreement agreed that the Issuer, the Previous Transaction SPVs, the Security Trustee and the Previous Transaction Security Trustees will manage ("*beheren*") such co-held rights jointly. The Issuer has been advised that it is uncertain whether the foreclosure of these rights of pledge will constitute management for the purpose of section 3:168 of the Netherlands Civil Code and as a consequence the cooperation of the Previous Transaction SPVs, the Issuer, the Previous Transaction Security Trustees and the Security Trustee may be required for such foreclosure to take place.

Furthermore, the Previous Transaction SPVs, the Issuer, the Previous Transaction Security Trustees and the Security Trustee have agreed in the Collection Foundation Accounts Pledge Agreement that (i) the share ("*aandeel*") in each co-held right of pledge is equal to the entitlement of such party to the amounts collected by the Collection Foundation from the respective mortgage receivables assigned to the relevant Previous Transaction SPV and the amounts collected from, in the case of the Issuer, the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Collection Foundation Accounts, the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and any of the Previous Transaction Security Trustees should become insolvent. In this respect it has been agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.

THE SECURITY TRUSTEE

Stichting Security Trustee Lowland Mortgage Backed Securities 1 (the "**Security Trustee**") is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 17 January 2012. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer; (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is ANT Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

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

In order to be regarded as a professional market party within the meaning of the Wft, the Security Trustee has registered itself or will register itself with the AFM as a qualified investor ("*gekwalficeerde belegger*").

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 538,600,000 Senior Class A1 Mortgage-Backed Notes 2012 due 2044 (the "**Senior Class A1 Notes**"), the euro 2,799,300,000 Senior Class A2 Mortgage-Backed Notes 2012 due 2044 (the "**Senior Class A2 Notes**", and together with the Senior Class A1 Notes, the "**Senior Class A Notes**"), the euro 189,600,000 Class B Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class B Notes**"), the euro 144,100,000 Mezzanine Class C Mortgage-Backed Notes 2012 due 2044 (the "**Mezzanine Class C Notes**"), the euro 79,600,000 Junior Class D Mortgage-Backed Notes 2012 due 2044 (the "**Junior Class D Notes**") and the euro 41,800,000 Subordinated Class E Mortgage-Backed Notes 2012 due 2044 (the "**Subordinated Class E Notes**", and together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") was authorised by a resolution of the managing director of Lowland Mortgage Backed Securities 1 B.V. (the "**Issuer**") passed on 27 January 2012. The Notes are issued under a trust deed dated 31 January 2012 (the "**Trust Deed**") between the Issuer, Stichting Security Trustee Lowland Mortgage Backed Securities 1 (the "**Security Trustee**") and Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding.

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the "**Paying Agency Agreement**") dated 31 January 2012 between the Issuer, the Security Trustee and The Royal Bank of Scotland N.V. as paying agent (the "**Paying Agent**") and reference agent (the "**Reference Agent**"), (iii) the administration agreement (the "**Administration Agreement**") dated 31 January 2012 between the Issuer, the Pool Servicers, the Issuer Administrator and the Security Trustee, (iv) a parallel debt agreement (the "**Parallel Debt Agreement**") dated 31 January 2012 between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement dated 31 January 2012 (the "**Security Trustee Receivables Pledge Agreement** ") between the Issuer and the Security Trustee and (vi) a pledge agreement dated 31 January 2012 (the "**Security Trustee Assets Pledge Agreement** ") between the Issuer, the Security Trustee and others (jointly with the Security Trustee Receivables Pledge Agreement, the "**Pledge Agreements**").

Certain words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") to be dated 27 January 2012 and signed by the Issuer, the Security Trustee, each Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, "**Class**" means either the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other Relevant Documents (see under General Information) are available for inspection, free of charge, by holders of the Notes (the "**Noteholders**") at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 100,000 each. Under Netherlands law, the valid transfer of Notes or Coupons requires, *inter alia*, delivery ("**levering**") thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest

extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes (ii) payments of principal on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes.
- (c) The security for the obligations of the Issuer towards the Noteholders (the "**Security**") will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
 - (i) a pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights;
 - (ii) a pledge by the Issuer to the Security Trustee of the Issuer's rights (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Sub-Participation Agreements and (iv) the Floating Rate GIC and (b) in respect of the Floating Rate GIC Account.
- (d) The Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class C Notes will rank in priority to the Junior Class D Notes and the Subordinated Class E Notes and the Junior Class D Notes will rank in priority to the Subordinated Class E Notes in the event of the Security being enforced. The "**Most Senior Class of Notes**" means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes, or if there are no Mezzanine Class C Notes outstanding, the Junior Class D Notes, or if there are no Junior Class D Notes outstanding, the Subordinated Class E Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the "**Senior Class A Noteholders**"), the holders of the Mezzanine Class B Notes (the "**Mezzanine Class B Noteholders**"), the holders of the Mezzanine Class C Notes (the "**Mezzanine Class C Noteholders**"), the holders of the Junior Class D Notes (the "**Junior Class D Noteholders**") and the holders of the Subordinated Class E Notes (the "**Subordinated Class E Noteholders**"), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the Most Senior Class of Notes, if, in the Security Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class of Notes on the one hand and the holders of junior ranking Notes on the other hand.

In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that, in case of a conflict of interest between the Secured Parties, the Priority of Payments upon Enforcement set forth in the Trust Deed, determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except to the extent permitted by the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Financial Collateral Agreement, the Floating Rate GIC, the Pledge Agreements, the Parallel Debt Agreement, the Notes Purchase Agreement, the Sub-Participation Agreements, the Beneficiary Waiver Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, the Receivables Proceeds Distribution Agreement, the Collection Foundation Account Pledge Agreement and the Trust Deed (together the "**Relevant Documents**") or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 27 January 2012 relating to the issue of the Notes and as contemplated by the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights on any part of its assets;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Relevant Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than the Floating Rate GIC Account, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii).

4. Interest

(a) Period of Accrual

The Senior Class A Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Senior Class A Note (or in the case of the redemption of part only of a Senior Class A Note, that part only of such Senior Class A Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Senior Class A Note for any period, such interest shall be calculated on the basis of the actual days elapsed in the Interest Period divided by a 360 day year.

(b) Interest Periods and Payment Dates

Interest on the Senior Class A Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Payment Date and end on (but exclude) the next succeeding Payment Date, except for the first interest period which will commence on (and include) the Closing Date and end on (but exclude) the Payment Date falling in March 2012 (each an "**Interest Period**").

Interest on the Senior Class A Notes shall be payable monthly in arrear in euros, in each case in respect of the Principal Amount Outstanding of each of the Senior Class A Notes monthly on the 18th day of each calendar month (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Senior Class A Notes will be payable on the Business Day immediately preceding such day) in each year (each such day being a "**Payment Date**").

A "**Business Day**" means each day on which banks are open for business in Amsterdam and London provided that such day is also a day on which the Trans-European Automated Real-Time Gross settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

(c) *Interest on the Senior Class A1 Notes*

The rate of interest applicable to the Senior Class A1 Notes for each Interest Period shall be equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for one month deposits in euros (determined in accordance with paragraph (d) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro), plus, plus a margin of 1 per cent. per annum.

The rate of interest set forth in this Condition 4(c) is hereinafter referred to as the "**Floating Rate of Interest**").

(d) *Euribor*

For the purpose of Condition 4(c) Euribor will be determined as follows:

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

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

(e) *Determination of the Floating Rate of Interest and Calculation of Floating Rate Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 am (Brussels time) on each Euribor Interest Determination Date, determine the Floating Rate of Interest for each of the Senior Class A1 Notes and calculate the amount of interest payable on such Notes for the following Interest Period (the "**Floating Rate Interest Amount**") by applying, as provided in Condition 4(a), the Floating Rate of Interest to the Principal Amount Outstanding of the Senior Class A1 Notes. The determination of the Floating Rate of Interest and the Floating Rate Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(f) *Notification of Floating Rate of Interest and Floating Rate Interest Amounts*

The Reference Agent will cause the Floating Rate of Interest and the Floating Rate Interest Amount and the Payment Date applicable to the Senior Class A1 Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, Euronext Amsterdam and to the holders of the Senior Class A1 Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam for as long as the Notes are listed on Euronext Amsterdam, as soon as possible after the determination. The Floating Rate of Interest, Floating Rate Interest Amount and Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Interest Period.

(g) *Determination or Calculation by Security Trustee*

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

(h) *Reference Banks and Reference Agent*

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

(i) *Interest on the Senior Class A2 Notes*

The rate of interest applicable to the Senior Class A2 Notes in respect of each Interest Period shall be 3.5 per cent. per annum.

(j) *No Interest on Class B Notes, Class C Notes Class D Notes and Class E Notes*

The Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Subordinated Class E Notes will not bear any interest.

5. Payment

- (a) Payment of principal and interest (if any) in respect of Notes will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent in cash or by transfer to an euro account, as the holder may specify.

All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

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

6. Redemption

(a) Final redemption

If and to the extent not otherwise redeemed, the Issuer will, subject to Condition 9(a), redeem the Notes at their respective Principal Amount Outstanding on the Payment Date falling in January 2044 (the "**Final Maturity Date**").

(b) Mandatory redemption

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Redemption Available Amount to redeem, whether in full or in part, at their respective Principal Amount Outstanding the Notes on each Payment Date on a pro rata basis as follows (i) firstly, (a) a Floating Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and (b) the Fixed Rate Redemption Available Amount will be applied in or towards satisfaction of principal amounts due under the Senior Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Senior Class A1 Notes until fully redeemed and, thereafter; (ii) the Mezzanine Class B Notes until fully redeemed, and, thereafter, (iii) the Mezzanine Class C Notes until fully redeemed and, thereafter, (iv) the Junior Class D Notes until fully redeemed and, thereafter, (v) the Subordinated Class E Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note (each a "**Principal Redemption Amount**") on the relevant Payment Date shall be the Redemption Available Amount (as applicable to each Class of Notes) on the Calculation Date relating to that Payment Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) Definitions

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

"Floating Rate Redemption Available Amount" shall mean on any Calculation Date the aggregate amount received by the Issuer during the immediately preceding Calculation Period:

- (i) as repayment and prepayment of principal under the Floating Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (ii) as Net Proceeds on any Floating Rate Mortgage Receivable to the extent such proceeds relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Floating Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (iv) as amounts received in connection with a sale of Floating Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Floating Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Floating Rate Savings Mortgage Receivable;
- (v) as the Floating Rate Fraction of the amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Payment Date in accordance with the Administration Agreement;
- (vi) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Payment Date pursuant to the Sub-Participation Agreements, to the extent relating to Floating Rate Savings Mortgage Receivables;
- (vii) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes and the Initial Participation in respect of the Floating Rate Savings Mortgage Receivables over (b) the Initial Purchase Price of the Mortgage Receivables, and
- (viii) as the Floating Rate Fraction of any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Payment Date;

less

- (ix) the Floating Rate Fraction of any Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers; and
- (x) the Floating Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Payment Date.

"Fixed Rate Redemption Available Amount" shall mean on any Calculation Date the aggregate amount received by the Issuer during the immediately preceding Calculation Period:

- (i) as repayment and prepayment of principal under the Fixed Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (ii) as Net Proceeds on any Fixed Rate Mortgage Receivable to the extent such proceeds relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Fixed Rate Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the

- extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
- (iv) as amounts received in connection with a sale of Fixed Rate Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less with respect to each Fixed Rate Savings Mortgage Receivable which is subject to a Participation, the Participation in such Fixed Rate Savings Mortgage Receivable;
 - (v) as the Fixed Rate Fraction of the amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Payment Date in accordance with the Administration Agreement;
 - (vi) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Payment Date pursuant to the Sub-Participation Agreements, to the extent relating to Fixed Rate Savings Mortgage Receivables;
 - (vii) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Notes and the Initial Participation in respect of the Fixed Rate Savings Mortgage Receivables over (b) the Initial Purchase Price of the Mortgage Receivables, and
 - (viii) as the Fixed Rate Fraction of any amount to be drawn from the Principal Reconciliation Ledger on the immediately succeeding Payment Date;

less

- (ix) the Fixed Rate Fraction of any Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers; and
- (x) the Fixed Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Payment Date.

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

"Redemption Available Amount" shall mean the Floating Rate Redemption Available Amount and the Fixed Rate Redemption Available Amount (without any double counting) on any Calculation Date

"Net Proceeds" shall mean the sum of (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance, (d) the proceeds of, any NHG Guarantees and any other guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.

"Calculation Date" means, in relation to a Calculation Period, the second business day prior to each Payment Date.

"Calculation Period" means, in relation to a Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Calculation Date.

"Mortgage Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month except for the first Mortgage Calculation Period which will commence on (and includes) the Cut-off Date and ends on (and includes) 31 January 2012.

- (d) *Determination of the Principal Redemption Amount, the Redemption Available Amount and*

Principal Amount Outstanding

- (i) On each Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Redemption Available Amount and (y) the Principal Redemption Amount due for the Notes of the relevant Class on the Payment Date, and (z) the Principal Amount Outstanding of the relevant Note on the first day following the Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer or the Issuer Administrator on its behalf will on each Calculation Date cause each determination of (x) the Redemption Available Amount, (y) the Principal Redemption Amount due for the relevant Class of Notes on the Payment Date, and (z) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg, Euronext Amsterdam and to the holders of Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam for as long as the Notes are listed on Euronext Amsterdam and on www.securitisation.nl. If no Principal Redemption Amount is due to be made on the Notes on any applicable Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine (x) the Redemption Available Amount and, as the case may be, the Subordinated Class E Redemption Available Amount, (y) the Principal Redemption Amount due for the relevant Class of Notes on the Payment Date and (z) the Principal Amount Outstanding of the Notes, such (x) Redemption Available Amount, (y) Principal Redemption Amount due for the relevant Class of Notes on the Payment Date, and (z) Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6(a), (b) and (c) (but based upon the information in its possession as to the Principal Redemption Amount due for the relevant Class of Notes on the Payment Date) and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of manifest error) be final and binding on all persons.

(e) *Optional Redemption*

Unless previously redeemed in full, the Issuer may, at its option, on giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on the Payment Date falling in February 2017 (the "**First Optional Redemption Date**") and on any Payment Date thereafter (each an "**Optional Redemption Date**") redeem all (but not some only) Notes at their Principal Amount Outstanding on such date if the Issuer has sufficient funds available to it for this purpose, less (i) in the case of the Mezzanine Class B Notes, the Mezzanine Class B Principal Shortfall (if any), (ii) in the case of the Mezzanine Class C Notes, the Mezzanine Class C Principal Shortfall (if any), (iii) in the case of the Junior Class D Notes, the Junior Class D Principal Shortfall (if any) and (iv) in the case of the Subordinated Class E Notes, the Subordinated Class E Principal Shortfall (if any).

(f) *Clean-up call*

If on any Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Issuer has the option (but not the obligation) to redeem all of the Notes, in whole but not in part at their Principal Amount Outstanding, subject to and in accordance with Condition 9(a). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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

(g) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, on any Payment Date at their Principal Amount Outstanding, subject to Condition 9(a), together with interest accrued up to and including the date of redemption, on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Security Trustee at their Principal Amount Outstanding, if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

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

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

7. Taxation

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

8. Prescription

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

9. Subordination

(a) Principal

Until the date on which the Principal Amount Outstanding of all Senior Class A1 Notes and the Senior Class A2 Notes are reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Mezzanine Class B Note on such Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B Principal Shortfall on such Payment Date. The "**Mezzanine Class B Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger and the number of Mezzanine Class B Notes outstanding on such Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Floating Rate GIC Account and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of all Senior Class A1 Notes and the Senior Class A2 Notes, and Mezzanine Class B Notes are reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. If, on any Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class C Principal Shortfall on such Payment Date. The "**Mezzanine Class C Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger and the number of Mezzanine Class C Notes outstanding on such Payment Date. The Mezzanine Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Floating Rate GIC Account and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of all Senior Class A1 Notes and the Senior Class A2 Notes, Mezzanine Class B Notes and Mezzanine Class C Notes are reduced to zero, the Junior Class D Noteholders will not be entitled to any repayment of principal in respect of the Junior Class D Notes. If, on any Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class D Note on such Payment Date shall not exceed its Principal Amount Outstanding less the Junior Class D Principal Shortfall on such Payment Date. The "**Junior Class D Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class D Principal Deficiency Ledger and the number of Junior Class D Notes outstanding on such Payment Date. The Junior Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class D Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Floating Rate GIC Account and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of all Senior Class A1 Notes and the Senior Class A2 Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes are reduced to zero, the Subordinated Class E Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class E Notes. If, on any Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Subordinated Class E Note on such Payment Date shall not exceed its Principal Amount Outstanding less the Subordinated Class E Principal Shortfall on such Payment Date. The "**Subordinated Class E Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class E Principal Deficiency Ledger and the number of Subordinated Class E Notes outstanding on such Payment Date. The Subordinated Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class E Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Floating Rate GIC Account and the Issuer has no further rights under or in connection with any of the Relevant Documents.

(b) *General*

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

10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Senior Class A Noteholders, or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders, or if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class C Noteholders, or if no Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes are outstanding, by an Extraordinary Resolution of the Junior Class D Noteholders, or if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class E Noteholders (subject, in each case, to being indemnified to its satisfaction) (in each case, the "**Relevant Class**") shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an "**Enforcement Notice**") to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) default is made for a period of seven (7) days in the payment of the principal of, or default is made for a period of 14 days in the payment of interest (if any) on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 21 days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of 21 days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment ("*akkoord*") with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or is declared bankrupt,

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

11. Enforcement

- (a) At any time after an Enforcement Notice has been given and the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and Coupons, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Mezzanine Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes have been fully paid, the Junior Class D Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class

- B Notes, the Mezzanine Class C Notes and the Junior Class D Notes have been fully paid, the Subordinated Class E Noteholders and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
 - (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out therein and for its relief from responsibility.

13. Notices

With the exception of the publications from the Reference Agent in Condition 4, all notices to the Noteholders will only be valid if published in the English language in at least one daily newspaper of wide circulation in the Netherlands, or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on Eurolist by Euronext Amsterdam N.V., in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for meetings of the Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution of a change of any of these Conditions or any provisions of the Relevant Documents.

(a) *Convening Meetings of Noteholders*

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

(b) *Quorum*

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

If at a meeting a quorum is not present, a second meeting will be held not less than 7 nor more than 30 calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Term Change, can be adopted regardless of the quorum represented at such meeting.

(c) *Extraordinary Resolutions*

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

- (a) to approve any proposal for any modification of any provisions of the Trust Deed, the Conditions, the Notes or any other Relevant Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (b) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;

- (c) to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (d) to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- (e) to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- (f) to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

"Basic Terms Change" means, in respect of a Class, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the rate of interest applicable in respect of the relevant Notes, (v) of the Interest Priority of Payments, the Principal Priority of Payments or the Priority of Payments upon Enforcement or (vi) of the quorum or majority required to pass an Extraordinary Resolution.

"Extraordinary Resolution" means a resolution passed at a Meeting duly convened and held by the Noteholders of a Class by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least seventy-five (75) per cent. of the validly cast votes.

(d) Conflicts between Classes

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

An Extraordinary Resolution shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) when it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class. **"Higher Ranking Class"** means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Interest Priority of Payments;

(e) Modifications agreed with the Security Trustee

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Notes or any other Relevant Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes and/or any other Relevant Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Rating Agencies and (ii)(A) the Rating Agencies have provided a Rating Agency Confirmation in connection with such modification, authorisation or waiver or (B) by the 10th calendar day after the Rating Agencies were notified of any such modification, authorisation or waiver, the Rating Agencies have not indicated (x) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by it to any of the Notes will be adversely affected. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders or any of the other Secured Parties, to (a) the entering into a new Relevant Document by the Issuer with a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Relevant Document by the relevant counterparty to a successor, provided that (i) the Security Trustee has notified the Rating Agencies and (ii)(A) the Rating Agencies have provided a confirmation that the then current ratings assigned to the notes will not be adversely affected (a "**Rating Agency Confirmation**") in connection with such transfer or contracting or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by it to any of the Notes will be adversely affected and (iii) if the relevant counterparty will be a Secured Party, the relevant successor will accede to the Parallel Debt Agreement.

(f) *Exercise of Security Trustee's functions*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Noteholders of a Class, and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

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

16. Governing Law

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. Any legal action or proceedings arising out of or in connection with the Notes and Coupons, shall be irrevocably submitted by the Issuer to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the "**Temporary Global Note**"), (i) in the case of the Senior Class A1 Notes in the principal amount of euro 538,600,000, (ii) in the case of the Senior Class A2 Notes in the principal amount of euro 2,799,300,000, (iii) in the case of the Mezzanine Class B Notes in the principal amount of euro 189,600,000 (iv) in the case of the Mezzanine Class C in the principal amount of euro 144,100,000, (v) in the case of the Junior Class D Notes in the principal amount of euro 79,600,000 and (vi) in the case of the Subordinated Class E Notes in the principal amount of euro 41,800,000. Each Temporary Global Note will be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "**Global Note**" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the common safekeeper.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Senior Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Senior Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

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

- (i) Senior Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A1 Notes; and
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes; and
- (iii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes; and
- (iv) Mezzanine Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class C Notes; and
- (v) Junior Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class D Notes; and
- (vi) Subordinated Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class E Notes,

in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

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

TAXATION IN THE NETHERLANDS

This section provides a general description of the main Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Netherlands taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Netherlands tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Prospectus and on the Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

Subject to the foregoing:

1. No registration, stamp, transfer or turnover taxes or other similar duties or taxes will be payable in the Netherlands in respect of the offering and the Issue of the Notes by the Issuer or in respect of the signing and delivery of the Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest.
3. A holder of Notes (a 'Holder') will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Notes or any payment under the Notes or in respect of any gain realised on the disposal or redemption of the Notes, provided that:
 - (i) such Holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
 - (ii) such Holder does not have an enterprise or an interest in an enterprise that, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable;
and, if the Holder is a legal person,
 - (iii) such Holder does not have a substantial interest* in the share capital of the Issuer and/or any Seller or in the event that such Holder does have such an interest, such interest forms part of the assets of an enterprise; and
 - (iv) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;
and, if the Holder is a natural person,
 - (v) such Holder does not derive benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; and
 - (vi) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest* in the share capital of the Issuer and/or any Seller.

*Generally speaking, an interest in the share capital of the Issuer and/or any Seller should not be considered as a substantial interest if the Holder of such interest, and if the Holder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer and/or any Seller.

4. There will be no Dutch gift, estate or inheritance tax levied on the acquisition of a Note by way of gift by, or on the death of a Holder, if the Holder at the time of the gift or the death is neither a resident nor a deemed resident of the Netherlands, unless:
- (i) at the time of the gift or death, the Notes are attributable to an enterprise or part thereof, which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
 - (ii) the Holder dies within 180 days of making the gift, and at the time of death is a resident or deemed resident of the Netherlands.

PURCHASE AND SALE

SNS Bank N.V. (the "**Manager**") has pursuant to a notes purchase agreement dated 27 January 2012 among the Manager, the Issuer and the Sellers (the "**Notes Purchase Agreement**"), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their issue price. The Issuer has agreed to indemnify the Manager against certain liabilities and expenses in connection with the issue of each of the respective Classes of Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**'), the Manager has represented and agreed, and each further manager appointed under the transaction will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '**Relevant Implementation Date**') it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an '**offer of Notes to the public**' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression '**Prospectus Directive**' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '**2010 PD Amending Directive**' means Directive 2010/73/EU.

France

The Notes may only be offered or sold to qualified investors ("*investisseurs qualifiés*") and/or to a restricted circle of investors ("*cercle restreint d'investisseurs*"), provided such investors act for their own account, and/or to persons providing portfolio management financial services ("*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*"), in the Republic of France, within the meaning of Article L.411-1, L.411-2 and D.411-1 to D.411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier (Monetary and Financial Code).

The Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, and any information contained therein and any offering material relating to the Notes, are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Notes to the public in the Republic of France, other than in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code. Persons in to whose possession this offering material comes must inform themselves about and observe any such restrictions.

Italy

No action has or will be taken by the Manager appointed, which would allow a public offering (or a "*offerta al pubblico*") of the Notes to the public in the Republic of Italy unless in compliance with the

relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa (“Consob”) for the public offering of the Notes in the Republic of Italy (“Italy”).

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to the categories of qualified investors (*investitori qualificati*) including individuals and small and medium size enterprises, as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time and recently supplemented by resolution n. 17326 of 13 May 2010 and resolution n. 17389 of 23 June 2010, on the basis of the relevant criteria set out by the Prospectus Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, pursuant to art. 100, paragraph 1, lett. a) of Italian Legislative Decree no. 58 of 24 February 1998, as amended (“Decree No. 58”); and
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by Decree 58 and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes to professional investors or distribution to the latter of copies of this Prospectus or any other document relating to the Notes in Italy must be made:

- (a) by investment firms, banks of financial intermediaries permitted to conduct such activities in Italy and to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in Italy, in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations;
- (b) only to qualified investors (*investitori qualificati*) as set out above; and
- (c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

United Kingdom

The Manager will represent and agree and each further Manager appointed will be required to represent and agree that:

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

United States

The Notes have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the US Securities Act. The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Manager will agree, and each further Manager appointed will be required to agree, that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after the later of the commencement of the offering on the Issue Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, Manager or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by the Manager (whether or not participating in the purchase) may violate the registration requirements of the US Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the US Internal Revenue Code and regulations thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the 'FIEL') and the Manager will agree and each further Manager appointed will be required to agree, that it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations of Japan.

The Netherlands

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

General

The Manager will agree and each further Manager appointed will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Manager shall represent, nor any further Manager appointed will be required to represent, that Notes may at any time lawfully be sold in compliance with any applicable registration

or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

- (1) The issue of the Notes has been duly authorised by a resolution of the board of directors of the Issuer passed on 27 January 2012.
- (2) Application has been made to list the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes on Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 15,000.
- (3) The Senior Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072988892 and ISIN code XS0729888924.
- (4) The Senior Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072989210 and ISIN code XS0729892108.
- (5) The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072989295 and ISIN code XS0729892959.
- (6) The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072989341 and ISIN code XS0729893411.
- (7) The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072989376 and ISIN code XS0729893767.
- (8) The Subordinated Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 072989406 and ISIN code XS0729894062.
- (9) The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
- (10) Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation dated 17 January 2012, including the articles of association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment;
 - (iv) the Notes Purchase Agreement;
 - (v) the Paying Agency Agreement;
 - (vi) the Trust Deed;
 - (vii) the Parallel Debt Agreement;
 - (viii) the Security Trustee Receivables Pledge Agreement;
 - (ix) the Security Trustee Assets Pledge Agreement;
 - (x) the Administration Agreement;
 - (xi) the Floating Rate GIC;
 - (xii) the Financial Collateral Agreement;
 - (xiii) the Sub-Participation Agreements;
 - (xiv) the Beneficiary Waiver Agreement; and
 - (xv) the Master Definitions Agreement.
- (11) A copy of the Prospectus will be available, free of charge, at the registered office of the Issuer, the Security Trustee and the Paying Agent.
- (12) The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, from the specified office of the Issuer.
- (13) A quarterly report on the performance, including the arrears and the losses, of the transaction, together with current stratification tables can be obtained at: www.securitisation.nl.

INDEX OF DEFINED TERMS

€.....	49
2010 PD Amending Directive.....	130
403 Declaration	30
Administration Agreement	45, 111
Assignment Notification Event	96
Audited Financial Statements.....	50, 70
Available Subordination.....	59
Bank Mortgages	13
Bank Pledges	13
Bank Savings Account	73
Bank Savings Deposit	73
Bank Savings Mortgage Loans	73
Bank Savings Participants	33
Bank Savings Participation.....	43
Bank Savings Participation Increase	100
Bank Savings Participation Redemption Available Amount.....	101
Bank Savings Sub-participation Agreement.....	43
Bank Security Rights	13
Basic Terms Change	124
Beneficiary Rights.....	17
Beneficiary Waiver Agreement	17
BKR.....	63, 86
Borrower Insurance Pledge	16
Borrower Insurance Proceeds Instruction	17
Borrower Pledges.....	90
Borrower Securities Pledges	16
Borrowers	38
Business Day	35, 114
Calculation Date.....	118
Calculation Period	118
Capital Requirements Directive	37
Class	111
Class A Interest Shortfall.....	60
Class A Principal Deficiency Ledger.....	59
Class A1 Principal Deficiency.....	59
Class A1 Principal Deficiency Ledger.....	59
Class A2 Principal Deficiency.....	59
Class A2 Principal Deficiency Ledger.....	59
Class B Principal Deficiency.....	59
Class B Principal Deficiency Ledger.....	59
Class C Principal Deficiency.....	59
Class C Principal Deficiency Ledger.....	59
Class D Principal Deficiency.....	59
Class D Principal Deficiency Ledger.....	59
Class E Principal Deficiency.....	59
Class E Principal Deficiency Ledger.....	59
Clean-Up Call Option.....	42
Clearstream, Luxembourg.....	1, 126
Closing Date.....	34
Collection Foundation	9

Collection Foundation Accounts	9
Collection Foundation Accounts Pledge Agreement	109
Conditions	1, 111
Construction Amount	22, 45
Coupons	111
CRA Regulation	1
Cut-off Date	89
Debt	22
Deferred Purchase Price	89
Deferred Purchase Price Instalment	89
Definitive Notes	2
Delivery Amount	12, 58
Directors	32
Eligible Collateral	58
Employee Mortgage Loans	12
Enforcement Notice	122
EONIA	45
EUR	49
Euribor	35, 114
Euribor Interest Determination Date	114
Euribor Reference Banks	114
euro	49
Euroclear	1, 126
Euronext Amsterdam	1
Events of Default	122
Exchange Date	126
Extraordinary Resolution	124
Final Maturity Date	116
Final Portfolio	76
Financial Cash Collateral Ledger	46
Financial Collateral Agreement	46, 58
First Optional Redemption Date	1, 36
First Optional Redemption Date	119
Fitch	1
Fixed Rate Fraction	25
Fixed Rate Mortgage Receivables	38
Fixed Rate Redemption Available Amount	56, 117
Fixed Rate Savings Mortgage Receivables	39
Floating Rate Fraction	25
Floating Rate GIC	45
Floating Rate GIC Account	45
Floating Rate GIC Provider	32
Floating Rate Interest Amount	115
Floating Rate Mortgage Receivables	38
Floating Rate of Interest	114
Floating Rate Redemption Available Amount	55, 117
Floating Rate Savings Mortgage Receivables	39
Foundation Account Provider	10
Foundation Administrator	51
Global Note	2, 126
Global Notes	2, 126
Higher Ranking Class	124
Holder	128

ICSDs	2
Initial Bank Savings Participation	100
Initial Insurance Savings Participation	98
Initial Purchase Price	89
Insurance Companies	18
Insurance Policies	18
Insurance Savings Participation.....	98
Insurance Savings Participation Increase	98
Insurance Savings Participation Redemption Available Amount.....	99
Insurance Savings Sub-Participation Agreement.....	43
Interest Available Amount	54
Interest Period.....	35, 113
Interest Priority of Payments	54
Interest Reconciliation Ledger	54
Interest-only Mortgage Loans	39
Investment Alternative.....	39, 73
Investment Firm.....	73
Investment-based Mortgage Loans	20
Issuer	1, 32, 111
Issuer Administrator	32
Junior Class D Noteholders	112
Junior Class D Notes.....	1, 34, 111
Junior Class D Principal Shortfall	121
Life Insurance Company.....	39
Life Insurance Policies	39
Life Mortgage Loans	39
LtFV	63
Management Agreements.....	46
Manager	33, 130
Master Definitions Agreement.....	111
Mezzanine Class B Noteholders.....	112
Mezzanine Class B Notes.....	1, 34, 111
Mezzanine Class B Principal Shortfall	120
Mezzanine Class C Noteholders	112
Mezzanine Class C Notes.....	1, 34, 111
Mezzanine Class C Principal Shortfall	121
Moody's.....	1
Mortgage.....	90
Mortgage Calculation Period.....	52, 118
Mortgage Calculation Period End Date.....	52
Mortgage Conditions	14
Mortgage Loan Amendment.....	40
Mortgage Loan Criteria	92
Mortgage Loan Further Advance	40
Mortgage Loans	38
Mortgage Payment Date.....	52
Mortgage Receivables.....	38
Mortgage Receivables Purchase Agreement	37
Mortgaged Assets	38
Most Senior Class of Notes.....	112
Net Proceeds	118
NHG Guarantee	86
NHG Mortgage Loans	39

NHG Mortgage Receivables.....	15
Noteholder	127
Noteholders	111
Notes	34, 111
Notes Purchase Agreement	130
offer of Notes to the public.....	130
Optional Redemption Date	1, 36, 119
Other Claims	15
Outstanding Principal Amount	89
Parallel Debt.....	108
Parallel Debt Agreement.....	44, 111
Participation	43, 100
Participation Fraction	54
Paying Agency Agreement	111
Paying Agent	33
Paying Agent	111
Payment Date	35, 113
Payment Disruption Amount.....	52
Payment Disruption Event.....	52
Payment Disruption Ledger.....	52
Permanent Global Note.....	1, 126
Pledge Agreements.....	108, 111
Pool Servicers	32
Posted Collateral	58
Posted Collateral Value	58
Potential Set-Off Amount	58
Previous Transaction Security Trustees	33
Previous Transaction SPVs.....	33
Principal Amount Outstanding	118
Principal Deficiency.....	59
Principal Deficiency Ledger.....	59
Principal Ledger	52
Principal Priority of Payments.....	57
Principal Reconciliation Ledger	54
Principal Redemption Amount.....	116
Priority of Payments upon Enforcement.....	57
Prospectus Directive	130
Provisional Pool	76
Rating Agencies.....	32
Rating Agency Confirmation.....	96, 125
REAAL.....	66
Realised Losses	59
Receivables Proceeds Distribution Agreement	9
Reconciliation Ledger.....	26, 54
Redemption Available Amount	56, 118
Reference Agent	33, 111
RegioBank.....	32
Relevant Bank Savings Mortgage Loans	73
Relevant Bank Savings Mortgage Receivables	43
Relevant Class	122
Relevant Documents	113
Relevant Fixed Rate Mortgage Receivable.....	40
Relevant Floating Rate Mortgage Receivable.....	40

Relevant Implementation Date	130
Relevant Member State	130
Relevant Mortgage Loans	89
Relevant Mortgage Receivables	89
Relevant NHG Mortgage Loan	40
Return Amount	59
Revenue Ledger	52
Risk Insurance Policy	39
Savings Alternative	39, 73
Savings Insurance Company	33
Savings Insurance Policy	39
Savings Mortgage Loans	39
Savings Mortgage Receivables	39
Savings Plus Mortgage Loans	73
Savings Premium	39
Savings Switch	40, 73
Secured Parties	108
Securities Act	48
Security	112
Security Trustee	1, 32, 110, 111
Security Trustee Assets Pledge Agreement	108, 111
Security Trustee Pledge Notification Events	108
Security Trustee Receivables Pledge Agreement	108, 111
Sellers	32
Senior Class A Noteholders	112
Senior Class A Notes	111
Senior Class A1 Notes	1, 34, 111
Senior Class A2 Notes	1, 34, 111
Set-Off Amount	46
Shareholder	32
SNS Bank	32
SNS REAAL Group	64
Subordinated Class E Noteholders	112
Subordinated Class E Notes	1, 34, 111
Subordinated Class E Principal Shortfall	121
Sub-Participation Agreements	43
TARGET 2	35, 114
Temporary Global Note	1, 126
Trigger Event	51
Trust Deed	111
WEW	24, 86
Wge	20

ISSUER

Lowland Mortgage Backed Securities 1 B.V.

Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SELLERS AND POOL SERVICERS

SNS Bank N.V.

Croeselaan 1
3521 BJ Utrecht
The Netherlands

RegioBank N.V.

Croeselaan 1
3521 BJ Utrecht
The Netherlands

ISSUER ADMINISTRATOR

SNS Bank N.V.

Nieuwezijds Voorburgwal 162
1012 SJ Amsterdam
The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee Lowland Mortgage Backed Securities 1

Claude Debussylaan 24
1082 MD Amsterdam
The Netherlands

LEGAL ADVISERS

To the Sellers and the Issuer

NautaDutilh N.V.

Strawinskylaan 1999
1077 XV Amsterdam
The Netherlands

FLOATING RATE GIC PROVIDER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Croeselaan 18
3521 CB Utrecht
The Netherlands

TAX ADVISERS

KPMG Meijburg & Co B.V.

Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

AUDITORS

KPMG ACCOUNTANTS N.V.

Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

**PAYING AGENT, REFERENCE AGENT AND
LISTING AGENT**

The Royal Bank of Scotland N.V.

Gustav Mahlerlaan 350
1082 ME Amsterdam
The Netherlands

COMMON SAFEKEEPER

Clearstream, Luxembourg

42 Avenue J.F. Kennedy
L-1855 Luxembourg