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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This prospectus is obtained by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Lowland Mortgage Backed Securities 2 B.V. nor SNS Bank N.V. nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from Lowland Mortgage Backed Securities 2 B.V. or SNS Bank N.V.

LOWLAND MORTGAGE BACKED SECURITIES 2 B.V. as Issuer

(incorporated with limited liability in the Netherlands)

	Class A1	Class A2	Class B	Class C	Class D	Class E
Principal Amount	EUR	EUR	EUR	EUR	EUR	EUR
	379,000,000	1,326,900,000	65,200,000	63,500,000	54,900,000	27,300,000
Issue Price	100 per cent.					
Floating Rate Notes - margin over Euribor until First Optional Redemption Date	1.5 per cent. p.a.	N/a	N/a	N/a	N/a	N/a
Floating Rate Notes - margin over Euribor from First Optional Redemption Date	1.5 per cent. p.a.	N/a	N/a	N/a	N/a	N/a
Fixed rate Notes - interest rate	N/a	3.5 per cent. p.a.	N/a	N/a	N/a	N/a
Expected credit ratings (Fitch/Moody's)	AAA sf / Aaa (sf)	AAA sf / Aaa (sf)	AA sf/ Aa3 (sf)	A sf/ A2 (sf)	BB sf/ Ba1 (sf)	Not rated
First Optional Redemption Date	Notes Payment Date falling in July 2018					
Final Maturity Date	Notes Payment Date falling in October 2042					

Sellers	SNS Bank and RegioBank
Closing Date	The Issuer will issue the Notes in the classes set out above on the Closing Date.
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising mortgage loans originated by SNS Bank and RegioBank and secured over residential properties located in the Netherlands. Legal title to the resulting Mortgage Receivables will be assigned by the relevant Seller to the Issuer on the Closing Date. See section 6.2 (<i>Description of Mortgage Loans</i>) for more details.
Security for the Notes	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, <i>inter alia</i> , the Mortgage Receivables and the Issuer Rights (see section 4.7 (<i>Security</i>)).
Denomination	The Notes will have a denomination of EUR 100,000.
Form	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
Interest	The Class A1 Notes will carry a floating rate of interest as set out above, payable in arrear on each Notes Payment Date. The Class A2 Notes will carry a fixed rate of interest as set out above, payable in arrear on each Notes Payment Date. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not carry any interest. See further section 4.1 (<i>Terms and Conditions of the Notes</i>), Condition 4 (<i>Interest</i>).
Redemption Provisions	Payments of principal on the Notes will be made in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. The Notes will mature on the Final Maturity Date. On the First Optional Redemption Date and each Optional Redemption Date thereafter and in certain other circumstances, the Issuer will have the option to redeem all of the Notes. See further section 4.1 (<i>Terms and Conditions of the Notes</i>), Condition 6 (<i>Redemption</i>).
Subscription and sale	The Manager has agreed to purchase the Notes on the Closing Date, subject to certain conditions precedent being satisfied..
Credit Rating Agencies	Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.
Ratings	Credit ratings will be assigned to the Notes, other than the Class E Notes, as set out above on or before the Closing Date. The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest due to the Noteholders on each Notes Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The credit ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the Class of Notes held by such Noteholder by the Final Maturity Date.

	The assignment of credit ratings to the Notes, other than the Class E Notes, is not a recommendation to invest in the Notes. Any such credit rating may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.
Listing	Application has been made to Euronext Amsterdam for the Class A1 Notes and the Class A2 Notes to be admitted to the official list and trading on its regulated market. The Notes are expected to be issued on the Closing Date. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not be listed. This Prospectus has been approved by the AFM and constitutes a prospectus for the purposes of the Prospectus Directive.
Eurosystem Eligibility	The Class A Notes are intended to be held in a manner which will allow it to be Eurosystem Eligible Collateral. This means that the Class A Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.
Limited recourse obligations	The Notes will be limited recourse obligations of the Issuer and the Security Trustee alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available. See section 2 (<i>Risk Factors</i>).
Subordination	The right to payment of interest and principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, if any, will be subordinated and may be limited as more fully described in the section 4.1 (<i>Terms and Conditions of the Notes</i>).
Retention undertaking	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 the CRD, shall, or undertakes that any entity designated by SNS Bank as allowed entity under paragraph 2 of article 122a of the CRD shall, retain, on an ongoing basis, a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent.

For a discussion of some of the risks associated with an investment in the Notes, see section 2 (*Risk Factors*) herein.

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (*Definitions*) of the Glossary of Defined Terms set out in this Prospectus.

The principles of interpretation set out in paragraph 2 (*Interpretation*) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.

The date of this Prospectus is 8 July 2013

Manager and Arranger

SNS Bank

IMPORTANT INFORMATION AND RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. 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 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 this Prospectus has been accurately reproduced and as far as the Issuer 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. The Issuer accepts responsibility accordingly.

SNS Bank is also responsible for the information contained in the following sections of this Prospectus: all paragraphs *retention and disclosure requirements under the CRD*, section 1.6 (*Portfolio Information*), section 3.4 (*Sellers*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification tables*), 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing by the Sellers*), section 6.4 (*Dutch residential mortgage market*) and section 6.5 (*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 sections is in accordance with the facts and does not omit anything likely to affect the import of such information. 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, any Seller and the Manager.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager as to the accuracy or completeness of any information contained in this Prospectus.

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 section 4.3 (*Subscription and sale*).

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 SNS Bank 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 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 section 4.3 (*Subscription and sale*)).

ABN AMRO Bank N.V. has been engaged by the Issuer as Listing Agent solely in relation to the admission of the Class A Notes to trading on Euronext Amsterdam. ABN AMRO Bank N.V.'s activities pursuant to the engagement have consisted of assisting the Issuer with filing the application for admission to listing with Euronext Amsterdam .

ABN AMRO Bank N.V. is acting for the Issuer and for no one else in connection with the admission to listing with Euronext Amsterdam and will not regard any other person as its client in relation to the Transaction and will not be responsible for anyone other than the Issuer for providing the protections afforded to its clients nor for providing advice in relation to the Transaction nor any other transaction or arrangement referred to in this Prospectus.

No representation or warranty, express or implied, is made or given by or on behalf of ABN AMRO Bank N.V. or any of its affiliates, directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, is, or may be relied upon as, a promise or representation by ABN AMRO Bank N.V. or any other person as to the past or future.

Neither ABN AMRO Bank N.V. nor any of its directors, officers or employees or any other person, accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either itself or on its behalf in connection with the Issuer, the Transaction or the Notes. Accordingly, ABN AMRO Bank N.V. disclaims any and all liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

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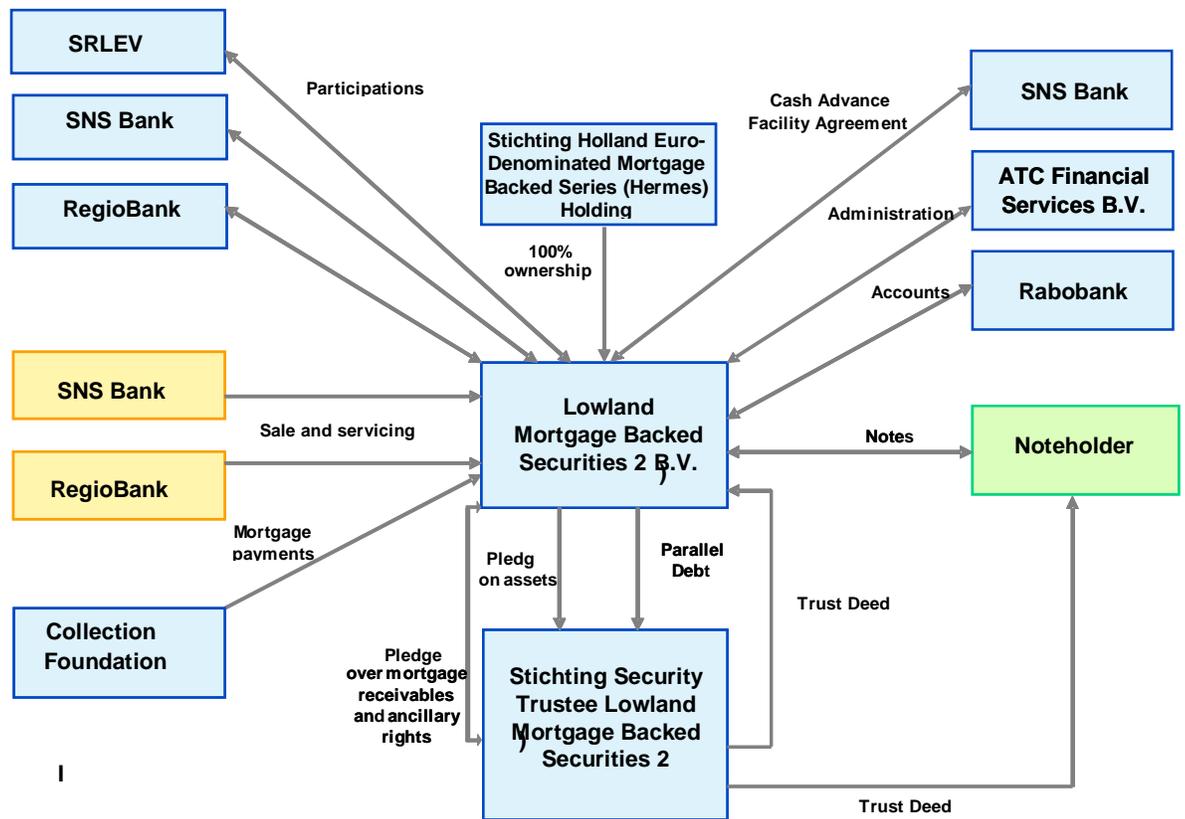
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1. TRANSACTION OVERVIEW

This overview 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 overview 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.

1.1 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.



1.2 Risk factors

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes. One of these risk factors concerns 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 (if any) relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see section 2 (*Risk Factors*)).

1.3 Principal parties

PARTIES:

Issuer:	Lowland Mortgage Backed Securities 2 B.V., incorporated under Dutch law 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 56869290. All shares of the Issuer are held by the Shareholder.
Shareholder:	Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding, organised under Dutch law as a foundation (<i>stichting</i>) and established in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34157955.
Security Trustee:	Stichting Security Trustee Lowland Mortgage Backed Securities 2, organised under Dutch law as a foundation (<i>stichting</i>) and established in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 56868383.
Sellers:	<p>SNS Bank N.V., incorporated under Dutch law as a public company (<i>naamloze vennootschap</i>), having its corporate seat in Utrecht and registered with the Commercial Register of the Chamber of Commerce of Utrecht under number 16062338.</p> <p>RegioBank N.V., incorporated under Dutch law as a public company (<i>naamloze vennootschap</i>), having its corporate seat in Utrecht and registered with the Commercial Register of the Chamber of Commerce of Utrecht under number 16083427.</p>
Servicers:	SNS Bank and RegioBank.
Issuer Administrator:	ATC Financial Services B.V., incorporated under Dutch law 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 33210270.
Cash Advance Facility Provider:	SNS Bank.
Issuer Account Bank:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) a cooperation with limited liability (<i>coöperatie met beperkte aansprakelijkheid</i>) organised under Dutch law and established in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Utrecht under number 30046259.

Collection Foundation:	Stichting Hypotheken Incasso, organised under Dutch law as a foundation (<i>stichting</i>) and established in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 52181553.
Directors:	ATC Management B.V., the sole director of the Issuer, and 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 incorporated under Dutch law as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in Amsterdam.
Paying Agent:	ABN AMRO Bank N.V., incorporated under Dutch law as a public company (<i>naamloze vennootschap</i>), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34334259.
Reference Agent:	ABN AMRO Bank N.V.
Listing Agent:	ABN AMRO Bank N.V.
Insurance Savings Participant:	SRLEV N.V., incorporated under Dutch law as a public company (<i>naamloze vennootschap</i>), having its corporate seat in Alkmaar and registered with the Commercial Register of the Chamber of Commerce of Noord-West Holland under number 34297413.
Bank Savings Participants:	SNS Bank and RegioBank.

1.4 The Notes

	1. Class A1	2. Class A2	3. Class B
Principal Amount	EUR 379,000,000	EUR 1,326,900,000	EUR 65,200,000
Subordination	Class B Notes, Class C Notes, Class D Notes and Class E Notes	Class B Notes, Class C Notes, Class D Notes and Class E Notes	Class C Notes, Class D Notes and Class E Notes
Floating rate Notes - margin over Euribor up to but excluding the First Optional Redemption Date	1.5 per cent. p.a.	N/a	N/a
Floating rate Notes - Margin over Euribor from and including the First Optional Redemption Date	1.5 per cent. p.a.	N/a	N/a
Fixed rate Notes - Interest rate	N/a	3.5 per cent. p.a.	N/a
Interest accrual	Act/360	30/360	N/a
Notes Payment Dates	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following
Redemption	Mandatory redemption on each Notes Payment Date by application of the Floating Rate Available Principal Funds and, thereafter, any remaining Fixed Rate Available Principal Funds after the Class A2 Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Fixed Rate Available Principal Funds and, thereafter, any remaining Floating Rate Available Principal Funds after the Class A1 Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes have been fully redeemed
Final Maturity Date	Notes Payment Date falling in October 2042	Notes Payment Date falling in October 2042	Notes Payment Date falling in October 2042
Credit ratings (Fitch / Moody's)	AAA sf / Aaa (sf)	AAA sf / Aaa (sf)	AA sf/ Aa3 (sf)

	4. Class C	5. Class D	6. Class E
Principal Amount	EUR 63,500,000	EUR 54,900,000	EUR 27,300,000
Subordination	Class D Notes and Class E Notes	Class E Notes	Not applicable
Floating Rate Notes - Margin up to but excluding the First Optional Redemption Date	N/a	N/a	N/a
Floating Rate Notes - Margin from and including the First Optional Redemption Date	N/a	N/a	N/a
Fixed rate Notes - Interest rate	N/a	N/a	N/a
Interest accrual	N/a	N/a	N/a
Notes Payment Dates	18th day of each calendar month, subject to adjustment for non-business days, modified following	18th day of each calendar month subject to adjustment for non-business days, modified following	18th day of each calendar month, subject to adjustment for non-business days, modified following
Redemption	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes and the Class B Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes, the Class B Notes and the Class C Notes have been fully redeemed	Mandatory redemption on each Notes Payment Date by application of the Available Principal Funds after the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been fully redeemed
Final Maturity Date	Notes Payment Date falling in October 2042	Notes Payment Date falling in October 2042	Notes Payment Date falling in October 2042
Credit ratings (Fitch / Moody's)	A sf / A2 (sf)	BB sf / Ba1 (sf)	Not rated

- Notes:** The Notes shall be the following classes of notes of the Issuer, which are expected to be issued on or about the Closing Date:
- (i) the Class A1 Notes;
 - (ii) the Class A2 Notes;
 - (iii) the Class B Notes;
 - (iv) the Class C Notes;
 - (v) the Class D Notes; and
 - (vi) the Class E Notes.
- Issue Price:** The issue prices of each Class or Sub-Class of Notes, as applicable, will be as follows:
- (i) the Class A1 Notes 100 per cent.;
 - (ii) the Class A2 Notes 100 per cent.;
 - (iii) the Class B Notes 100 per cent.;
 - (iv) the Class C Notes 100 per cent.;
 - (v) the Class D Notes 100 per cent.; and
 - (vi) the 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 EUR 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 Class B Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes, (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes and the Class B Notes, (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes, the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.
- See further section 4.1 (*Terms and Conditions of the Notes*).

Interest:	<p>Interest on the Class A1 Notes and the Class A2 Notes is payable by reference to successive Interest Periods.</p> <p>The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not bear any interest.</p> <p>The interest on the Class A1 Notes will be calculated on the basis of the actual days elapsed in each applicable Interest Period divided by 360 days.</p> <p>The interest on the Class A2 Notes will be calculated on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30-day months) in each applicable Interest Period divided by 360 days.</p> <p>Interest on the Class A1 Notes and the Class A2 Notes will be payable in arrear in euros in respect of the Principal Amount Outstanding of each of such Notes, on each Notes Payment Date.</p>
Floating rate of interest on the Class A1 Notes:	<p>Interest on the Class A1 Notes for each Interest Period will accrue at an annual rate equal to the sum of 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 one and two months deposits in euro), plus a margin which will be 1.5 per cent. per annum.</p>
Fixed rate of interest on Class A2 Notes	<p>Interest on the Class A2 Notes will accrue at a fixed rate of 3.5 per cent. per annum.</p>
Mandatory Redemption of the Notes:	<p>The Issuer will be obliged to apply the Available Principal Funds (consisting of the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds), to redeem, whether in full or in part, at their respective Principal Amount Outstanding, the Notes on each Notes Payment Date on a <i>pro rata</i> basis within a Class or Sub-Class, as applicable. The Notes will be redeemed in the following order:</p> <p>(i) <i>first</i>, (a) the Floating Rate Available Principal Funds will be applied in or towards satisfaction of amounts due under the Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Class A2 Notes until fully redeemed and (b) the Fixed Rate Available Principal Funds will be applied in or towards satisfaction of amounts due under the Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of the Class A1 Notes until fully redeemed; and</p> <p>(ii) <i>second</i>, the Class B Notes until fully redeemed, and, thereafter,</p> <p>(iii) <i>third</i>, the Class C Notes until fully redeemed and, thereafter,</p> <p>(iv) <i>fourth</i>, the Class D Notes until fully redeemed and, thereafter,</p> <p>(v) <i>fifth</i>, the Class E Notes until fully redeemed.</p>
Optional Redemption of the Notes:	<p>Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, but not some only, on</p>

each Optional Redemption Date at their Principal Amount Outstanding less (i) in the case of the Class B Notes, a Class B Principal Shortfall (if any), (ii) in the case of the Class C Notes, a Class C Principal Shortfall (if any), (iii) in the case of the Class D Notes, a Class D Principal Shortfall (if any) and (iv) in the case of the Class E Notes, a Class E Principal Shortfall (if any), all subject to and in accordance with the Conditions, in particular Conditions 6(d) and 9(a).

Final Maturity Date for the Notes:

Unless previously redeemed, the Issuer will, subject to and in accordance with Condition 9(a), redeem all of the Notes at their respective Principal Amount Outstanding on the Final Maturity Date.

Clean-up Call Option:

Pursuant to Condition 6(e), if on any Notes Payment Date the aggregate Principal Amount Outstanding of the Notes (in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, the Issuer has the right 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.

Redemption for tax reasons:

Pursuant to Condition 6(f), (i) 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 (ii) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and, to the extent applicable, interest, due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class or Sub-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 Notes Payment Date at their Principal Amount Outstanding, subject to and in accordance with 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.

Retention and disclosure requirements under the CRD:

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 the CRD, shall, or undertakes that any entity designated by SNS Bank as allowed entity under paragraph 2 of article 122a of the CRD shall, retain, on an ongoing basis, a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent.. Such interest will be retained in accordance with item (a) of article 122a paragraph 1 of the CRD, by holding at least 5 per cent. 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 CRD and (ii) make appropriate ongoing 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 CRD.

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 CRD.

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 the Mortgage Receivables Purchase Agreement and made between each of the Sellers, the Issuer and the Security Trustee.

Withholding Tax:

All payments of, or in respect of, principal and, to the extent applicable, interest, 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, to the extent applicable, interest, and, to the extent applicable, interest, on the Notes will be made in euros to the Common Safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.

Security for the Notes:

The Notes will be secured (indirectly):

(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; and

(ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights.

After delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors 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 Creditors will be made in accordance with the Post-Enforcement Priority of Payments. See further section 5 (*Credit Structure*) and section 4.7 (*Security*).

**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 future security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by any of 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 Providers.

Parallel Debt Agreement:

On the Closing Date, *inter alia* the Issuer and the Security Trustee will enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee an amount equal to the aggregate amount, from time to time due by it to the Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

Paying Agency Agreement:

On the Closing Date the Issuer and the Security Trustee will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

Listing:

Application has been made to Euronext Amsterdam for the Class A1 Notes and the Class A2 Notes to be admitted to the official list and trading on its regulated market. The Class B Notes, Class C Notes, Class D Notes and Class E Notes will not be listed.

Credit ratings:

It is a condition precedent to issuance that each of the Class A1 Notes and the Class A2 Notes, on issue, be assigned a

"AAAsf" credit rating by Fitch and a "Aaa(sf)" credit rating by Moody's. It is expected that the Class B Notes, on issue, be assigned a "AAsf" credit rating by Fitch and a "Aa3(sf)" credit rating by Moody's, the Class C Notes, on issue, be assigned a "Asf" credit rating by Fitch and a "A2(sf)" credit rating by Moody's and the Class D Notes, on issue, be assigned a "BBsf" credit rating by Fitch and a "Ba1(sf)" credit rating by Moody's. The Class E Notes will not be rated. The Credit Rating Agencies are registered as credit rating agencies under the CRA Regulation.

Settlement:

Euroclear and Clearstream, Luxembourg.

Governing Law:

The Notes will be governed by and construed in accordance with Dutch law.

Selling Restrictions:

There are selling restrictions in relation to the European Economic Area, the Netherlands, 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 the Notes. See section 4.4 (*Subscription and sale*).

1.5 Credit structure

- Available Funds:** The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Participation Agreements and the Issuer Collection Account, to make payments of, *inter alia*, principal and, to the extent applicable, interest, due in respect of the Notes.
- Priority of Payments:** The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments (see section 5 (*Credit Structure*) below) and the right to payment of interest, to the extent applicable, and principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to the Class A Notes and limited as more fully described herein under section 5 (*Credit Structure*) and section 4.1 (*Terms and Conditions of the Notes*).
- Cash Advance Facility Agreement:** On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with the Cash Advance Facility Provider under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further section 5 (*Credit Structure*).
- Since a Cash Advance Facility Stand-by Drawing Event will have occurred and is continuing on the Closing Date, the Issuer will on the Closing Date make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger.
- Issuer Accounts:** The Issuer shall maintain with the Issuer Account Bank the following accounts:
- (i) the Issuer Collection Account, to which on each Mortgage Collection Payment Date all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be transferred; and
 - (ii) the Construction Deposit Account, to which Construction Deposits shall be deposited on the Closing Date.
- Issuer Account Agreement:** The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Closing Date, under which the Issuer Account Bank will agree to pay a rate of interest on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference to EONIA or (ii) subject to certain conditions, as otherwise determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement. In the event that the interest rate accruing on the balances

standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

Collection Foundation:

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

Administration Agreement:

Under the terms of the Administration Agreement between the Issuer, the Issuer Administrator and the Security Trustee, 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 Agreements.

Set-off Financial Collateral Agreement:

On or about the Closing Date, the Issuer will enter into the Set-Off Financial Collateral Agreement with the Sellers and the Security Trustee pursuant to which each Seller undertakes, subject to certain rating triggers, to transfer collateral to the Issuer in order to mitigate the risk of set-off by Borrowers with amounts standing to the credit of current accounts held with a Seller. see section 5.1 (*Available Funds*).

Commingling Financial Collateral Agreement:

On or about the Closing Date, the Issuer will enter into the Commingling Financial Collateral Agreement with the Sellers and the Security Trustee pursuant to which each Seller undertakes, subject to certain rating triggers, to transfer collateral to the Issuer in order to mitigate the potential commingling risk that any amounts received by the Collection Foundation in respect of the Relevant Mortgage Receivables are not received by the Issuer. See section 5.1 (*Available Funds*).

Financial Cash Collateral Ledger:

Any Eligible Collateral transferred by a Seller to the Issuer under the relevant Financial Collateral Agreement shall be deposited in the Issuer Collection Account with a corresponding credit to the relevant Financial Cash Collateral Ledger. The Issuer shall on each Notes Payment Date debit from the Issuer Collection Account with a corresponding debit to the Financial Cash Collateral Ledger an amount equal to the Set-Off Amount and the Commingling Amount, as applicable, which each Seller is due to pay to the Issuer on the basis of the Mortgage Receivables Purchase Agreement and which is unpaid on such Notes Payment Date subject to and in accordance with the Trust Deed, which amount shall form part of the Available Revenue Funds on such date.

1.6 Portfolio information

Key Characteristics of the Provisional Pool

Outstanding current balance	€1,960,484,331.62
Outstanding savings balance	€43,598,945.13
Outstanding net balance	€1,916,885,386.49
Number of mortgages	13,948
Number of mortgage loan parts	23,233
Average outstanding principal balance	€137,430.84
Minimum outstanding principal balance	€112.09
Maximum outstanding principal balance	€1,850,000.00
Minimum current interest rate	1.0%
Maximum current interest rate	9.0%
Weighted average current interest rate	4.83%
Weighted average Current Loan to Foreclosure Value ratio	75.7%
Weighted average loan to market value*	66.3%
Weighted average loan to indexed foreclosure value	81.1%
Weighted average loan to indexed market value*	71.0%
Weighted average seasoning (in months)	98.03
Weighted average current remaining term to maturity (in years)	21.12

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

Mortgage Loans:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase from the relevant Seller the Relevant Mortgage Receivables, which include NHG Mortgage Receivables. The Mortgage Receivables will result from Mortgage Loans secured by first-ranking mortgage rights over 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, in respect of Further Advance Receivables, on the relevant Notes Payment Date.

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 Mortgage Loans (*beleggingshypotheken*), (vii) (in respect of RegioBank only) Life Mortgage Loans (*levenhypotheken*) or combinations of any of these types of mortgage loans (*combinatiehypotheken*).

All Mortgage Loans are secured by a first ranking Mortgage which was vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts, 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 section 6.2 (*Description of Mortgage Loans*).

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

NHG Guarantee:

Certain Mortgage Loans are NHG Mortgage Loans. The aggregate Outstanding Principal Amount of the NHG Mortgage Loan Receivables on the Cut-Off Date amounts to EUR 23,357,364.49. See further section 6.2 (*Description of Mortgage Loans*) and section 6.5 (*NHG Guarantee Programme*).

Annuity Mortgage Loans:

An Annuity Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity.

Linear Mortgage Loans:

A Linear Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity.

Interest-only Mortgage Loans:

An Interest-only Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity.

Investment Mortgage Loans:

An Investment Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds and principal of these investments. The rights under these investments are pledged to the relevant Seller as security for repayment of the relevant Investment Mortgage Loan.

Savings Mortgage Loans:

A Savings Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company under a Savings Insurance Policy. The premium

is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy are equal to the amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan. The rights under the Savings Insurance Policy are pledged to the relevant Seller as security for repayment of the relevant Savings Mortgage Loan.

Bank Savings Mortgage Loans:

A Bank Savings Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis. 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 Bank Savings Deposit is pledged to the relevant Seller as security for repayment of the relevant Bank Savings Mortgage Loan.

Life Mortgage Loans:

A Life Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company under a Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. The rights under the Life Insurance Policy are pledged to the relevant Seller as security for repayment of the relevant Life Mortgage Loan.

1.7 Portfolio documentation

Purchase of Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of the Mortgage Receivables. 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.

Part of the Mortgage Receivables are Floating Rate Mortgage Receivables, which consist of a loan or Loan Part bearing a floating rate of interest and part of the Mortgage Receivables are Fixed Rate Mortgage Receivables, which 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 on the Cut-Off Date amounts to EUR 382,977,992.59 and the aggregate Outstanding Principal Amount of the Fixed Rate Mortgage Receivables on the Cut-Off Date amounts to EUR 1,577,420,951.60. See further section 6.2 (*Description of Mortgage Loans*).

Purchase of Further Advance Receivables:

The Mortgage Receivables Purchase Agreement provides that on each Notes Payment Date until the First Optional Redemption Date, the relevant Seller will sell and assign and the Issuer will purchase and accept the assignment of Relevant Further Advance Receivables resulting from Further Advances granted by such Seller in the preceding Mortgage Calculation Period and the Beneficiary Rights relating thereto, subject to the fulfilment of certain conditions, up to the Further Advance Purchase Available Amount.

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 on the immediately succeeding Mortgage Collection Payment Date if:

- i. at any time any of the representations and warranties given by the relevant Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables proves to have been untrue or incorrect in any material respect and the relevant Seller has not within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter or if such matter is not capable of being remedied within the

- said period of 14 days;
- ii. in a Mortgage Calculation Period the relevant Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on or before the Notes Payment Date immediately succeeding such Mortgage Calculation Period;
 - iii. the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Relevant Mortgage Loan due to a deterioration of the credit quality of the relevant Borrower under the Relevant Mortgage Loan, the relevant Seller shall not repurchase the Relevant Mortgage Receivable;
 - iv. (a) prior to foreclosure of a 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 had the terms of the NHG Guarantee been met, each time as a result of an action taken or omitted to be taken by the relevant Seller or the relevant Servicer, on the Mortgage Collection Payment Date immediately following the date on which the Relevant NHG Mortgage Receivable 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 Collection Payment Date or (ii) if such Mortgage Collection Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Collection Payment Date following such date; and
 - v. 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 Relevant Mortgage Receivable in any such event payable by the relevant Seller 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 sale and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Relevant Mortgage Receivable, save that 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 relevant NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Seller or the relevant Servicer.

Sale of Mortgage Receivables:

The Issuer will have the right to sell and assign all, but not some, of the Mortgage Receivables (i) on each Optional Redemption Date, (ii) if it exercises the Clean-Up Call Option and (iii) if it exercises the Tax Call Option, each provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes. If the Issuer decides to offer for sale the Mortgage Receivables, it will first offer the Relevant Mortgage Receivables to the relevant Seller. The purchase price of each Mortgage Receivable in the event of such sale shall be at least 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 Defaulted Mortgage Loans, 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 Loan 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.

Sellers Clean-Up Call Option

On each Notes Payment Date the Sellers, acting jointly, have the right to exercise the Sellers 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(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Sellers 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 Condition 6(b) and Condition 9(a). The purchase price will be as described in section 7.1 (*Purchase, repurchase and sale*).

Substitution

If the weighted average margin of the Floating Rate Mortgage Receivables and/or the weighted average interest rate of the Mortgage Receivables falls below certain agreed levels, each Seller will have the obligation to repurchase from the Issuer certain Relevant Floating Rate Mortgage Receivables or Relevant Mortgage Receivables, as the case may be, and to sell to the Issuer New Mortgage Receivables having a floating rate of interest or New Mortgage Receivables, as the case may be, such that the weighted average margin of the Floating Rate Mortgage Receivables and/or the weighted average interest rate of the Mortgage Receivables is at least at the agreed levels. See section 7.4 (*Portfolio conditions*).

Savings Participation Agreement: Under the terms of the Insurance Savings Participation Agreement with the Insurance Savings Participant, the Insurance Savings Participant will acquire participations in the relevant Savings Mortgage Receivables equal to amounts of Savings Premium paid by the relevant Borrower to the Insurance Savings Participant in respect of a Savings Insurance Policy. In the Insurance Savings Participation Agreement the Insurance Savings Participant 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 Insurance Savings Participant is entitled to receive the Insurance Savings Participation Redemption Available Amount from the Issuer. The amount of the Insurance Savings Participation with respect to a Savings Mortgage Receivable consists of (a) the Initial Insurance Savings Participation, being an amount equal to EUR 40,838,382.79, increased on a monthly basis with (b) the sum of (i) amounts equal to the Savings Premium received by the Insurance Savings Participant and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Insurance Savings Participation in the relevant Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable. See further section 7.6 (*Participation Agreements*).

Bank Savings Participation Agreement:

Under the terms of the Bank Savings Participation Agreement with the Bank Savings Participants, each Bank Savings Participant will acquire participations in the 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 Bank Savings Participation with respect to a Relevant Bank Savings Mortgage Receivable consists of (a) the Initial Bank Savings Participation, being an amount equal to EUR 2,760,562.34, 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 section 7.6 (*Participation Agreements*).

Servicing Agreement:

Under the terms of the Servicing Agreement, the relevant 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 Receivables and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further section 6.3 (*Origination and servicing by the*

Sellers) and (ii) to communicate with the relevant Borrowers. See section 7.5 (*Servicing Agreement*)

1.8 General

Management Agreements:

Each of the Issuer, the Security Trustee and the Shareholder have entered into 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.

2. 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, to the extent applicable, 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 Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participants, the Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participants, the Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank 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 Cash Advance Facility Provider, the Insurance Savings Participant, the Bank Savings Participants, the Servicers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Collection Foundation, the Manager, the Arranger, the Issuer Account Bank 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 Transaction Documents, such as the payments due under the Cash Advance Facility Agreement by the Cash Advance Facility Provider).

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, to the extent applicable, interest, on the Notes will be dependent solely on (a) the receipt by it of funds under the Mortgage Receivables and the Beneficiary Rights relating thereto, (b) the proceeds of the sale of any Mortgage Receivables, (c) the receipt of amounts under the Participation Agreements, (d) drawings under the Cash Advance Facility Agreement and (e) the receipt by it of interest in respect of the balance standing to the credit of the Issuer Accounts. See section 5 (*Credit Structure*). The Issuer does not have any other resources available to it to meet its obligations under the Notes. Consequently, the Issuer may be unable to recover fully and/or timely funds necessary to fulfil its payment obligations under the Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations under the Notes. In respect of obligations of RegioBank, reference is made to the section *Risk of withdrawal of, or termination of liability under, the 403-Declaration*.

Risk related to compulsory transfer of rights and obligations under a Transaction Document following downgrade of a counterparty of the Issuer

Certain Transaction Documents to which the Issuer is a party such as the Issuer Account Agreement, the Cash Advance Facility Agreement and the Receivables Proceeds Distribution Agreement provide for minimum required credit ratings of the counterparties to such Transaction Documents. If the

credit ratings of a counterparty fall below these minimum required credit ratings, the rights and obligations under such Transaction Document may have to be transferred to another counterparty having the minimum required credit ratings. In such event, there may not be a counterparty available that is willing to accept the rights and obligations under such Transaction Documents or such counterparty may only be willing to accept the rights and obligations under such Transaction Document if the terms and conditions thereof are modified. This may lead to losses under the Notes.

Risk that the interest rate on the Issuer Accounts is less than zero

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Closing Date, under which the Issuer Account Bank will agree to pay an interest rate on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference to EONIA or (ii) subject to certain conditions, as otherwise determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement. The Issuer Account Agreement provides that in the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank. This payment obligation to the Issuer Account Bank is included in the Priority of Payments. Consequently, the Issuer may be unable to recover fully and/or timely funds necessary to fulfil its payment obligations under the Notes.

Effectiveness of the rights of pledge to the Security Trustee and/or the Issuer in case of insolvency of the Issuer and/or SNS Bank

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 Dutch law to pledgees notwithstanding bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or 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 after notification of the assignment to the Issuer, but prior to notification of the pledge to the Security Trustee and after bankruptcy or suspension of payments of the Issuer, will form part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to recover 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 (*uitwinnen*) 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 receivables cannot be invoked against the estate of the Issuer, if such future receivables come 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 Issuer Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Issuer Accounts 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*.

In view of the foregoing, the effectiveness of the rights of pledge to the Security Trustee may be limited in case of the insolvency of the Issuer.

The risk described above applies *mutatis mutandis* until notification to the Borrowers of the pledge by SNS Bank to the Security Trustee and the Issuer of the Flexible Mortgage Receivables.

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

Under Dutch law it is generally assumed that a security right cannot be validly created in favour of a person which is not the creditor of the claim purported to be secured by the security right. 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 Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt. 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 Pledge Agreements.

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 Creditors therefore incur a credit risk on the Security Trustee.

Risk related to license requirement under the Wft

Under the Wft, 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 Receivables to the relevant Servicer. Each 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. If the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables 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 Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and may have to sell the Mortgage Receivables, which could lead to losses under the Notes.

RISK FACTORS REGARDING THE NOTES

Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes

The Notes are complex financial products. Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined below:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;
- (iv) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated therewith) as such investor is more vulnerable to any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

Credit Risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant

Mortgage Loans in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class against all risks of losses.

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.

Risks related to prepayment on the Mortgage Loans

The Issuer is obliged to apply the Available Principal Funds, towards repayment of the Notes in accordance with Condition 6(b). The maturity of the Notes 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 Foreclosure Proceeds upon enforcement of a Mortgage Receivable and repurchase by the relevant Seller of Relevant Mortgage Receivables) on all relevant Mortgage Loans and the amount of Further Advance Receivables offered by the Sellers. The average maturity of the Notes may be 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.

Risks related to early redemption of the Notes in case of Clean-up Call Option, Tax Call Option or Sellers Clean-up Call Option

The Issuer has the option to redeem the Notes prematurely, in the following circumstances: (i) subject to and in accordance with Condition 6(e), if on any Notes Payment Date the Principal Amount Outstanding of the Notes (in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than 10 per cent. of the Principal Amount Outstanding of the Notes on the Closing Date by exercise of the Clean-up Call Option and (ii) subject to and in accordance with Condition 6(f), for certain tax reasons by exercise of the Tax Call Option. Should the Clean-up Call Option or the Tax Call Option be exercised, all Notes may be redeemed prematurely. The Sellers may also exercise the Sellers Clean-up Call Option, as a result of which the Notes will be mandatorily redeemed by the Issuer using the proceeds of the repurchase of the Mortgage Receivables in accordance with Condition 6(b). 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.

Risk of redemption of Class B Notes, Class C Notes, Class D Notes and Class E Notes with a Principal Shortfall

In accordance with Condition 9(a), a Class B Note, a Class C Note, a Class D Note and/or a Class E Note may be redeemed in part, subject to a Class B Principal Shortfall, a Class C Principal Shortfall, a Class D Principal Shortfall or a Class E Principal Shortfall respectively. As a consequence a holder of a Class B Note, a Class C Note, a Class D Note or a Class E Note may not receive the full Principal Amount Outstanding of such Note upon redemption in accordance with and subject to Condition 6.

Risk that changes of law will have an effect on the Notes

The structure of the issue of the Notes and the credit ratings which are to be assigned to the Notes, other than the Class E 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 the laws or regulations of the Netherlands (or England and Wales) or any other jurisdiction or administrative practice in the Netherlands or England and Wales after the date of this Prospectus.

Currently, the laws, regulations and administrative practice relating to mortgage-backed securities such as the Notes are in a significant state of flux in Europe and it is impossible for the Issuer to

predict how these changes may in the future impact investors in the Notes, whether directly or indirectly.

Subordinated Notes bear a greater risk of non-payment than higher ranking Classes of Notes

To the extent set forth in Conditions 6 and 9, (a) the Class B Notes are subordinated in right of payment to the Class A Notes, (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment to the Class A Notes, the Class B Notes and the Class C Notes and (d) the Class E Notes are subordinated in right of payment to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. The Noteholders of any Class of Notes with a lower payment priority bear greater risk of non-payment than any Class of Notes with a higher payment priority than such Class of Notes. See section 4.1 (*Terms and Conditions*) and section 5 (*Credit Structure*).

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

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the 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 Class A1 Notes until fully redeemed and then to the Class A2 Notes and (ii) payments of principal resulting from the Fixed Rate Mortgage Receivables are applied firstly to the Class A2 Notes until fully redeemed and then to the Class A1 Notes.

To the extent that the Available Principal Funds are insufficient to redeem the Class A1 Notes and/or the 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 Class A2 Notes therefore do not purport to provide credit enhancement to the Class A1 Notes and the Class A1 Notes therefore do not purport to provide credit enhancement to the Class A2 Notes. If, on any date, the Security were to be enforced and the proceeds of the enforcement were insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time to a greater extent than the Class A2 Notes, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes. If at such time each of the Class A2 Notes have been redeemed (in part or in full) to a greater extent than the Class A1 Notes, this will result in the Class A1 Notes bearing a greater loss than that borne by the Class A2 Notes.

No indication can be given as to the extent in which the Class A1 Notes and the 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 Class A1 Notes or the 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 250,520,951.60 higher than the Principal Amount Outstanding of the 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 Class A1 Notes. This may affect the extent of redemption of the Class A2 Notes compared to the 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 Available Principal Funds and the Fixed Rate Available Principal Funds respectively are allocated *pro rata* based on the Floating Rate Fraction and the Fixed Rate Fraction respectively. As a consequence, the Floating Rate Available Principal Funds and the Fixed Rate Available Principal Funds 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 Class A1 Notes may be redeemed to a greater extent than the Class A2 Notes, or each of the Class A2 Notes may be redeemed to a greater extent than the Class A1 Notes.

Interest rate risk in respect of the Notes

The interest rate risk on the 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 Class A Notes, which risk may for example materialise if, after interest rate resets in respect of certain Mortgage

Receivables, the weighted average interest rate on the relevant Mortgage Receivables is below the interest rate payable on the Class A Notes. The Issuer is not exposed to interest rate risk in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as these Classes of Notes will not carry any interest.

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 the Trust Deed as reflected in this Prospectus. The Noteholders and the other Secured Creditors 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 Issuer Accounts and (iii) the amounts received under the Transaction 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, to the extent applicable, 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 Servicer of all available remedies in respect of the 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 Notes Payment Date, any such losses on the Mortgage Loans will be allocated as described in section 5 (*Credit Structure*).

Risk relating to conflict of interest between the interests of holders of different Classes of Notes and other Secured Creditors

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). If, in the sole opinion of the Security Trustee there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors and, in case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed determines which interest of which Secured Creditor prevails. Noteholders should be aware that the interests of Secured Creditors ranking higher in the Post-Enforcement Priority of Payments than the relevant Class of Notes shall prevail.

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 Servicers with respect to a Mortgage Calculation Period, the Issuer (or the Issuer Administrator on its behalf) shall have the right to calculate and determine the Available Revenue Funds, the Available Principal Funds and all amounts payable under the Transaction Documents using the three most recent Mortgage Reports available in respect of three Mortgage Calculation Periods in accordance with the Administration Agreement.

When the Issuer or the Issuer Administrator on its behalf 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 and credit or debit, as applicable, such amounts from the Interest Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction 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 Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including

but not limited to Assignment Notification Events and Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more interest, to the extent applicable, and, respectively, less or more principal on the Notes than would have been payable if Mortgage Reports were available.

Risk related to the limited liquidity of the Notes

The secondary market for mortgage-backed securities is experiencing 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. Thus, Noteholders bear the risk of limited liquidity of the secondary market for mortgage-backed securities and the effect thereof on the value of the Notes.

Risk related to Notes held in global form

The Notes will initially be held by the 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 section 4.2 (*Form*). For as long as any Notes are represented by a Global Note held by the Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest, to the extent applicable, 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, to the extent applicable, 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.

Thus, the Noteholders will have to rely on the procedures of Euroclear and/or Clearstream, Luxembourg for transfers, payments and communications from the Issuer, which may cause the Issuer being unable to meet its obligations under the Notes.

The Security Trustee may agree to waivers, modifications or authorisations without the Noteholders' prior consent

Pursuant to the terms of the Trust Deed, 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 Transaction 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 or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors 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.

Risk that Notes are not repaid upon maturity

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 amounts received in respect of the Mortgage Receivables are sufficient to redeem the Notes.

No obligation for Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority

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.

In certain circumstances, the Issuer and the Noteholders may be subject to US withholding tax under FATCA

The United States passed legislation (the Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, commonly referred to as FATCA) which imposes new information reporting requirements with respect to certain holders of "financial accounts", as defined in the FATCA rules. If the Issuer does not comply with FATCA (either by entering into an agreement with the U.S. Internal Revenue Service or under the provisions of a FATCA so-called "intergovernmental agreement") and its documentation and reporting requirements, the Issuer may be subject to a 30% U.S. withholding tax on the receipt of certain payments, thereby reducing amounts available for the Issuer to make payments on the Notes.

If the Issuer complies with FATCA, but in case of any Noteholder that does not provide the information requested to establish that it is eligible to receive payments free of FATCA withholding, then such Noteholder may be subject to 30% U.S. withholding on certain payments it receives.

Prospective investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules. The Issuer has not yet determined whether it will be FATCA compliant.

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 mortgage-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 nor the Sellers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

In particular, in Europe, investors should be aware of Article 122a of the CRD, 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 per cent. 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 CRD 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 and Solvency II

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord, 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 CRD. The Basel Committee on Banking Supervision proposed new rules amending the existing Basel II Accord on bank capital requirements, referred to as Basel III. The changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio, respectively). Member countries are required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio gradually from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general. It is expected that the European Commission's corresponding proposals to implement the changes (through amendments to the CRD known as CRD IV) will be implemented as per 1 January 2014.

Furthermore, pursuant to Solvency II, more stringent rules will apply for European insurance companies which are expected to become effective as of January 2016 in respect of instruments such as the Notes in order to constitute regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*).

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 CRD or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). This could affect the market value of the Notes in general and the relative value for the investors in the Notes.

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 or following implementation, and any changes thereto pursuant to Basel III, and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee or the Manager are responsible for informing Noteholders of the effects on the changes to risk-weighting or regulatory capital which amongst others may result for investors from the adoption by their own regulator of Basel II, Basel III or Solvency II (whether or not implemented by them in its current form or otherwise).

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 of the Mortgage Loan, 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 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 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 Original Loan to Original Foreclosure Value Ratio 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 Dutch 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 Mortgage Loan 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 Original Loan to Original Foreclosure Value Ratio lower than 75 per cent., there may not be a Life Insurance Policy attached. SNS Bank has amended the maturity of these Interest-only Mortgage Loans to thirty (30) years starting as of 5 June 2009 by amending the general terms and conditions applicable to these loans. Although SNS Bank takes the view that it has the right to unilaterally amend the general conditions, it has, in order to further ensure the effectiveness of the amendment, stated that in the absence of a response from the Borrowers before 5 June 2009, the new general conditions will in any event apply. The Issuer has been advised by SNS Bank that none of the Borrowers has objected to the amended maturity of the loans before 5 June 2009, as a result of which the Borrowers should normally be bound by such amendment. If the maturity of such an Interest-only Mortgage Loan is not limited to thirty years, this may affect the ability of the Issuer to redeem the Notes at their maturity date. SNS Bank has represented that none of the Mortgage Loans matures after the Notes Payment Date falling in October 2040. Consequently, if at any time it would be established that this legal maturity has not been validly agreed in respect of an individual Interest-only Mortgage Loan resulting in a legal maturity beyond October 2040, SNS Bank will have the obligation to repurchase the relevant Mortgage Receivable in accordance with the Mortgage Receivables Purchase Agreement.

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.

Payments to Noteholders may be subject to withholding tax pursuant to the 2003/48/EC EU Council Directive

Under the EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to (or secured for) an individual resident (or certain other entities established) in that other Member State. For a transitional period, currently Luxembourg and Austria are instead required (unless they elect otherwise during that period) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. A number of non-EU countries and territories have adopted similar measures and the Member States have entered into reciprocal arrangements with certain of those countries or territories. The European Commission has proposed certain amendments to the EU Council Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the above-mentioned provisions. Pursuant to Condition 5(d), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. It may be possible that such a paying agent does not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation pursuant to the afore-mentioned Condition 5(d), in which case there is a risk that under certain circumstances the interest payments under the Notes, if any, become subject to withholding tax, which would reduce payments to the Noteholders.

Legal investment considerations may restrict certain investments in the Notes

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for such potential investor, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to such potential investor's purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules. A failure to consult may lead to damages being incurred or a breach of applicable law by the investor.

Risk of withdrawal of, and termination of liability under, the 403-Declaration

On 19 May 2003, SNS REAAL deposited the 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. On the basis of the 403-Declaration, SNS REAAL will be jointly and severally liable with RegioBank for debts incurred by RegioBank 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. 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 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 no relevant creditor has opposed the intention to terminate in time or such opposition was dismissed by the court.

Risk that the credit rating of the Notes changes

The credit ratings to be assigned to the Notes, other than the Class E Notes, by the Credit Rating Agencies are based, *inter alia*, on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Credit Rating Agencies. There is no assurance that any such credit rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies if, in any of the Credit Rating Agencies' judgement, circumstances so warrant. The Issuer does not have an obligation to maintain the credit ratings assigned to the Notes,

other than the Class E Notes.

Credit ratings may not reflect all risks

The credit rating of each Class or Sub-Class of Notes, as applicable, other than the Class E Notes, addresses the assessments made by the Credit Rating Agencies and/or the likelihood of full and timely payment of interest, to the extent applicable, and ultimate payment of principal on or before the Final Maturity Date.

Any decline in the credit ratings of the Notes or changes in credit rating methodologies may affect the market value of the Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above or below and other factors that may affect the value of the Notes.

A credit 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 credit rating organisation if in its judgment, the circumstances (including possibly a reduction in the credit rating of the Issuer Account Bank, the Cash Advance Facility Provider or the Foundation Account Provider) in the future so require.

Risk related to confirmations from Credit Rating Agencies and Credit Rating Agency Confirmations

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A confirmation from a Credit Rating Agency regarding any action proposed to be taken by Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction 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 Credit Rating Agencies have confirmed that the then current credit ratings of the relevant Class (or Sub-Class) of Notes would not be adversely affected, a confirmation from the relevant Credit Rating Agency does not impose or extend any actual or contingent liability on the Credit Rating Agencies to the Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

Any confirmation from the relevant Credit Rating Agency may or may not be given at the sole discretion of each Credit Rating Agency. It should be noted that, depending for example 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 Credit Rating Agency cannot provide a confirmation in the time available or at all, and the relevant Credit Rating Agency shall not be responsible for the consequences thereof. confirmation, if given by the relevant Credit Rating Agency, 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 confirmation from the relevant Credit Rating Agency represents only a restatement or confirmation of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Furthermore, it is noted that the defined term "Credit Rating Agency Confirmation" as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation that the Security Trustee has received a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "**confirmation**"), but also includes:

- if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**"), or
- if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter: (i) a written communication, by whatever means, from such Credit

Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency (see Glossary of defined terms).

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from each Credit Rating Agency that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Notes. There is, however, no obligation for any party to the Transaction Documents, including the Issuer, to cooperate with or to initiate or propose such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Notes.

Forecasts and estimates

Forecasts and estimates in this prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or actual results will vary therefrom. Consequently, the actual result might differ from the projections and such differences might be significant.

Class A Notes may not be recognized as Eurosystem Eligible Collateral

The Class A Notes are intended to be held in a manner which will allow it to be Eurosystem Eligible Collateral. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time, which criteria include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, each Servicer, shall use its best efforts to make such loan-by-loan information available via the Issuer as of the Closing Date and thereafter on a monthly basis which information can be obtained at the website of the European Data Warehouse <http://www.eurodw.eu/edwin.html> within one month after the Notes Payment Date, for as long as such requirement is effective, to the extent it has such information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes may not be recognised as Eurosystem Eligible Collateral. The Notes other than the Class A Notes are not intended to be held in a manner which allows them to be Eurosystem Eligible Collateral.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

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

Under Dutch law, assignment of the legal title to 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 to the Relevant Mortgage Receivables will be assigned on the Closing Date and, in respect of the Relevant Further Advance Receivables on each Notes Payment Date up to (and excluding) the First Optional Redemption 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 that notification of the assignment of the Relevant Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification

Events. For a description of these notification events reference is made to section 7.1 (*Purchase, repurchase and sale*).

The Sellers have entered into a collection foundation structure including the Receivables Proceeds Distribution Agreement with the Collection Foundation in view of the fact that, until notification of the assignment has been made to the Borrowers, the Borrowers under the Relevant 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 transfer or procure transfer by the Collection Foundation of all amounts received during the immediately preceding Mortgage Calculation Period in respect of the Relevant Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made. If the relevant Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

If payments were to be made by Borrowers to the relevant Seller prior to notification of the assignment of the Relevant Mortgage Receivables to the Issuer but after bankruptcy, suspension of payments or emergency regulations in respect of the relevant Seller having been declared, such payments would form part of the relevant Seller's bankruptcy estate. In respect of these payments, the Issuer would be a creditor of the estate (*boedelschuldeiser*) and would 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 from this account. Under the Receivables Proceeds Distribution Agreement, as further described in section 5.1 (*Available Funds*), the Sellers have requested the Collection Foundation to collect by direct debit all amounts of principal and interest to the Collection Foundation Accounts held and maintained by the Collection Foundation. As a consequence, the Collection Foundation has a claim against the relevant Foundation Account Provider, in respect of the balances standing to credit of the Collection Foundation Accounts.

The Collection Foundation Accounts are currently held with SNS Bank and RegioBank. If and for so long as any Seller is the 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. In view of such risk, the Sellers, the Issuer and the Security Trustee will enter into the Commingling Financial Collateral Agreement on or about the Closing Date, see section 5.1 (*Available Funds*). The remaining risk is that if the Posted Commingling Collateral Value or the Commingling Alternative Mitigant Measures, if taken, are insufficient to enable the Issuer to meet its payment obligations, this may lead to losses under the Notes.

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) a Credit Rating Agency Confirmation in respect thereof. In addition, SNS Bank in its capacity as Foundation Administrator has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from any of the Sellers 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. Regardless of the above, each Seller is obliged to pay to the Issuer any amounts received by it in respect of the Relevant Mortgage Receivables from a Borrower which were not paid to the Collection Foundation Accounts but to the relevant Seller directly. If any of the

Sellers or the Foundation Administrator do not comply with the relevant provisions of the Receivables Proceeds Distribution Agreement, this may lead to the Issuer having insufficient funds available to meet its obligations under the Notes.

In view of the (remote) bankruptcy risk of the Collection Foundation, the Collection Foundation will enter into the Collection Foundation Accounts Pledge Agreement, see section 4.7 (*Security*). 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 DCC 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 DCC (*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 DCC 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.

Risk that set-off by Borrowers may affect the proceeds under the Mortgage Receivables

Under Dutch 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. 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 Dutch 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 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, 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 or the deposit account after receipt of such notification, notwithstanding that amounts may have been credited.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy, 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 such 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 suspension of payments or emergency regulations.

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 Set-Off 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 Set-Off Delivery Amount (see section 5 (*Credit Structure*)). Notwithstanding the above, if a Seller would not meet its obligations under the Mortgage Receivables Purchase Agreement or the Set-Off Financial Collateral Agreement or if the set-off amount would exceed the balance standing to the credit of the Financial Set-Off Cash Collateral Ledger, set-off by Borrowers could lead to losses under the Notes.

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 Deposits of a Borrower held with the Bank Savings Participants. 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 Mortgage Loans or for which the relevant Seller is responsible 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.

In order to mitigate the set-off risk in respect of Bank Savings Mortgage Loans, a Bank Savings Participation Agreement has been entered into by the Issuer with the Bank Savings Participants. Therefore, normally the Issuer will not suffer any damages if the Borrower would invoke set-off, if and to the extent the amount for which the Borrower would invoke set-off 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 involved, 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.

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 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 Mortgage Loans and Life Insurance Policies* below.

Risk that the All Moneys 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 for All Moneys Mortgages, meaning 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. The Mortgage Loans also provide for All Moneys Pledges granted in favour of the relevant Seller.

Under Dutch 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 an All Moneys 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 an All Moneys 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 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 an All Moneys 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 an All Moneys Security Right, 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 All Moneys Security Right will be jointly-held by the assignor and the assignee after the assignment. In this view an All Moneys 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 an All Moneys 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 an All Moneys Security Right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the All Moneys 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 All Moneys 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 All Moneys Pledges to partially follow the Mortgage Receivable upon assignment or pledge thereof. Also, the Mortgage Loans originated by RegioBank do not provide for the All Moneys 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 All Moneys Pledge or All Moneys 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 All Moneys 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 Issuer Mortgage Receivables Pledge Agreement. However, the terms and conditions applicable to the Mortgage Loans, as set forth in 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 All Moneys 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 All Moneys Security Rights in the past, which view continues to be defended by some legal commentators.

Furthermore, with respect to the NHG Mortgage Loan Receivables it is noted that if the Issuer or the Security Trustee, as the case may be, does not have the benefit of the All Moneys Mortgage, it also will not be entitled to claim under any NHG Guarantee.

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

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the relevant Seller to the Issuer, the All Moneys 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 Flexible Mortgage Receivables and Other Claims. This will not apply to the All Moneys 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 All Moneys Mortgage no longer secures such Other Claims.

Where the All Moneys 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 DCC 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 All Moneys 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 All Moneys 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 Foreclosure 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 All Moneys 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.

To further secure the obligations of each Seller under the Joint Security Right Arrangements, each Seller shall have an obligation to pledge, upon the occurrence of an Assignment Notification Event, the Other Claims in favour of the Security Trustee and the Issuer respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the relevant Seller created for this purpose equal to the share of the relevant Seller in the Net Foreclosure Proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower.

In addition, to further secure the obligations of SNS Bank under the Joint Security Right Arrangements in connection with the Flexible Mortgage Loans to Borrowers of Relevant Mortgage Receivables, in the Mortgage Receivables Purchase Agreement, SNS Bank has undertaken to vest (i) a first ranking right of pledge in favour of the Security Trustee and (ii) a second ranking right of pledge in favour of the Issuer on any Flexible Mortgage Receivables on the Closing Date and on each Notes Payment Date thereafter. Such pledge will secure the claim of the Issuer and/or the Security Trustee on SNS Bank created for this purpose equal to the share of SNS Bank in the Net Foreclosure Proceeds in relation to a Relevant Mortgage Loan, which claim becomes due and payable upon a default of the relevant Borrower under the Relevant Mortgage Loan.

In respect of such pledge on the Flexible Mortgage Receivables, the following should be noted. Under the Flexible Mortgage Loans, the borrower may make drawings up to the agreed maximum amount and may repay any part of the loan at any time. The Issuer has been advised that based on case law and legal literature the balances resulting from and/or the claims administered in Flexible Mortgage Loans should be capable of being pledged. Under Dutch law it is possible to create a valid right of pledge on receivables without notification to the Borrower, provided that the receivable (i) already exists at the time the right of pledge is established or (ii) will be directly acquired pursuant to a legal relationship already existing at that time. The Issuer has been advised that an undisclosed pledge in advance of claims arisen out of future drawings of the Borrower under a revolving credit facility might not result from a legal relationship already existing at that time. Advances under a Flexible Mortgage Loan may not automatically be pledged on the date these come into existence. In view hereof, SNS Bank has in the Flexible Mortgage Receivables Pledge Agreement agreed to pledge on each Notes Payment Date the Outstanding Principal Amount of each Flexible Mortgage Receivable at such time.

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 section 6.2 (*Description of Mortgage Loans*). 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.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease due to a leaseholder default or for other reasons. In such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

Risk that Borrower Insurance Pledges and Borrower Investment Pledges will not be effective

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller under a 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 Dutch 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 same applies to Borrower Investment Pledge to the extent the rights of the Borrower qualify as future claims, such as options (*opties*).

Risks relating to Beneficiary Rights under the Insurance Policies

The relevant Seller has been appointed as beneficiary under the relevant Insurance Policy, except that in certain cases another beneficiary is appointed with respect to the Beneficiary Rights who will rank ahead of the relevant Seller, provided that, *inter alia*, there is a 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 section 4.7 (*Security*)). 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 the Beneficiary Waiver Agreement with the Sellers and the Insurance Savings Participant 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 Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opschortende voorwaarde*) of the occurrence of a 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 Insurance Savings Participant 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 Insurance Savings Participant, 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 Pledge Notification Event and (ii) the Security Trustee under the condition precedent (*opshortende voorwaarde*) of the occurrence of a 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 (i) the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or receiver of the final payment on the basis of the Borrower Insurance Proceeds Instruction and (ii) the assignment and pledge of the Beneficiary Rights is not effective and (iii) the waiver of the Beneficiary Rights is not effective, the relevant Seller will be entitled to any proceeds under the Insurance Policies or another beneficiary will be entitled to such proceeds. 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 the Insurance Policies. 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 *Risk that 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 set-off rights of the Borrowers have not been validly waived or the conditions applicable to the Mortgage Loans do not contain a waiver of set-off rights, 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 and the Mortgage Loans are contracts between the relevant Seller 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 (*afkoopsom*). 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, vis-à-vis the relevant Seller. However, the Borrower may, as an alternative to the right to terminate the Insurance Policies, possibly rescind the Insurance Policy and may invoke a right of set-off vis-à-vis the relevant Seller or, as the case may be, the Issuer for its claim for 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 and/or the Security Trustee after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see *Risk that 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 Dutch 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" (*dwaling*), 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 the relevant 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 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 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 Insurance Company is not a group company of the relevant Seller within the meaning of article 2:24b of the DCC. However, if the 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.

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 Savings Mortgage Loans, the Insurance Savings 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 Savings Mortgage Loan if, for whatever reason, the Insurance Savings Participant 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 Savings Mortgage Receivable, the relevant Insurance Savings Participation of the Insurance Savings Participant 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 section 7.6 (*Participation Agreements*)), provided that the Insurance Savings Participant will have paid all amounts equal to the amounts due under the Insurance Savings 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.

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 Mortgage Loans

The Sellers have represented that under the Investment Mortgage Loans, the relevant 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 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 that set-off by Borrowers may affect the proceeds under the Mortgage Receivables* and *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

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

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

Risks related to offering of Investment Mortgage Loans and Life Insurance Policies

Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans and Mortgage Loans to which Life Insurance Policies 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 Mortgage Loans or Life Insurance Policies 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, 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 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 Deposits

Pursuant to the Mortgage Conditions, part of the Mortgage Loan may be applied towards construction of, or improvements to, the Mortgaged Asset. In that case part of the Relevant Mortgage Loan is placed on deposit with the relevant Seller. The relevant Seller has undertaken to pay out deposits in connection with a Construction Deposit to the Borrower to pay for such construction or improvement if certain conditions are met. If the relevant Seller is unable to pay the relevant Construction Deposit to the Borrower, such Borrower may invoke defences or set-off such amount with its payment obligation under the Mortgage Loan. This risk is mitigated as follows. The Issuer and each Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price for the Relevant Mortgage Receivables an amount equal to the Aggregate Construction Amount. Such amount will be deposited by the Issuer in the Construction Deposit Account. On each Mortgage Collection Payment Date, the Issuer will release from the Construction Deposit Account such part of the relevant Initial Purchase Price for the Relevant Mortgage Receivables which equals the difference between the Aggregate Construction Amount and the balance standing to the credit of the Construction Deposit Account and pay such amount to the relevant Seller, except if and to the extent the Borrower has invoked set-off or defences.

Construction Deposits have to be paid out after the construction activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit will be set off against the relevant Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the relevant Seller to pay the remaining part of the relevant Initial Purchase Price, and consequently any remaining part of the amounts of the relevant Construction Deposit Account will be used for redemption of the Notes. If an Assignment Notification Event set out under (e) (see section 7.1 (*Purchase, repurchase and sale*)) 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 a Borrower can invoke set-off or defences may, depending on the circumstances, exceed the relevant Construction Deposit. 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 exceeds the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

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. The ultimate effect of this could be to delayed and/or reduced payments on the Notes and/or an increase of the rate of repayment of the Notes.

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 Stichting 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 Stichting 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 Stichting 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 section 6.2 (*Description of Mortgage Loans*)), although it should be noted that as of 1 January 2013 the NHG Conditions stipulate that for new borrowers, the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximum term of 30 years. This may result in the Issuer not being able to fully recover a loss incurred with the Stichting 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.

For a description of the NHG Guarantees, see section 6.5 (*NHG Guarantee Programme*).

Risk that the credit rating of the State of the Netherlands will be lowered

The credit ratings assigned to the Notes, other than the Class E Notes, by the Credit Rating Agencies take into account the NHG Guarantee granted in connection with certain of the Mortgage Receivables. The NHG Guarantee is backed by the State of the Netherlands (see section 6.5 (*NHG Guarantee Programme*)) which is currently rated "Aaa" (negative outlook) by Moody's and "AAA" (negative outlook) by Fitch. Moreover, Stichting WEW is rated "Aaa" by Moody's and "AAA" by Fitch. In the event that (i) the State of the Netherlands ceases to be rated "Aaa" by Moody's and "AAA" by Fitch, respectively, or (ii) the Stichting WEW ceases to be rated "Aaa" by Moody's and "AAA" by Fitch, this may result in a review by the Credit Rating Agencies of the credit ratings assigned to the Notes and could potentially result in a corresponding downgrade of the Notes, other than the Class E Notes.

No investigations in relation to the Mortgage Loans and the Mortgaged Assets

None of the Issuer or the Security Trustee or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of any of the Sellers concerning itself, the Savings Insurance Company, the Relevant Mortgage Loans, the Relevant Mortgage Receivables and the Mortgaged Assets. The Issuer and the Security Trustee will rely solely on representations and warranties given by each Seller in respect thereof and in respect of itself.

Should any of the Relevant Mortgage Loans and the Relevant Mortgage Receivables not comply with the representations and warranties made by the relevant Seller on the Closing Date and on any Notes Payment Date, the relevant Seller will, if the relevant breach cannot be remedied, be required to repurchase the Relevant Mortgage Receivables (see section 7.1 (*Purchase, Repurchase and Sale*)). Should the relevant Seller fail to take the appropriate action this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

Risks of Losses associated with declining values of Mortgaged Assets

The security for the Notes created pursuant to the Issuer Mortgage 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. In the first quarter of 2013 existing home prices in The Netherlands have declined by 2.3% compared to the fourth quarter of 2012. Since the start of the financial crisis in August 2008, house prices have dropped by 19% and are back at the level of spring 2003 (for further details please refer to section 6.4 (*Dutch Residential Mortgage Market*)), paragraph "Recent trend in house prices and transactions" in particular). A

decline in value may affect the weighted average loan to indexed foreclosure value and weighted average loan to indexed market value set out in the key characteristics of the Provisional Pool (see section 1.6 (*Portfolio Information*) and section 6.1 (*Stratification Tables*)) and 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 Receivables.

Changes to tax treatment of interest may impose various risks

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called additional borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realizes a surplus value on the sale of his old home in respect of which Interest payments were deducted from taxable Income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realized on the sale of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans will only be available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis.

In addition to these changes further restrictions on the interest deductibility are proposed. On 29 October 2012 the coalition agreement (*Regeerakkoord*) was published, in which it is proposed to gradually reduce the tax rate against which the mortgage interest may be deducted as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52% rate (highest tax rate) the interest deductibility will be reduced from 52% to 38% in 28 years, which means a 0.5% reduction per year.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

Risk related to the intervention powers of DNB and the Minister of Finance

The Wft contains far-reaching intervention powers for (i) DNB with regard to a bank or insurer and (ii) the Minister of Finance with regard to *inter alia* a bank or insurer, in particular. These powers include (amongst others) (i) powers for DNB with respect to a bank which it deems to be potentially in financial trouble, to procure that all or part of the deposits held with such bank and/or other assets and liabilities of such bank, are transferred to a third party and (ii) extensive powers for the Minister of Finance to intervene at financial institutions if the Minister of Finance deems this necessary to safeguard the stability of the financial system. In order to increase the efficacy of these intervention powers, the Wft contains provisions restricting the ability of the counterparties of a bank or insurer to invoke (i) certain contractual provisions without prior DNB consent or (ii) notification events, which are triggered by the bank or insurer being the subject of certain events or measures pursuant to the Wft (*gebeurtenis*) or being the subject of any similar event or measure under foreign law. There is therefore a risk that the enforceability of the rights and obligations of the parties to the Transaction Documents, including, without limitation, the Sellers, may be affected on the basis of the Wft, which may lead to losses under the Notes.

On 1 February 2013, the Minister of Finance has decreed, pursuant to the Wft, the expropriation of, *inter alia*, all issued shares in the capital of SNS REAAL. As a result, as of such date the Dutch State (indirectly) holds all shares in SNS REAAL and the Sellers. The European Commission has provided

its preliminary approval for these measures¹, subject to its assessment of a restructuring plan to be submitted by the Dutch State with the European Commission by the end of August 2013. It is at the date of this Prospectus uncertain what will be the impact on SNS REAAL and its group companies of the restructuring plan and the assessment thereof by the European Commission, including the imposing of certain remedies.

On 6 June 2012, the European Commission published a proposal for a comprehensive framework for crisis management in the financial sector (the "**EU Proposal**") which contains a number of legislative proposals similar to the Special Measures Financial Institutions Act. At this stage it is uncertain if the EU Proposal will be adopted and if so, when and in what form, but after the entering into force of the EU Proposal, the exercise of powers under the EU Proposal could adversely affect the proper performance by the Issuer of its payment and other obligations and enforcement thereof against the same under the terms and conditions of the Notes.

¹ These measures do not include the separation of Property Finance from the rest of SNS REAAL Group, its capitalisation, its funding and the guarantee envisaged in the Expropriation Decree, as described in greater detail in section 3.4 (*Sellers*).

3. PRINCIPAL PARTIES

3.1 Issuer

Lowland Mortgage Backed Securities 2 B.V. was incorporated as a private company with limited liability under Dutch law on 3 January 2013. 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 56869290.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and to encumber receivables under or in connection with loans granted by a third party or by third parties and to exercise any rights connected to such receivables, (b) to acquire moneys to finance the acquisition of the receivables, mentioned under a., by way of issuing notes, securities or by way of entering into loan agreements, (c) to on-lend and invest any funds held by the Issuer, (d) to hedge financial risks, (e) incidental to the foregoing: (i) to borrow funds, amongst others to repay the obligations under the securities mentioned under b., and (ii) to grant security rights or release security rights to third parties,; and (f) to do anything which, in the widest sense of the words, is connected with or may be conducive to the attainment of these objects.

The Issuer has an issued share capital of EUR 1, which is fully paid. All shares of the Issuer are held by the Shareholder.

Statement by 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 described 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 Transaction Documents.

The 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., which is the Director of the Shareholder, and ATC Financial Services B.V., which is the Issuer Administrator. The sole shareholder of ATC Management B.V., ATC Corporate Services (Netherlands) B.V. and ATC Financial Services 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) to act as finance company, and (c) to conduct the management of legal entities.

The Issuer's Director has entered into the Issuer Management Agreement with the Issuer and the Security Trustee pursuant to which the Issuer's Director agrees and undertakes to, *inter alia*, (i) it shall manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Dutch law and Netherlands accounting practice and with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking

any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents. In addition, the Issuer's Director agrees in the Issuer Management Agreement that it shall not as director of the Issuer agree to any modification of any agreement including, but not limited to, the Transaction Documents, except in accordance with the Trust Deed.

The management agreement may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee, upon the occurrence of certain termination events, including, but not limited to, a default by the Issuer's Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer's Director or the Issuer's Director being declared bankrupt or granted a suspension of payments. Furthermore, the management agreement can be terminated by the Issuer's Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such termination. The Issuer's Director shall resign upon termination of the management agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment.

There are no potential conflicts of interest between any duties of the Director's duties to the Issuer 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 2013.

Capitalisation

The following table shows the capitalisation of the Issuer as of the date of this Prospectus as adjusted to give effect to the issue of the Notes:

Share Capital

Issued Share Capital	euro	1
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Borrowings

Class A1 Notes	euro	379,000,000
Class A2 Notes	euro	1,326,900,000
Class B Notes	euro	65,200,000
Class C Notes	euro	63,500,000
Class D Notes	euro	54,900,000
Class E Notes	euro	27,300,000
Initial Participation	euro	43,598,945

3.2 Shareholder

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

The Shareholder's Director has entered into the Shareholder Management Agreement pursuant to which the Shareholder's Director agrees and undertakes to, *inter alia*, (i) manage the affairs of the Shareholder in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch accounting practices, and (ii) refrain from any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents.

ATC Corporate Services (Netherlands) B.V. belongs to the same group of companies as ATC Management B.V., which is the Director of the Issuer, and ATC Financial Services B.V., which is the Issuer Administrator. The sole shareholder of ATC Corporate Services (Netherlands) B.V., ATC Management B.V. and ATC Financial Services B.V. is ATC Group B.V.

3.3 Security Trustee

Stichting Security Trustee Mortgage Backed Securities Lowland 2 is a foundation (*stichting*) incorporated under Dutch law on 3 January 2013. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 56868383.

The objects of the Security Trustee are (a) to act as security 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 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 Transaction 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.

The Security Trustee's Director has entered into a Management Agreement with the Security Trustee. In this Management Agreement the Security Trustee's Director agrees and undertakes, inter alia, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the obligations of the Security Trustee under any of the Transaction Documents. In addition the Security Trustee's Director agrees in the relevant Management Agreement that it will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Deed and the other Transaction Documents.

As set out in the Trust Deed, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full. However, the Noteholders of the Most Senior Class of Notes can resolve to dismiss the Security Trustee's Director as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and the articles of incorporation of the Security Trustee. The management agreement with the Security Trustee Director may be terminated by the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments. Furthermore, the management agreement can be terminated by the Security Trustee Director or the Security Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such termination. The Security Trustee Director shall resign upon termination of the management agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in respect of such appointment.

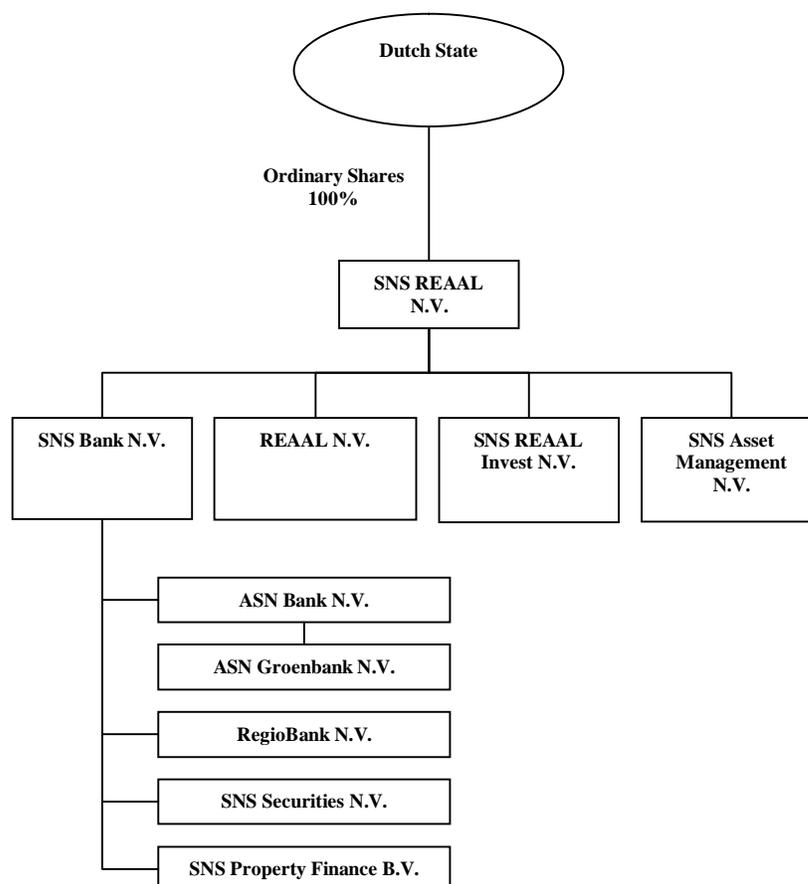
3.4 Sellers

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, The Netherlands and SNS Bank is registered in the Commercial Register of the Utrecht Chamber of Commerce, 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 22 September 2011 before a Mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam.

Ownership

SNS Bank is a 100% subsidiary of SNS REAAL N.V. and is part of the SNS REAAL Group. On 1 February 2013 the Dutch State has taken intervention measures on the basis of the Dutch Financial Institutions Special Measures Act ("*Wet bijzondere maatregelen financiële ondernemingen*", hereinafter the "Intervention Act"), as a result of which the shares in SNS REAAL N.V. have become expropriated. As per the date of this Prospectus, the Dutch State owns 100% of SNS REAAL's outstanding share capital.



On 1 February 2013 the Minister of Finance, having consulted De Nederlandsche Bank and having reached agreement with the Prime Minister, has decreed, *inter alia*, the expropriation of:

- all issued shares in the capital of SNS REAAL;
- all Stichting Beheer SNS REAAL Core Tier 1 capital securities issued by SNS REAAL;
- all subordinated bonds of SNS REAAL and SNS Bank; and
- all subordinated private liabilities of SNS REAAL and SNS Bank.

All shares, Stichting Beheer SNS REAAL Core Tier 1 capital securities, and subordinated bonds have been expropriated for the benefit of the State of the Netherlands. The expropriation of the subordinated private liabilities is effected by the expropriation of the corresponding liabilities of SNS REAAL and SNS Bank for the benefit of Stichting Afwikkeling Onderhandse Schulden SNS REAAL, established at Utrecht.

The expropriation of securities and liabilities mentioned above and other consequences of the nationalisation of SNS REAAL and SNS Bank are described in greater detail in the Decree by the Minister of Finance of 1 February 2013, regarding the expropriation of securities and capital components of SNS REAAL N.V. and SNS Bank N.V. in connection with the stability of the financial system, and to take immediate measures with regard to SNS REAAL N.V.² (the "Expropriation Decree") and in the letter of the Minister of Finance to the Dutch parliament concerning nationalisation of SNS REAAL, also dated 1 February 2013.

Company Structure and Profile

SNS REAAL

SNS REAAL is a major financial bank-insurance company 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 and specialised sales labels enjoys 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.

SNS Bank

SNS Bank comprises of the business unit SNS Bank and of Property Finance. The business unit SNS Bank can be divided into two business lines: SNS Retail Bank for its retail operations and SNS SME (*SNS Zakelijk*) for small and medium enterprise ("SME") operations. The wholesale activities of SNS Securities are performed from SNS Bank's wholly owned subsidiary SNS Securities N.V.

SNS Retail Bank

SNS Retail Bank comprises the brands SNS Bank, RegioBank, ASN Bank and BLG Wonen. The four brands of SNS Retail Bank mainly serve private individuals and self-employed persons in the

² *Besluit van de Minister van Financiën van 1 februari 2013 tot onteigening van effecten en vermogensbestanddelen SNS REAAL N.V. en SNS Bank N.V. in verband met de stabiliteit van het financiële stelsel, alsmede tot het treffen van onmiddellijke voorzieningen ten aanzien van SNS REAAL N.V.*

Netherlands. The brands differ from one another in terms of primary target audience, product range, distribution channels and brand experience, but at the same time they enjoy efficiency benefits by using shared service centres, IT and facilities and staff services. This multi-brand strategy allows SNS Retail Bank to remain close to its customers.

Each brand gives shape to this in its own way:

- SNS Bank is the broad and accessible consumer brand for banking and insurance products for people who want to manage their banking business in a modern way. SNS Bank serves its customers with service, advice and sales via snsbank.nl, mobile phone, SNS Customer Service, SNS Shops and financial advisors.
- ASN Bank is the brand for sustainable savings, investments and payments. Services are provided via the internet, over the telephone and by mail. ASN Bank focuses primarily on private individuals, but also accepts social organisations and companies as customers, provided they operate in accordance with the ASN Bank principles of corporate social responsibility.
- RegioBank is the bank formula for independent advisors outside the major cities, with a focus on local and personal service (for a description in greater detail see below).
- BLG Wonen is the brand for the independent advisor who gives broad house and home-related financial advice to clients.

SNS SME

As per 1 January 2011, certain (investment) loans of Property Finance to SME customers were integrated into (the financial reporting of) SNS Bank (no legal transfer was involved). As of 1 January 2012, SNS SME (SNS Zakelijk) is the trade name for the combination of the former SME activities of SNS Retail Bank and part of Property Finance's Dutch loan portfolio, mostly investment finance. SNS SME offers products for SME markets in the field of payments and credit, insurance, investment financing and focuses on corporate loans secured by property collateral.

SNS Bank has decided to withdraw from the market for commercial real estate-based lending for the SME market in the second half of 2012. This should over time lead to an improved funding profile, a more conservative risk profile and a further reduction of risk-weighted assets. As a result, SNS SME's loan portfolio will be phased out. Consequently, as of 2013 the SME commercial real estate based loan portfolio will be combined with the Property Finance organisation and run off. Operations such as mortgages, insurance, payments and savings for SME will be continued and will be transferred to the SNS Retail Bank organisation.

Property Finance

The former business unit Property Finance operated 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. As per 1 January 2011, certain loans of Property Finance were integrated into SNS Bank (see above under "SNS SME"). Virtually all project loans, domestic and international remained within the renamed non-core activities of Property Finance. These loans are being phased out.

The Expropriation Decree envisages a separation of Property Finance from the rest of SNS REAAL Group in the form of a transfer of the real estate portfolio of Property Finance to a separate real estate management organisation. The aim of this real estate management organisation is, in the medium term, to wind down the real estate portfolio as cost-effectively and profitably as possible. The real estate management organisation should be able to operate fully independently of SNS REAAL, both from a financial and an operational perspective. SNS Bank will continue the funding of this portfolio, also after the intended transfer. The Dutch State intends to provide a guarantee of approximately €5 billion for the funding of Property Finance. As soon as the guarantee has been obtained, combined with the transfer, SNS Bank will not bear the credit risk on an equivalent amount of funding.

Consequently it will not carry the related risk-weighted assets in its capital ratios anymore. SNS Bank will strive to gradually replace this funding by third-party funding. In addition, the Dutch State will capitalise the asset management organisation. The above-described structure concerning Property Finance (the separation, the guarantee on the funding and the capitalisation of the asset management organisation) is subject to the approval of the European Commission.

SNS Securities

SNS Securities provides securities services (shares, bonds and derivatives) to national and international professional investors. In addition, it supports SME and larger companies in private and public capital market transactions. The securities research conducted by SNS Securities mainly focuses on Dutch small-cap and mid-cap funds. The macroeconomic research is also used for risk management purposes within SNS REAAL. SNS Securities also provides individual asset management, investments with advice and securities services to high-net-worth private investor's (for assets from € 250,000). This market came under severe pressure. On 19 December 2012, SNS REAAL signed a memorandum of understanding to transfer the private banking activities of SNS Securities to Bank ten Cate & Cie during the second half of 2013. The transaction is subject to approval by the Dutch Central Bank.

Credit Rating Agencies

SNS Bank has been rated by independent credit rating agencies Moody's, Standard & Poor's and Fitch. The most recently published reports by these credit rating agencies, expressing opinions on any of the credit ratings assigned to SNS Bank, are made available on www.snsreaal.nl in the section 'Investors' under the heading 'Credit ratings'.

RegioBank

In 2007 SNS REAAL acquired ING RegioBank from ING. ING RegioBank merged with CVB Bank N.V., a subsidiary of SNS Bank, and was renamed SNS Regio Bank. It appeared that the difference between SNS Regio Bank and SNS Bank was not very clear to various target groups, despite their different positioning. Therefore, in January 2011, SNS Regio Bank changed its name into RegioBank. This change was well received by both customers and intermediaries.

RegioBank is the SNS Retail Bank regional banking formula to which some 535 independent advisors (intermediaries) throughout the Netherlands are affiliated. The formula is based on personal contact and advice. As many other banks are leaving the less crowded towns, RegioBank meets a growing need for local bank branches that provide personal service. RegioBank has a flexible and low cost structure, in part because of the good alignment with the common systems of SNS REAAL Group's retail bank brands. RegioBank has its own banking license issued by the Dutch Central Bank. SNS REAAL has provided a 403-Guarantee for RegioBank.

3.5 Servicers

The Issuer has appointed SNS Bank and RegioBank to each act as its Servicer in accordance with the terms of the Servicing Agreement, to provide certain of the Mortgage Loan Services in respect of the Mortgage Receivables.

For further information regarding SNS Bank and RegioBank see section 3.4 (*Sellers*).

3.6 Issuer Administrator

The Issuer has appointed ATC Financial Services B.V. to act as its Issuer Administrator in accordance with the terms of the Administration Agreement.

ATC Financial Services B.V. will be appointed as Issuer Administrator pursuant to and under the terms of the Administration Agreement (see further under section 5.7 (*Administration Agreement*)). ATC Financial Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law on 20 June 1963. It has its official seat (statutaire zetel) in Amsterdam, the Netherlands and its registered office at Fred. Roeskestraat 123-I, 1076 EE Amsterdam, the Netherlands. The Issuer Administrator is registered with the Trade Register under number 33210270.

The objects of the Issuer Administrator are (a) to represent financial, economic and administrative interests in the Netherlands and other countries, (b) to act as trust company, as well as to participate in, manage and administer other enterprises, companies and legal entities and (c) to perform any and all acts which are related, incidental or which may be conducive to the above. The managing directors of the Issuer Administrator are J.H. Scholts, F.E.M. Kuijpers, R. Posthumus and R. Rosenboom. The sole shareholder of the Issuer Administrator is ATC Group B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and having its official seat (statutaire zetel) in Amsterdam, the Netherlands, which entity is also the sole shareholder of each of the Directors.

ATC Financial Services B.V. is under supervision of and licensed by the Dutch Central Bank as a *Trustkantoor*.

3.7 Other parties

Cash Advance Facility Provider:	SNS Bank.
Issuer Account Bank:	Rabobank.
Collection Foundation:	Stichting Hypotheken Incasso, incorporated under Dutch law as a foundation (<i>stichting</i>) and established in Amsterdam, the Netherlands.
Foundation Account Provider:	SNS Bank and RegioBank.
Foundation Administrator:	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) XV B.V.; Holland Mortgage Backed Series (Hermes) XVI B.V.; Holland Mortgage Backed Series (Hermes) XVIII B.V.; PEARL Mortgage Backed Securities 1 B.V.; PEARL Mortgage Backed Securities 2 B.V.; PEARL Mortgage Backed Securities 4 B.V.; Lowland Mortgage Backed Securities 1 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) XV; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVI; Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVIII; Stichting Security Trustee PEARL Mortgage Backed Securities 1; Stichting Security Trustee PEARL Mortgage Backed Securities 2; Stichting Security Trustee PEARL Mortgage Backed Securities 4; Stichting Security Trustee Lowland Mortgage Backed Securities 1; and Stichting Security Trustee SNS Covered Bond Company.

Directors:	ATC Management B.V., the sole director of the Issuer, and 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 incorporated under Dutch law as a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), having its corporate seat in Amsterdam, the Netherlands.
Paying Agent:	ABN AMRO Bank N.V.
Reference Agent:	ABN AMRO Bank N.V.
Listing Agent:	ABN AMRO Bank N.V.
Common Service Provider:	Bank of America Merrill Lynch.
Common Safekeeper:	Clearstream, Luxembourg in respect of the Class A Notes. Bank of America National Association, London Branch in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
Insurance Savings Participant:	SRLEV N.V.
Bank Savings Participants:	SNS Bank and RegioBank.
Arranger:	SNS Bank
Manager:	SNS Bank

4 THE NOTES

4.1 Terms and Conditions

If Notes are issued in definitive form, 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 section 4.2 (Form).

The issue of the EUR 379,000,000 Class A1 Mortgage-Backed Floating Rate Notes 2013 due 2042 (the "**Class A1 Notes**"), the EUR 1,326,900,000 Class A2 Mortgage-Backed Fixed Rate Notes 2013 due 2042 (the "**Class A2 Notes**"), and, together with the Class A1 Notes, the "**Class A Notes**"), the EUR 65,200,000 Class B Mortgage-Backed Notes 2013 due 2042 (the "**Class B Notes**"), the EUR 63,500,000 Class C Mortgage-Backed Notes 2013 due 2042 (the "**Class C Notes**"), the EUR 54,900,000 Class D Mortgage-Backed Notes 2013 due 2042 (the "**Class D Notes**") and the EUR 27,300,000 Class E Mortgage-Backed Notes 2013 due 2042 (the "**Class E Notes**", and, together with the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on 4 July 2013. The Notes are issued under the Trust Deed.

The statements in these 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 Coupons, the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) the Paying Agency Agreement, (iv) the Parallel Debt Agreement and (v) the Pledge Agreements.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other Transaction Documents (see section 8 (*General*)) are available for inspection, free of charge, by Noteholders and prospective noteholders at the specified office of the Security Trustee and the Paying Agent, being at the date hereof Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands and in electronic form upon e-mail request at securitisation@ant-trust.nl or corporate.broking@nl.abnamro.com. 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 EUR 100,000 each. Under Dutch 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 or Sub-Class are direct and unconditional obligations of the Issuer and rank *pro rata* and *pari passu* without any preference or priority among Notes of the same Class or Sub-Class..
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes (ii) payments of principal on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes and (iii) payments of principal on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes and (iv) payments of principal on the Class E Notes are subordinated to, *inter*

alia, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

- (c) The Security for the obligations of the Issuer towards, *inter alia*, the Noteholders 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 first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights;
 - (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer Rights.
- (d) The obligations under the Notes will be secured indirectly by the Security. The obligations under the Class A Notes (being the Class A1 Notes and Class A2 Notes jointly) will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the obligations under the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes, the obligations under the Class C Notes will rank in priority to the Class D Notes and the Class E Notes and the obligations under the Class D Notes will rank in priority to the Class E Notes, each in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders each as a Class and not to the consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the holders of the Higher Ranking Class of Notes .
In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Deed, determines which interest of which Secured Creditor 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 Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except to the extent permitted by Transaction Documents or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus relating to the issue of the Notes and as contemplated by the Transaction 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 Transaction 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;
- (g) have an interest in any bank account other than the Issuer Accounts, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); or
- (h) take any action which will cause its "centre of main interests" within the meaning of the insolvency regulation to be located outside of the Netherlands.

4. Interest

(a) Period of Accrual

The Class A1 Notes and the Class A2 Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. Each such Note (or in the case of the redemption of part only of a Note, that part only of such 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 Note for any period, such interest shall be calculated (i) with respect to the Class A1 Notes, on the basis of the actual days elapsed in the Interest Period divided by a 360 day year and (ii) with respect to the Class A2 Notes on the basis of the number of days (to be calculated on the basis of a year of 360 days with 12 30-day months) in the Interest Period divided by a 360 day year.

(b) *Interest Periods and Notes Payment Dates*

Interest on the Class A1 Notes and the Class A2 Notes is payable by reference to successive Interest Periods. Each successive Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Notes Payment Date falling in August 2013.

Interest on the Class A1 Notes and the Class A2 Notes shall be payable monthly in arrear in euros, in each case in respect of the Principal Amount Outstanding of each of such Notes monthly on each Notes Payment Date, being 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 year.

(c) *Interest on the Class A1 Notes*

The rate of interest applicable to the Class A1 Notes for each Interest Period shall be equal to Euribor for one months deposits in euros (determined in accordance with paragraph (e) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for one and two month deposits in euro) plus a margin of 1.5 per cent. per annum.

(d) *Euribor*

For the purpose of Conditions 4(c) and 4(d), Euribor ("**Euribor**") will be determined as follows:

- (i) The Reference Agent will 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 "**Interest Determination Date**")
- (ii) If, on the relevant 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**") selected by the Reference Agent to provide a quotation for the rate at which one month EUR deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Brussels time) on the relevant 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
- (C) 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 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 EUR deposits as determined in accordance with this Condition 4(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 Class A1 Notes during such Interest Period will be Euribor last determined in relation thereto.

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

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

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

The Reference Agent will cause the Floating Interest Rate and the Floating Rate Interest Amount and the Notes Payment Date applicable to the Class A1 Notes, to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, Euronext Amsterdam and notice thereof to be published in accordance with Condition 13, as soon as possible after the determination. The Floating Interest Rate, Floating Rate Interest Amount and Notes 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.

(g) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating Interest Rate or fails to calculate the Floating Rate Interest Amount in accordance with Condition 4(e) above, the Security Trustee or a party so appointed by the Security Trustee on behalf of the Security Trustee shall determine the Floating Interest Rate, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Conditions 4(d) and 4(e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Rate Interest Amount 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 Agent*

The Issuer will procure that, as long as the Class A1 Notes remain outstanding, there will at all times be 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 by giving at least 90 days' notice in writing to that effect. Notice of 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 the Reference Agent (as the case may be) or if the

appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor 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 Class A2 Notes*
The rate of interest applicable to the Class A2 Notes in respect of each Interest Period shall be 3.5 per cent. per annum.
- (j) *Calculation of Fixed Rate Interest Amounts*
The Reference Agent will, as soon as practicable after 11.00 am (Brussels time) on each Interest Determination Date, calculate the Fixed Rate Interest Amount by applying, as provided in Condition 4(a), the Fixed Interest Rate to the Principal Amount Outstanding of the Class A2 Notes. The determination of the Fixed Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties on the relevant Notes Payment Date.
- (k) *Notification of Fixed Rate Interest Amounts*
The Reference Agent will cause the Fixed Rate Interest Amount and the Notes Payment Date applicable to the Class A2 Notes, to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, Euronext Amsterdam and notice thereof to be published in accordance with Condition 13, as soon as possible after the determination. The Fixed Rate Interest Amount and Notes 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.
- (l) *Determination or Calculation by Security Trustee*
If the Reference Agent fails to calculate the Fixed Rate Interest Amount in accordance with Condition 4(j) above, the Security Trustee shall calculate the Fixed Rate Interest Amount in accordance with Condition 4(j) above, and each such determination or calculation shall (in the absence of manifest error) be final and binding on all parties.
- (m) *No Interest on Class B Notes, Class C Notes, Class D Notes and Class E Notes*
The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not bear any interest.

5. Payment

- (a) Payment of principal and, to the extent applicable, interest, 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 by transfer to a EUR account. 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 Notes 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 EUR 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 ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to EU Council Directive 2003/48/EC. 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 and in accordance with Condition 9(a), redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, being the Notes Payment Date falling in October 2042.

(b) Mandatory redemption

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

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

(c) Determination of the Redemption Amount, the Available Principal Funds and Principal Amount Outstanding

(i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Available Principal Funds and (y) the Redemption Amount due for the Notes of the relevant Class on the Notes Payment Date, and (z) the Principal Amount Outstanding of the relevant Note on the first day following the Notes 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 Notes Calculation Date cause each determination of (x) the Available Principal Funds, (y) the Redemption Amount due for the relevant Class of Notes on the Notes 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, Euronext Amsterdam and notice thereof shall be published in accordance with Condition 13. If no Redemption Amount is due to be made on the Notes on any applicable Notes 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 Available Principal Funds, (y) the Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (z) the Principal Amount Outstanding of the Notes, such (x) Available Principal Funds, (y) Redemption Amount due for the relevant Class of Notes on the Notes Payment Date and (z) Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6(a) and (b) (but based upon the information in its possession on the Notes Calculation Date as to the Redemption Amount due for the relevant Class(es) of Notes on the Notes 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.

(d) *Optional Redemption*

Unless previously redeemed in full, the Issuer may, at its option, on the First Optional Redemption Date, being the Notes Payment Date falling in July 2018 and on any Optional Redemption Date thereafter 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, 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 Notes Payment Date.

(e) *Clean-up Call Option*

The Issuer may, at its option, redeem all, but not some only, of the Notes at their Principal Amount Outstanding, subject to and in accordance with Condition 9(a), on each Notes Payment Date on which the aggregate Principal Amount Outstanding of the Notes (in the case of a Principal Shortfall in respect of any Class of Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, if the Issuer has sufficient funds available to it for this purpose. 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 Notes Payment Date.

(f) *Redemption for tax reasons*

All Notes (but not some only) may be redeemed at the option of the Issuer, on any Notes Payment Date at their Principal Amount Outstanding, subject to and in accordance with Condition 9(a), together with interest accrued up to and including the date of redemption, 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 Dutch laws or regulations (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 Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal

and, to the extent applicable, interest, due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class or Sub-Class of Notes in accordance with the Trust Deed.

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 Notes Payment Date.

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 is 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 Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Notes 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 Class B Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Notes Payment Date. The "**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 Class B Notes outstanding on such Notes Payment Date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes and Class B Notes are reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Notes 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 Class C Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Notes Payment Date. The "**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 Class C Notes outstanding on such Notes Payment Date. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Collection

Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, Class B Notes and Class C Notes are reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Notes 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 Class D Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Notes Payment Date. The "**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 Class D Notes outstanding on such Notes Payment Date. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class A Notes, Class B Notes, Class C Notes and Class D Notes are reduced to zero, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Notes 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 Class E Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Notes Payment Date. The "**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 Class E Notes outstanding on such Notes Payment Date. The Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the 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 Issuer Collection Account and the Issuer has no further rights under or in connection with any of the Transaction 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 and any other amounts received by the Security Trustee, after payment of all other claims ranking under the Trust Deed in priority to a Class or Sub-Class of Notes, as applicable, are insufficient to pay in full all principal and, to the extent applicable, interest, and other amounts whatsoever due in respect of such Class or Sub-Class of Notes, as applicable, the Noteholders of the relevant Class or Sub-Class of Notes, as applicable, 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 Most Senior Class of Notes (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 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 (each an "**Event of Default**") shall occur:

- (a) default is made for a period of seven (7) days in the payment of 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

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, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, in which case no remedy period shall apply; 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 is 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.

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 and any of the other Transaction Documents, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes 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

All notices to the Noteholders will be deemed to validly given 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. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

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 Transaction 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 any Seller or (ii) a meeting of Noteholders of a Class, by the Noteholders of such

Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class.

(b) Quorum

The quorum for adoption of 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 Class of 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 Terms Change, can be adopted regardless of the quorum represented at such meeting.

(c) Extraordinary Resolutions

A meeting of Noteholders of a Class 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 Transaction 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.

(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.

(e) Modifications agreed with the Security Trustee

The Security Trustee may agree with the other parties to any Transaction Documents, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Notes or any other Transaction 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 or any other Transaction 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 Credit Rating Agencies and (ii) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in connection with such modification,

authorisation or waiver. 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, to (a) the entering into a new Transaction Document by the Issuer with a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor, provided that (i) the Security Trustee has notified the Credit Rating Agencies and (ii) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in connection with such transfer or contracting and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement.

15. Replacement 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 and Jurisdiction

The Notes and Coupons are governed by, and will be construed in accordance with, Dutch law. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with this Agreement, shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

4.2 Form

Each Class or Sub-Class of Notes, as applicable, shall be initially represented by a Temporary Global Note in bearer form, without Coupons, (i) in the case of the Class A1 Notes in the principal amount of EUR 379,000,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 1,326,900,000, (iii) in the case of the Class B Notes in the principal amount of EUR 65,200,000, (iv) in the case of the Class C in the principal amount of EUR 63,500,000, (v) in the case of the Class D Notes in the principal amount of EUR 54,900,000 and (vi) in the case of the Class E Notes in the principal amount of EUR 27,300,000. Each Temporary Global Note will be deposited with the Common Safekeeper for Euroclear and 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 or Sub-Class of Notes, as applicable, 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 the Exchange Date for interests in a Permanent Global Note, in bearer form, without coupons, in the principal amount of the Notes of the relevant Class or Sub-Class, as applicable. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class or Sub-Class of Notes, as applicable, the Permanent Global Note will remain deposited with the Common Safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended to be deposited upon issue with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Class A Notes will be recognized as Eurosystem Eligible Collateral 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 (*levering*). Each Permanent Global Note will be exchangeable for Definitive Notes only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of EUR 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 in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, there may be substituted for publication in accordance with Condition 13 the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders (provided that, in the case of any publication required by Euronext Amsterdam or any other stock exchange, that stock exchange agrees to such notice or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it is delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city.

For so long as the Notes of a particular Class or Sub-Class, as applicable, 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 or Sub-Class of Notes, as applicable, will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class or Sub-Class of Notes, as applicable, 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) 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 (ii) as a result of any amendment to, or change in the Dutch laws or regulations 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 Definitive Notes in exchange for the whole (or the remaining part(s) outstanding) of the relevant Permanent Global Notes which represent such Notes, within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

Application Dutch Savings Certificates Act in respect of Class B Notes, Class C Notes, Class D Notes and Class E notes

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Class B Notes, the Class C Notes, the Class D Notes and the 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 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.

4.3 Subscription and sale

The Manager has pursuant to the Notes Purchase Agreement agreed to purchase on the Closing Date the Notes, subject to certain conditions precedent being satisfied. 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 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 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 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 Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, 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.

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

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act); and

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

United Kingdom

The Manager has represented and agreed 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 does not 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 for the account of benefit of US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this sub-section 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 Closing 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 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 Class B Notes, the Class C Notes, the Class D Notes and the 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 the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes in global form, or (b) in respect of the initial issue of the Class B Notes, the Class C Notes and the Class D Notes the Class E Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class B Notes, the Class C Notes, the Class D Notes and the 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 the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes within, from or into the Netherlands if all the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (either in definitive form or as rights representing an interest in the Class B Notes, the Class C Notes, the Class D Notes and the 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.

4.4 Regulatory and industry compliance

Retention and disclosure requirements under the CRD

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 the CRD, shall, or undertakes that any entity designated by SNS Bank as allowed entity under paragraph 2 of article 122a of the CRD shall, retain, on an ongoing basis, a material net economic interest in the Notes which, in any event, shall not be less than 5 per cent.. Such interest will be retained in accordance with item (a) of article 122a paragraph 1 of the CRD, by holding at least 5 per cent. 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 CRD and (ii) make appropriate ongoing 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 CRD.

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

SNS Bank accepts responsibility for the information set out above.

Dutch Securitisation Standard

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Investor Reports to be published by the Issuer will follow the applicable template investor report (save as otherwise indicated in the relevant investor report), each as published by the Dutch Securitisation Association on its website www.dutchsecuritisation.nl. As a result the Notes comply with the standard created for residential mortgage-backed securities by the Dutch Securitisation Association. This has also been recognised by Prime Collateralised Securities initiative established by Prime Collateralised Securities (PCS) Europe as the Domestic Market Guideline for the Netherlands in respect of this asset class. No application has been made to Prime Collateralised Securities (PCS) for any Notes to receive the PCS Label.

4.5 Use of proceeds

The net proceeds of the Notes, to be issued on the Closing Date, amount to EUR 1,916,800,000 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 the Closing Date under the Mortgage Receivables Purchase Agreement.

An amount of EUR 434,513.00 of the Initial Purchase Price for the Mortgage Receivables will be withheld by the Issuer and deposited on the Construction Deposit Account.

An amount of EUR 43,598,945.13 will be received by the Issuer on the Closing Date as consideration for the Initial Participation (i) granted to the Insurance Savings Participant in the Savings Mortgage Receivables 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.

4.6 Taxation in the Netherlands

This section provides a general description of the main Dutch 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 Dutch taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Dutch 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 Dutch 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 Dutch withholding tax will be due on payments of principal and/or interest.
3. A Noteholder will not be subject to Dutch 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 Noteholder 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 Noteholder 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 Noteholder is a legal person, an open limited partnership (*open commanditaire vennootschap*), or another company with a capital divided into shares or a special purpose fund (*doelvermogen*),

- (iii) such Noteholder does not have a substantial interest* in the share capital of the Issuer and/or any Seller or in the event that such Noteholder does have such an interest, such interest either forms part of the assets of an enterprise or such interest is not held with the main purpose or one of the main purposes of evading income tax or dividend tax;
- (iv) such Noteholder does not have a deemed Dutch enterprise to which enterprise the Notes are attributable;

and, if the Noteholder is a natural person,

- (v) such Noteholder 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 Noteholder or a person related to the Noteholder by law, contract, consanguinity or affinity to the degree specified in the Dutch tax laws 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 Noteholder of such interest, and if the Noteholder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the

Noteholder'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. No Dutch gift or inheritance taxes will arise on the transfer of the Notes by way of a gift by, or on the death of, a Noteholder who is neither resident nor deemed to be resident in the Netherlands, unless:
 - (i) in case of a gift of the Notes under a suspensive condition by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual is resident or deemed to be resident in the Netherlands at the date
 - (a) of the fulfillment of the condition; or
 - (b) of his/her death and the condition of the gift is fulfilled after the date of his/her death.
 - (ii) in case of a gift of Notes by an individual who at the date of the gift or - in case of a gift under a suspensive condition - at the date of the fulfillment of the condition was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift or the fulfillment of the condition, while being resident or deemed to be resident in the Netherlands.

4.7 Security

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee the "**Parallel Debt**", being an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) to the Noteholders under the Notes, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicers under the Servicing Agreement, (iv) as fees and expenses to the Issuer Administrator under the Administration Agreement, (v) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (vi) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vii) to each Seller under the Mortgage Receivables Purchase Agreement, (viii) to the Insurance Savings Participant under the Insurance Savings Participation Agreement, (ix) to the Bank Savings Participants under the Bank Savings Participation Agreement and (x) to the Issuer Account Bank under the Issuer Account Agreement (the parties referred to in items (i) through (x) together the "**Secured Creditors**"). 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 Creditors 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 Insurance Savings Participant and the Bank Savings Participants in connection with the Participations, among the Secured Creditors in accordance with the Post-Enforcement Priority of Payments. The amounts due to the Secured Creditors, other than the Insurance Savings Participant 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 and Bank Savings Mortgage Receivables) and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement and (ii) on each of the Savings Mortgage Receivables and Bank Savings Mortgage Receivables to the extent the amount recovered exceeds the Participation in the relevant Savings Mortgage Receivables and Bank Savings Mortgage Receivables.

The amounts due to the Insurance Savings Participant and the Bank Savings Participants will be equal to the Participation in each of the Savings Mortgage Receivables or Bank Savings Mortgage Receivables, as applicable or if the amount recovered is less than the Participation in such Savings Mortgage Receivables or Bank Savings Mortgage Receivables, the amount equal to the amount actually recovered.

The Issuer will vest a right of pledge pursuant to the Issuer Mortgage Receivables Pledge Agreement in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date and in respect of any Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant Further Advance Receivables and the Beneficiary Rights relating thereto on the Notes Payment Date on which they are acquired by the Issuer. The pledge over the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except that notification of the pledge may be made upon the occurrence of any of the Pledge Notification Events. Prior to notification of the pledge to the Borrowers and/or the Insurance Companies, the pledge will be a "silent" right of pledge (*stil pandrecht*) within the meaning of article 3:239 of the DCC.

In addition, the Issuer will vest a right of pledge pursuant to the Issuer Rights Pledge Agreement in favour of the Security Trustee on the Closing Date over the Issuer Rights. 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 the Security Trustee Secured Liabilities, being any liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Transaction Documents.

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, but, *inter alia*, amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders and amounts owing to the Class D Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and amounts owing to the Class E Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (see section 5 (*Credit Structure*)).

Collection Foundation Accounts Pledge Agreement

The Collection Foundation will in a Collection Foundation Accounts Pledge Agreement grant a first ranking right of pledge over 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 relating thereto) in securitisations or similar transactions 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 Security Trustees and/or the Previous Transaction SPVs, as the case may be, and the Security Trustee and/or the Issuer, as the case may be, have a first and a second 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 DCC 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 DCC 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 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 DCC 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 over 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 any of the Issuer, the Security Trustee, the Previous Transaction SPVs or 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.

Flexible Mortgage Receivables Pledge Agreement

Also, SNS Bank as Seller shall pursuant to the Flexible Mortgage Receivables Pledge Agreement on the Closing Date and each Notes Payment Date thereafter vest a right of pledge on the Flexible Mortgage Receivables in favour of the Security Trustee and the Issuer respectively. Such pledge will secure the claim of the Security Trustee and/or the Issuer, as applicable, on SNS Bank created for this purpose equal to the share of SNS Bank in the Net Foreclosure Proceeds of each relevant Security Interest, which claim becomes due and payable upon a default of the relevant Borrower in connection with the Joint Security Right Arrangements.

5. CREDIT STRUCTURE

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

5.1 Available funds

Available Revenue Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items (i) up to and including (xiv) being hereafter referred to as the "**Available Revenue Funds**"):

- (i) as interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount received, multiplied by the Participation Fraction;
 - (ii) as interest accrued on the Issuer Collection Account, other than on amounts standing to the credit of the Issuer Collection Account corresponding to amounts standing to the credit of the Financial Cash Collateral Ledger;
 - (iii) as prepayment penalties under the Mortgage Receivables;
 - (iv) as Net Foreclosure Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;
 - (v) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the relevant Financial Cash Collateral Ledger, including any Set-Off Amount and Commingling Amount, as applicable, on the immediately succeeding Notes Payment Date;
 - (vi) 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 interest amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Bank Savings Mortgage Receivable, an amount equal to the interest amount received multiplied by the Participation Fraction;
 - (vii) 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 and Bank Savings Mortgage Receivable, an amount equal to the amount of interest received multiplied by the Participation Fraction;
 - (viii) as Post-Foreclosure Proceeds on the Mortgage Receivables;
 - (ix) any amounts standing to the credit of the Issuer Collection Account after all payment obligations of the Issuer under the Transaction Documents, other than towards payment of any Deferred Purchase Price, have been satisfied in full;
 - (x) as amounts to be drawn under the Cash Advance Facility (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Notes Payment Date;
 - (xi) as amounts withheld from the Available Principal Funds on such Notes Payment Date as Interest Shortfall up to the amount that can be debited as Interest Shortfall to the Principal Deficiency Ledgers; and
 - (xii) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;
- less
- (xiii) on the first Notes 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 EUR 2,500;
 - (xiv) any amount to be credited to the Interest Reconciliation Ledger on the immediately succeeding Notes Payment Date;

will pursuant to the terms of the Trust Deed be applied on the immediately succeeding Notes Payment Date in accordance with the Revenue Priority of Payments.

Available Principal Funds

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items (i) up to and including (xiii)) will hereinafter be referred to as the "**Floating Rate Available Principal Funds**":

- (i) as repayment and prepayment in full of principal under the Floating Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (ii) as partial repayment and prepayment of principal under the Floating Rate Mortgage Receivables, excluding prepayment penalties, if any, and with respect to each Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable, up to an amount equal to the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (iii) as Net Foreclosure 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 Foreclosure 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 or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (iv) 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 or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (v) 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 or Floating Rate Bank Savings Mortgage Receivable, the Participation in such Floating Rate Savings Mortgage Receivable or Floating Rate Bank Savings Mortgage Receivable;
- (vi) as the Floating Rate Fraction of the amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vii) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements, to the extent relating to Floating Rate Savings Mortgage Receivables and Floating Rate Bank Savings Mortgage Receivables;
- (viii) 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 and Floating Rate Bank Savings Mortgage Receivables over (b) the Initial Purchase Price of the Floating Rate Savings Mortgage Receivables and Floating Rate Bank Savings Mortgage Receivables,
- (ix) as amounts received on the Issuer Collection Account on the preceding Mortgage Collection Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to Floating Rate Mortgage Receivables is paid to the relevant Borrower by means of set-off with the Floating Rate Mortgage Receivables; and
- (x) as the Floating Rate Fraction of any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;

less

- (xi) the Floating Rate Fraction of any Interest Shortfall up to an amount equal to the amount that can be debited as Interest Shortfall to the Principal Deficiency Ledgers;
- (xii) the Floating Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (xiii) the Initial Purchase Price of any Floating Rate Further Advance Receivables.

will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Notes Payment Date in accordance with the Redemption Priority of Payments.

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period (items (i) up to and including (xiii)) will hereinafter be referred to as the "**Fixed Rate Available Principal Funds**", and together with the Floating Rate Available Principal Funds (without any double counting), the "**Available Principal Funds**":

- (i) as repayment and prepayment in full of principal under the Fixed Rate Mortgage Receivables, excluding prepayment penalties, if any, less with respect to each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (ii) as partial repayment and prepayment of principal under the Fixed Rate Mortgage Receivables, excluding prepayment penalties, if any, and with respect to each Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable, up to an amount equal to the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (iii) as Net Foreclosure 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 Foreclosure 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 or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (iv) 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 or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (v) 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 or Fixed Rate Bank Savings Mortgage Receivable, the Participation in such Fixed Rate Savings Mortgage Receivable or Fixed Rate Bank Savings Mortgage Receivable;
- (vi) as the Fixed Rate Fraction of amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vii) as Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Notes Payment Date pursuant to the Participation Agreements, to the extent relating to Fixed Rate Savings Mortgage Receivables and Fixed Rate Bank Savings Mortgage Receivables;
- (viii) 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 and Fixed Rate Bank Savings Mortgage Receivables over (b) the Initial Purchase

- Price of the Fixed Rate Savings Mortgage Receivables and Fixed Rate Bank Savings Mortgage Receivables,
- (ix) as amounts received on the Issuer Collection Account on the preceding Mortgage Collection Payment Date from the credit balance of the Construction Deposit Account in cases where the relevant Construction Deposit to the extent relating to Fixed Rate Mortgage Receivables is paid to the relevant Borrower by means of set-off with the Fixed Rate Mortgage Receivables; and
 - (x) as the Fixed Rate Fraction of any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date;

less

- (xi) the Fixed Rate Fraction of any Interest Shortfall up to an amount equal to the amount that can be debited as Interest Shortfall to the Principal Deficiency Ledgers;
- (xii) the Fixed Rate Fraction of any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (xiii) the Initial Purchase Price of any Fixed Rate Further Advance Receivables

will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Notes Payment Date in accordance with the Redemption 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 one of 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.

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 of such amounts, 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 as Foundation Administrator and, after an insolvency event relating to SNS Bank, a new foundation administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation.

The Receivables Proceeds Distribution Agreement provides that upon the occurrence of a Collection Foundation Trigger Event, the Collection Foundation and SNS Bank and RegioBank (in all their respective capacities) will within 30 calendar days after SNS Bank has ceased to have the Collection Foundation Trigger Required Ratings or, with respect to S&P only, the later of (a) 30 calendar days have elapsed since SNS Bank has ceased to have the Collection Foundation Trigger Required Rating or (b) if, on or before the 30th calendar day after SNS Banks ceases to have the Collection Foundation Trigger Required Ratings, SNS Bank has submitted a written proposal for a remedy to S&P, 60 calendar days have elapsed since SNS Bank has ceased to have the Collection Foundation Trigger Required Ratings, (i) have one of the Collection Foundation Trigger Commingling Remedial Actions in place or (ii) will procure that either:

- (i) (a) 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 Rabobank Existing Account or the relevant Collection Foundation Eligible Counterparty Account, and (b) SNS Bank and RegioBank will procure and where required the Collection Foundation will undertake its best efforts

- 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 and (c) where required, SNS Bank, RegioBank and the Collection Foundation will assist that Borrowers are informed that further payments in discharge of their obligations under the relevant Mortgage Receivables can no longer be made on the Collection Foundation Accounts with numbers 81.51.00.132, 95.65.42.727 and 96.41.12.000 held with SNS Bank and RegioBank as Foundation Account Provider, and that payments under the relevant Mortgage Receivables have to be made into the Rabobank Existing Account and/or Collection Foundation Eligible Counterparty Account, as applicable; or
- (ii) (a) the Collection Foundation Accounts with numbers 81.51.00.132, 95.65.42.727 and 96.41.12.000 held with SNS Bank and RegioBank as former Foundation Account Providers will be transferred to Rabobank or a Collection Foundation Eligible Counterparty (as the case may be) or closed and new Collection Foundation Accounts with the same numbers will be opened with Rabobank and/or a Collection Foundation Eligible Counterparty (as the case may be) as the only Foundation Account Provider(s) and (b) 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 with or to such Collection Foundation Accounts;

On the Closing Date, SNS Bank's long term unsecured, unsubordinated and unguaranteed debt obligations are rated "Baa3" by Moody's and SNS Bank's issuer default rating is "BBB+" by Fitch and SNS Bank's short term issuer default rating is "F2" by Fitch, and has therefore ceased to have the Collection Foundation Trigger Required Ratings. The Sellers shall therefore post sufficient collateral under the Commingling Financial Collateral Agreement in accordance with the Receivables Proceeds Distribution Agreement.

The Collection Foundation has undertaken, prior to a Collection Foundation Trigger Event, 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 Issuer Collection Account at least on each Mortgage Collection Payment Date.

If at any time (whether before or after occurrence of a Collection Foundation Trigger Event) Rabobank as Foundation Account Provider is assigned a rating below the Collection Foundation Trigger Required Ratings, the Foundation Administrator on behalf of the Collection Foundation will as soon as reasonably possible, but at least within 30 calendar 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 by any of the SPVs) 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 be a Collection Foundation Eligible Counterparty, 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 by any of the SPVs) and provided Fitch (only to the extent Fitch assigns a rating to any of the notes issued by any of the SPVs) and Moody's are notified of such other action.

Commingling Financial Collateral Agreement

In order to mitigate the potential commingling risk that any amounts received by the Collection Foundation, whether as interest or principal, in respect of Relevant Mortgage Receivables are not received by the Issuer, the Issuer will enter into the Commingling Financial Collateral Agreement.

If at any time (i) in respect of Moody's, SNS Bank's long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least as high as "Baa1" by Moody's or (ii) in respect of Fitch, (x) SNS Bank's long term issuer default rating falls below "A" by Fitch or (y) the Seller's short term issuer default rating falls below "F1" by Fitch, or any such rating is withdrawn, each Seller shall be obliged (I) to transfer Eligible Collateral to the Issuer Collection Account with a

corresponding credit to the Commingling Financial Cash Collateral Ledger in an amount of and having a value equal to the relevant Commingling Delivery Amount owed by such Seller subject to and in accordance with the terms of the Commingling Financial Collateral Agreement or (II) to take any of the Commingling Alternative Mitigant Measures.

The Issuer shall on each Notes Payment Date release from the Issuer Collection Account, with a corresponding debit to the Commingling Financial Cash Collateral Ledger, an amount equal to the Commingling Amount, which amount shall form part of the Available Revenue Funds on such date.

To the extent that on any Notes Payment Date the relevant Posted Commingling Collateral Value exceeds the relevant Potential Commingling Required Amount on such Notes Payment Date, the Issuer shall on such Notes Payment Date transfer to the relevant Seller Equivalent Eligible Collateral having a value equal to the relevant Commingling Return Amount and separate from any Priority of Payments.

On the Closing Date, SNS Bank's long term unsecured, unsubordinated and unguaranteed debt obligations are rated "Baa3" by Moody's and SNS Bank's long term issuer default rating is "BBB+" by Fitch and SNS Bank's short term issuer default rating is "F2" by Fitch. The Sellers shall therefore transfer Eligible Collateral to the Issuer Collection Account in accordance with the Commingling Financial Collateral Agreement.

The Issuer Administrator will include the amounts to be calculated under the Commingling Financial Collateral Agreement in the Investor Report on a monthly basis.

If at any time (I) any of the Commingling Alternative Mitigant Measures are taken or (II) (i) in respect of Moody's, SNS Bank's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as "Baa1" by Moody's and (ii) in respect of Fitch, (x) SNS Bank's long term issuer default rating is at least "A" by Fitch and (y) SNS Bank's short term issuer default rating is at least "F1" by Fitch, the Posted Commingling Collateral shall be retransferred by the Issuer to the relevant Seller no later than on the immediately succeeding Notes Payment Date or such earlier date as requested by any Seller, in the form of Equivalent Eligible Collateral and separate from any Priority of Payments.

Set-off by Borrowers

The Mortgage Receivables Purchase Agreement provides that if a Borrower invokes a right to set-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.

Set-Off Financial Collateral Agreement

In order to mitigate the risk of set-off by Borrowers with amounts standing to the credit of current accounts or deposits held with a Seller described above, the Issuer will enter into the Set-Off Financial Collateral Agreement.

If at any time SNS Bank's long-term, unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least as high as "Baa1" by Moody's, or any such rating is withdrawn, each Seller shall be obliged, on each Notes Payment Date, to transfer Eligible Collateral to the Issuer Collection Account with a corresponding credit to the Set-Off Financial Cash Collateral Ledger in an amount of and having a value equal to the relevant Set-Off Delivery Amount owed by such Seller subject to and in accordance with the terms of the Set-Off Financial Collateral Agreement.

The Issuer shall on each Notes Payment Date release from the Issuer Collection Account, with a corresponding debit to the Set-Off Financial Cash Collateral Ledger, an amount equal to the sum of the Set-Off Amount which each relevant Seller is due to the Issuer on the basis of the Mortgage

Receivables Purchase Agreement and which is unpaid on such Notes Payment Date, which amount shall form part of the Available Revenue Funds on such date.

To the extent that on any Notes Payment Date the relevant Posted Set-Off Collateral Value exceeds the relevant Potential Set-Off Required Amount on such Notes Payment Date, the Issuer shall on such Notes Payment Date transfer to the relevant Seller Equivalent Eligible Collateral having a value equal to the Set-Off Return Amount and separate from any Priority of Payments.

On the Closing Date, SNS Bank's long term unsecured, unsubordinated and unguaranteed debt obligations are rated "Baa3" by Moody's. The Sellers shall therefore transfer Eligible Collateral to the Issuer Collection Account in accordance with the Set-Off Financial Collateral Agreement on the Closing Date.

The Issuer Administrator will include the amounts to be calculated under the Set-Off Financial Collateral Agreement in the Investor Report on a monthly basis.

If at any time SNS Bank's long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least as high as "Baa1" by Moody's, the Posted Set-Off Collateral shall be retransferred by the Issuer to the relevant Seller no later than on the immediately succeeding Notes Payment Date or such earlier date as requested by any Seller, in the form of Equivalent Eligible Collateral and separate from any Priority of Payments.

For the purpose of the Set-Off Financial Collateral Agreement, the following expressions will have the following meaning:

The "**Potential Set-Off Amount**" means, on the Closing Date and any Notes 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 Notes Calculation Period; and
 - b. the aggregate Outstanding Principal Amount of such Relevant Mortgage Receivable(s) on the last day of the immediately preceding Notes 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 relevant Seller on the last day of the immediately preceding Notes Calculation Period;
 - b. the aggregate Outstanding Principal Amount of such Relevant Mortgage Receivable(s) on the last day of the immediately preceding Notes 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 the Closing Date and any Notes Payment Date, with respect to each Seller, an amount calculated as at the relevant Notes Calculation Date, equal to (I) so long as any 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 Notes Calculation Period less (ii) the sum of (a) an amount equal to 3.5 per cent. of the aggregate Outstanding Principal Amount of

the Relevant Mortgage Receivables on the relevant Notes 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 Notes Calculation Date provided that, on any Notes Payment Date after notification of the assignment of the Relevant Mortgage Receivables to the Issuer having been made, such amount shall not be higher than the amount calculated as Potential Set-Off Required Amount on the immediately preceding Notes Payment Date and (y) zero, and (II) zero if the Class A Notes have been redeemed in full;

The "**Available Subordination**" means, on the Closing Date and any Notes Payment Date, a percentage equal to (x) the sum of the Principal Amount Outstanding of the Class D Notes and the Class E Notes on such Notes Payment Date, less any Class D Principal Deficiency and any Class E Principal Deficiency, divided by (y) the aggregate Principal Amount Outstanding of all Notes on the immediately preceding Notes Calculation Date;

The "**Available Subordination Increase**" means, on the Closing Date and any Notes Payment Date, the higher of (x) a percentage equal to (i) the Available Subordination on the immediately preceding Notes Calculation Date less (ii) 4.29 per cent. and (y) zero per cent.;

Joint Security Right Arrangements

In the Mortgage Receivables Purchase Agreement each Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held Security Interests. Furthermore, each Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share ("*aandeel*") in each jointly-held Security Interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any, and the share of the Sellers will be equal to Net Foreclosure proceeds minus the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any. Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement that in case of a breach by any Seller of any of its obligations under the Joint Security Right Arrangements or if any such arrangement is dissolved, void, nullified or ineffective for any reason in respect of the relevant Seller (including its bankruptcy), the relevant Seller shall owe the Joint Security Indemnity Amount, being (i) to the Issuer, an amount equal to the share of the Seller in the Net Foreclosure Proceeds of each relevant Security interest, subject to item (ii), and (ii) by way of parallel debt, to the Security Trustee an amount equal to the amount due by the relevant Seller to the Issuer as set out under (i), whereby the relevant Seller's payment obligation under this item shall be reduced upon irrevocable payment by the relevant Seller of an amount due under (i) and *vice versa*. To further secure the obligations of the Sellers under the Joint Security Right Arrangements, the following pledges will be provided to the Security and the Issuer:

- (i) SNS Bank will pursuant to the Flexible Mortgage Receivables Pledge Agreement vest on the Closing Date and on each Notes Payment Date thereafter (i) a first ranking right of pledge in favour of the Security Trustee and (ii) a second ranking right of pledge in favour of the Issuer, on all Flexible Mortgage Receivables;
- (ii) Each Seller has in the Mortgage Receivables Purchase Agreement undertaken with each of the Issuer and the Security Trustee to vest (a) a first ranking right of pledge in favour of the Security Trustee and (b) a second ranking right of pledge in favour of the Issuer on the Other Claims promptly but in any event within two (2) Business Days upon the occurrence of an Assignment Notification Event

If, after the pledge of the Other Claims, the Assignment Notification Event has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount in respect of the relevant Mortgage Receivable has been repaid in full.

Each of the Issuer and the Security Trustee will release the right of pledge on any Flexible Mortgage Receivables of a Borrower (i) if the Outstanding Principal Amount in respect of a Relevant Mortgage Receivable with the same Borrower as the Flexible Mortgage Receivable has been repaid in full or (ii)

in case of a repurchase of a Relevant Mortgage Receivable with the same Borrower as the Flexible Mortgage Receivable by SNS Bank or (iii) in case of a sale of a Relevant Mortgage Receivables with the same Borrower as the Flexible Mortgage Receivable to a third party.

5.2 Priorities of Payments

Revenue Priority of Payments

Prior to the delivery of an Enforcement Notice, the Available Revenue Funds, calculated on each Notes Calculation Date, will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Notes 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 "**Revenue 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 Transaction Documents;
- (b) *second*, in or towards satisfaction *pro rata*, according to the respective amounts thereof, of administration fees and all costs and expenses due and payable to the Servicers under the Servicing Agreement 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 Transaction 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 the Withheld Amount) and the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (iii) the Cash Advance Facility Commitment Fee under the Cash Advance Facility Agreement and (iv) to the Issuer Account Bank under the Issuer Account Agreement;
- (d) *fourth*, in or towards satisfaction of (i) any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, other than the Cash Advance Facility Commitment Fee and (ii) following a Cash Advance Facility Stand-by Drawing, sums to be credited to the Cash Advance Facility Stand-by Ledger, but excluding any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (k) below;
- (e) *fifth*, 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 Class A1 Notes and the Class A2 Notes;
- (f) *sixth*, 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;
- (g) *seventh*, 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;
- (h) *eighth*, 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;
- (i) *ninth*, 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;
- (j) *tenth*, 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;
- (k) *eleventh*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement; and
- (l) *twelfth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Sellers.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice, the Available Principal Funds, calculated on each Notes Calculation Date, will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Notes 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 "**Redemption Priority of Payments**"):

- (a) *first*, (i) the Floating Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and (ii) the Fixed Rate Available Principal Funds will be applied in or towards satisfaction of principal amounts due under the Class A2 Notes until fully redeemed and, thereafter, in or towards satisfaction of principal amounts due under the Class A1 Notes until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Class B Notes until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under the Class C Notes until fully redeemed;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Class D Notes until fully redeemed; and
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Class E Notes.

Post-Enforcement Priority of Payments

Following delivery of an Enforcement Notice, the Enforcement Available Amount will be paid to the Secured Creditors (including the Noteholders, but excluding the Participants,) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (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 under the Management Agreements, (ii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees and expenses of the Servicers under the Servicing Agreement and the Issuer Administrator under the Administration Agreement, (iv) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction 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 the Withheld Amount) and the fees and expenses of the Credit Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee and (v) the Cash Advance Facility Commitment Fee under the Cash Advance Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any sums due or accrued due but unpaid (i) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (i) below and (ii) to the Issuer Account Bank under the Issuer Account Agreement;
- (c) *third*, 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 Class A1 Notes and the Class A2 Notes;
- (d) *fourth*, 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 Class A1 Notes, and the Class A2 Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class C Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class D Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Class E Notes;
- (i) *ninth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Sellers.

5.3 Loss allocation

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising six sub-ledgers, known as the Class A1 Principal Deficiency Ledger, the Class A2 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, respectively, will be established by or on behalf of the Issuer in order to record any Interest Shortfall and any Realised Losses on the Mortgage Receivables as Principal Deficiency upon completion of the foreclosure, such that there is no more collateral securing the Mortgage Receivable. On any Notes Calculation Date, any Interest Shortfall and, thereafter, any Realised Losses shall be debited to the Class E Principal Deficiency Ledger (such debit items being reccredited at item (j) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (h) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (g) of the Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited, *pro rata* according to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes on the relevant Notes Calculation Date, to the Class A1 Principal Deficiency Ledger, and the Class A2 Principal Deficiency Ledger (such debit items being reccredited at item (f) of the Revenue Priority of Payments).

"**Realised Loss**" means, on any relevant Notes Calculation Date, the sum of

- (a) with respect to the Mortgage Receivables in respect of which the relevant Seller, the relevant Servicer on behalf of the Issuer, the Issuer or the Security Trustee has completed the foreclosure, such that there is no more collateral securing the Mortgage Receivable, from the Closing Date up to and including the immediately preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations, exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables less, with respect to Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations; and
- (b) with respect to the Mortgage Receivables sold by the Issuer, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect to Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations, exceeds (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal, less, with respect to the Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations; and
- (c) with respect to the Mortgage Receivables in respect of which the Borrower has (x) successfully asserted set-off or defence to payments or (y) repaid or prepaid any amount, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations, prior to such set-off or defence or repayment or prepayment exceeds (ii) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect to Savings Mortgage Receivables and Bank Savings Mortgage Receivables, the Participations after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the relevant Seller or otherwise in accordance with any item of the Available Principal Funds.

5.4 Hedging

The interest rate payable by the Issuer with respect to the Class A1 Notes is calculated as a margin over Euribor. The Class A2 Notes bear a fixed rate of interest. There is no hedge available with respect to interest payable on the Class A Notes.

As the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not carry any interest, no interest rate hedging is available in respect of those Classes of Notes.

5.5 Liquidity support

Cash Advance Facility

On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with the Cash Advance Facility Provider. The Issuer will be entitled on any Notes Payment Date (other than (x) a Notes Payment Date if and to the extent that on such date the Class A Notes are redeemed in full, and (y) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount. The Cash Advance Facility Agreement is for a term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility by the Issuer shall only be made on a Notes Payment Date if and to the extent that without taking into account any drawing under the Cash Advance Facility Agreement, there is a shortfall in the Available Revenue Funds, without taking into account any amount withheld from the Available Principal Funds pursuant to item (xi) of the Available Revenue Funds to meet items (a) to (e) (inclusive) in the Revenue Priority of Payments in full on that Notes Payment Date.

If, at any time, (I)(a) any credit rating of the Cash Advance Facility Provider falls below the Requisite Credit Rating or any such credit rating is withdrawn and (b) within 14 calendar days of such downgrading (i) the Cash Advance Facility Provider is not replaced with an alternative cash advance facility provider having the Requisite Credit Rating, or (ii) a third party having the Requisite Credit Rating has not guaranteed the obligations of the Cash Advance Facility Provider or (II) the Cash Advance Facility Provider has refused to extend the Cash Advance Facility Agreement upon the Issuer's request (each a "**Cash Advance Facility Stand-by Drawing Event**"), the Issuer will be required forthwith to make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility Stand-by Drawing had not been so made.

Since a Cash Advance Facility Stand-by Drawing Event has occurred and is continuing on the Closing Date, the Issuer will on the Closing Date make a Cash Advance Facility Stand-by Drawing and credit such amount to the Issuer Collection Account with a corresponding credit to the Cash Advance Facility Stand-by Ledger.

Withholding of Available Principal Funds

If on any Notes Calculation Date there is an Interest Shortfall, the Issuer shall have the right to withhold on the immediately following Notes Payment Date (i) from the Floating Rate Available Principal Funds an amount equal to the Floating Rate Fraction of such Interest Shortfall and (ii) from the Fixed Rate Available Principal Funds an amount equal to the Fixed Rate Fraction of such Interest Shortfall, in each case up to the amount that can be debited as Interest Shortfall to the Principal Deficiency Ledger. Such amounts shall form part of the Available Revenue Funds as item (xi).

5.6 Transaction accounts

Issuer Collection Account

The Issuer will maintain with the Issuer Account Bank the Issuer Collection Account to which all amounts received (i) in respect of the Mortgage Receivables and (ii) from the Insurance Savings Participant and the Bank Savings Participants under the Participation Agreements and (iii) from the other parties to the Transaction Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on or before each Mortgage Collection Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a Principal Ledger or a Revenue Ledger, as the case may be. Further ledgers will be maintained to record amounts held in the Issuer Account Agreement in connection with the Financial Collateral Agreements and in connection with certain drawings made under the Cash Advance Facility.

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

If, at any time, the Issuer Account Bank is assigned a credit rating of less than the Requisite Credit Rating or any such credit rating is withdrawn, the Issuer will be required within 30 calendar days of such reduction or withdrawal of such credit rating to (i) transfer the balance standing to the credit of the Issuer Accounts to an alternative Issuer Account Bank having the Requisite Credit Rating or (ii) find any other solution to maintain the then current credit ratings assigned to the Notes acceptable to the Security Trustee.

Construction Deposit Account

In addition, the Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On the Closing Date an amount corresponding to the Aggregate Construction Amount will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account on a Mortgage Collection 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 Deposit by the relevant Seller to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited on each Mortgage Collection Payment Date with the amount Borrowers have set off against the Relevant Mortgage Receivables in connection with the Construction Deposits 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 Issuer Collection Account and will form part of the Available Principal Funds. The Issuer shall pay the interest accrued on the Construction Deposit Account to the relevant Seller. The Aggregate Construction Amount as per the Cut-off Date is EUR 434,513.00.

Interest

The Issuer, the Security Trustee and the Issuer Account Bank will enter into the Issuer Account Agreement on the Closing Date, under which the Issuer Account Bank will agree to pay a rate of interest on the balance standing to the credit of the Issuer Accounts from time to time (i) determined by reference to EONIA or (ii) subject to certain conditions, as otherwise determined by the Issuer Account Bank, as further set out in the Issuer Account Agreement.

In the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

5.7 Administration Agreement

Issuer Services

In the Administration Agreement, the Issuer Administrator will agree to provide certain services, including (a) administration, calculation and cash management services to the Issuer, including all calculations to be made in respect of the Notes and the Transaction Documents, (b) operation of the Issuer Accounts and ensuring that payments are made into and from such accounts in accordance with the Administration Agreement and the Trust Deed and the production of monthly reports in relation thereto, (b) arranging for 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 accordance with the Trust Deed, (d) all calculation to be made in connection with the Financial Collateral Agreements.

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 Servicer for each Notes Calculation Period.

Termination

The Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Issuer Administrator in the payment on the due date of any payment due and payable under the Administration Agreement, (b) a default is made by the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement, or (c) the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into suspension of payments (*surseance van betaling*) 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.

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 such substitute issuer administrator 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 shall have the benefit of a servicing fee and an administration fee at a level to be then determined. The Issuer shall, promptly following the execution of such agreement, pledge its interests in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

Furthermore, the Administration Agreement may be terminated by (i) the Issuer Administrator and (ii) by the Issuer upon the expiry of not less than 12 months' notice of termination given by (i) the Issuer Administrator to each of the Issuer and the Security Trustee (ii) or by the Issuer to each of the Issuer Administrator and the Security Trustee, provided that, *inter alia*, (a) the Security Trustee consents in writing to such termination (b) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available and (c) a substitute issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and such substitute issuer administrator enters into an agreement substantially on the terms of the Administration Agreement and the Administrator shall not be released from its obligations under the Administration Agreement until such new agreement has been signed and entered into effect with respect to such substitute administrator.

Calculations and reconciliation

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 Servicer for each Notes Calculation Period.

If on any Mortgage Report Date no Mortgage Report is delivered to the Issuer Administrator by the Servicers in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations necessary in order for the Issuer Administrator to

continue to perform the Issuer Services, as further set out in the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicers or substitute servicer the Mortgage Report. Upon receipt by the Issuer Administrator of such Mortgage Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Mortgage Report was available.

With respect to the Revenue Priority of Payments, the Issuer Administrator shall only make payments for items (a) up to and including (k) and shall make no payments to any items ranking below item (k) until the relevant Mortgage Reports are available. The Issuer Administrator shall credit the amounts remaining after the Revenue Priority of Payments and items (a) up to and including (k) of the Revenue Priority of Payments have been paid in full on a the Reconciliation Ledger.

Any (i) calculations properly done in accordance with the Trust Deed and in accordance with the Administration Agreement, and (ii) payments made and payments not made under any of the Notes and Transaction 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 Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events and 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.

6. PORTFOLIO INFORMATION

6.1 Stratification tables

The numerical information set out below relates to the Provisional Pool which was selected on 31 May 2013. 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 current balance	€1,960,484,331.62
Outstanding savings balance	€43,598,945.13
Outstanding net balance	€1,916,885,386.49
Number of mortgages	13,948
Number of mortgage loan parts	23,233
Average outstanding principal balance	€137,430.84
Minimum outstanding principal balance	€112.09
Maximum outstanding principal balance	€1,850,000.00
Minimum current interest rate	1.0%
Maximum current interest rate	9.0%
Weighted average current interest rate	4.83%
Weighted average Current Loan to Foreclosure Value ratio	75.7%
Weighted average loan to market value*	66.3%
Weighted average loan to indexed foreclosure value	81.1%
Weighted average loan to indexed market value*	71.0%
Weighted average seasoning (in months)	98.03
Weighted average current remaining term to maturity (in years)	21.12

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

Table 1: Originator

Bank	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
RegioBank	221,423,243	11.55%	1,797	12.88%
SNS Bank	1,695,462,143	88.45%	12,151	87.12%
Total	1,916,885,386	100%	13,948	100%

Table 2: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
No	1,894,658,683	98.84%	22,909	98.61%
Yes	22,226,703	1.16%	324	1.39%
Total	1,916,885,386	100%	23,233	100%

Table 3: Mortgage Type

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	14,164,209	0.74%	447	1.92%
Interest only	1,665,227,888	86.87%	19,163	82.48%
Investment-based	77,716,829	4.05%	934	4.02%
Linear	1,208,570	0.06%	39	0.17%
Savings	123,793,697	6.46%	2,212	9.52%
Bank Savings	34,774,193	1.81%	438	1.89%
Total	1,916,885,386	100%	23,233	100%

Table 4: Types of property

Type of property	Principal balance		Number of mortgages	
	(euro)	% of Total		% of Total
Apartment	156,105,346	8.14%	1,194	8.56%
House	1,760,780,040	91.86%	12,754	91.44%
Total	1,916,885,386	100%	13,948	100%

Table 5: Mortgage Size

Size of outstanding loan balance	Principal balance		Number of mortgages	
	(euro)	(euro)	% of Total	% of Total
0- <50000	61,671,547	3.22%	1,771	12.70%
50000- <100000	281,477,698	14.68%	3,781	27.11%
100000- <150000	418,705,958	21.84%	3,414	24.48%
150000- <200000	381,987,068	19.93%	2,227	15.97%
200000- <250000	279,695,197	14.59%	1,263	9.06%
250000- <300000	195,536,270	10.20%	721	5.17%
300000- <350000	113,482,323	5.92%	355	2.55%
350000- <400000	82,811,412	4.32%	224	1.61%
400000- <450000	31,454,911	1.64%	75	0.54%
450000- <500000	21,253,146	1.11%	45	0.32%
500000- <550000	10,361,335	0.54%	20	0.14%
550000- <600000	8,007,141	0.42%	14	0.10%
600000- <650000	8,007,060	0.42%	13	0.09%
650000- <700000	5,405,209	0.28%	8	0.06%
700000- <750000	2,149,699	0.11%	3	0.02%
750000- <800000	762,938	0.04%	1	0.01%
800000- <850000	840,000	0.04%	1	0.01%
850000- <900000	4,271,767	0.22%	5	0.04%
900000- <950000	935,922	0.05%	1	0.01%
950000- <1000000	1,925,555	0.10%	2	0.01%
1000000- <1050000	1,005,000	0.05%	1	0.01%
1550000- <1600000	1,588,231	0.08%	1	0.01%
1700000- <1750000	1,700,000	0.09%	1	0.01%
1850000- ≤1900000	1,850,000	0.10%	1	0.01%
Total	1,916,885,386	100%	13,948	100%

Table 6: Seasoning

Year of origination	Principal balance		Number of parts	% of Total
	(euro)	% of Total		
1999	252.348.608	13,16%	4.127	17,76%
2000	141.514.966	7,38%	1.825	7,86%
2001	93.297.624	4,87%	1.227	5,28%
2002	105.925.832	5,53%	1.409	6,06%
2003	155.004.255	8,09%	1.923	8,28%
2004	102.518.131	5,35%	1.397	6,01%
2005	107.461.377	5,61%	1.486	6,40%
2006	111.831.809	5,83%	1.438	6,19%
2007	139.685.045	7,29%	1.688	7,27%
2008	700.427.751	36,54%	6.634	28,55%
2009	-	0,00%	-	0,00%
2010	-	0,00%	-	0,00%
2011	-	0,00%	-	0,00%
2012	1.640.970	0,09%	18	0,08%
2013	5.229.019	0,27%	61	0,26%
Total	1.916.885.386	100%	23.233	100%

Table 7: Interest Type (1)

Interest Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
"rentedemper" 10 year, 2% band	15,356,912	0.80%	186	0.80%
"rentedemper" 10 year, 3% band	6,777,393	0.35%	78	0.34%
"rentedemper" 15 year, 3% band	2,819,680	0.15%	34	0.15%
"rentedemper" 5 year, 1% band	4,909,329	0.26%	57	0.25%
"rentedemper" 5 year, 2% band	3,869,841	0.20%	49	0.21%
"rentedemper" 5 year, 3% band	1,249,483	0.07%	16	0.07%
"Stabielrente" 1% band	47,742,339	2.49%	656	2.82%
"Stabielrente" 1,5% band	1,766,836	0.09%	25	0.11%
"Stabielrente" 2% band	5,876,968	0.31%	111	0.48%
"Stabielrente" 2,5% band	226,468	0.01%	6	0.03%
"Stabielrente" 3% band	919,633	0.05%	14	0.06%
"VariRust" 2% band	1,726,720	0.09%	28	0.12%
"VariRust" 1% band	4,126,819	0.22%	60	0.26%
"VariRust" 3% band	40,444	0.00%	2	0.01%
1 yr fixed	68,131,160	3.55%	1,067	4.59%
1 yr fixed + 1 yr refixing period	1,923,294	0.10%	16	0.07%
10 yr "plafondrente"	56,763,638	2.96%	711	3.06%
10 yr fixed	747,366,051	38.99%	8,041	34.61%
10 yr fixed + 2 yr refixing period	4,824,927	0.25%	77	0.33%
12 yr fixed	14,059,777	0.73%	176	0.76%
14 yr fixed + 1 yr refixing period	23,970,040	1.25%	497	2.14%
15 yr fixed	60,644,390	3.16%	851	3.66%
2 yr fixed	814,802	0.04%	16	0.07%
20 yr fixed	84,953,451	4.43%	1,201	5.17%
3 yr fixed	29,652,605	1.55%	349	1.50%
30 yr fixed	4,357,700	0.23%	70	0.30%
4 yr fixed + 1 yr refixing period	14,334,380	0.75%	253	1.09%
5 yr "plafondrente"	119,608,534	6.24%	1,521	6.55%
5 yr fixed	219,832,218	11.47%	2,650	11.41%
5 yr fixed + 2 yr refixing period	752,496	0.04%	17	0.07%
6 yr fixed	66,272,688	3.46%	714	3.07%
7 yr fixed	1,453,399	0.08%	18	0.08%
9 yr fixed + 1 yr refixing period	18,164,182	0.95%	314	1.35%
Average interest rate	11,973,178	0.62%	207	0.89%
Ideaal	10,371,329	0.54%	146	0.63%
Variable	259,252,281	13.52%	2,999	12.91%
Total	1,916,885,386	100%	23,233	100%

Table 8: Interest Type (2)

Interest Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Fixed*	1,537,879,733	80.23%	18,559	79.88%
Floating	379,005,654	19.77%	4,674	20.12%
Total	1,916,885,386	100%	23,233	100%

*: defined as all other types of mortgages in the pool with the exception of variable, rentedemper, stabielrente, varirust, average interest rate, instaprente and ideaal.

Table 9: Interest Rate

Interest Rate %	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1 - <2	15,036,808	0.78%	163	0.70%
2 - <3	39,238,099	2.05%	492	2.12%
3 - <4	324,015,992	16.90%	3,937	16.95%
4 - <5	569,440,854	29.71%	7,025	30.24%
5 - <6	847,975,537	44.24%	9,726	41.86%
6 - <7	118,425,950	6.18%	1,839	7.92%
7 - <8	2,668,747	0.14%	45	0.19%
8 - ≤9	83,399	0.00%	6	0.03%
Total	1,916,885,386	100%	23,233	100%

Table 10: Legal final maturity of mortgages

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2013	164,866	0.01%	12	0.05%
2014	2,479,100	0.13%	94	0.40%
2015	2,195,827	0.11%	60	0.26%
2016	2,018,209	0.11%	78	0.34%
2017	2,268,232	0.12%	66	0.28%
2018	2,967,434	0.15%	72	0.31%
2019	10,394,262	0.54%	254	1.09%
2020	8,356,641	0.44%	182	0.78%
2021	5,002,982	0.26%	108	0.46%
2022	4,705,334	0.25%	109	0.47%
2023	7,093,862	0.37%	136	0.59%
2024	10,547,070	0.55%	221	0.95%
2025	9,918,549	0.52%	159	0.68%
2026	10,405,388	0.54%	173	0.74%
2027	9,115,893	0.48%	162	0.70%
2028	11,077,725	0.58%	178	0.77%
2029	189,615,056	9.89%	3,018	12.99%
2030	168,543,675	8.79%	2,179	9.38%
2031	103,459,929	5.40%	1,296	5.58%
2032	106,565,228	5.56%	1,347	5.80%
2033	163,014,126	8.50%	1,920	8.26%
2034	90,638,691	4.73%	1,197	5.15%
2035	105,361,111	5.50%	1,394	6.00%
2036	108,014,156	5.63%	1,349	5.81%
2037	113,052,154	5.90%	1,352	5.82%
2038	570,138,532	29.74%	5,204	22.40%
2039	99,556,105	5.19%	909	3.91%
2040	215,252	0.01%	4	0.02%
	1,916,885,386	100%	23,233	100%

Table 11: Current Loan to Foreclosure Value

Current Loan-to-Foreclosure Value Ratio (%)	Principal balance (euro)	Number of mortgages		
		% of Total	% of Total	
0 - <10	2,724,374	0.14%	124	0.89%
10 - <20	19,961,170	1.04%	484	3.47%
20 - <30	49,256,979	2.57%	854	6.12%
30 - <40	98,151,645	5.12%	1,271	9.11%
40 - <50	149,789,595	7.81%	1,522	10.91%
50 - <60	219,355,212	11.44%	1,861	13.34%
60 - <70	289,166,251	15.09%	2,001	14.35%
70 - <80	346,550,736	18.08%	2,132	15.29%
80 - <90	145,752,669	7.60%	804	5.76%
90 - <100	169,883,289	8.86%	839	6.02%
100 - <110	164,785,677	8.60%	794	5.69%
110 - <120	158,916,875	8.29%	768	5.51%
120 - ≤ 125	102,590,914	5.35%	494	3.54%
Total	1,916,885,386	100%	13,948	100%

Table 12: Geographical distribution

Region	Principal balance (euro)	Number of mortgages		
		% of Total	% of Total	
Drenthe	62,995,123	3.29%	510	3.66%
Flevoland	57,479,528	3.00%	393	2.82%
Friesland	36,827,083	1.92%	269	1.93%
Gelderland	361,433,858	18.86%	2,487	17.83%
Groningen	61,446,845	3.21%	561	4.02%
Limburg	355,308,726	18.54%	3,170	22.73%
Noord-Brabant	282,251,497	14.72%	1,889	13.54%
Noord-Holland	200,046,678	10.44%	1,237	8.87%
Overijssel	138,370,290	7.22%	1,078	7.73%
Utrecht	133,730,784	6.98%	839	6.02%
Zeeland	22,365,315	1.17%	177	1.27%
Zuid-Holland	204,629,659	10.68%	1,338	9.59%
	1,916,885,386	100%	13,948	100%

Table 13: Fixed rate mortgage loans: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
N	1,518,526,970	98.74%	18,278	98.49%
Y	19,352,763	1.26%	281	1.51%
Total	1,537,879,733	100%	18,559	100%

Table 14: Floating rate mortgage loans: NHG

NHG	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
N	376,131,714	99.24%	4,631	99.08%
Y	2,873,940	0.76%	43	0.92%
Total	379,005,654	100%	4,674	100%

Table 15: Fixed rate mortgage loans: Mortgage Type

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	11,277,969	0.73%	353	1.90%
Interest only	1,321,361,958	85.92%	15,031	80.99%
Investment-based	55,259,199	3.59%	675	3.64%
Linear	880,810	0.06%	27	0.15%
Savings	114,515,603	7.45%	2,037	10.98%
Bank Savings	34,584,193	2.25%	436	2.35%
	1,537,879,733	100%	18,559	100%

Table 16: Floating rate mortgage loans: Mortgage Type

Repayment Type	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
Annuity	2,886,240	0.76%	94	2.01%
Interest only	343,865,930	90.73%	4,132	88.40%
Investment-based	22,457,630	5.93%	259	5.54%
Linear	327,759	0.09%	12	0.26%
Savings	9,278,095	2.45%	175	3.74%
Bank Savings	190,000	0.05%	2	0.04%
	379,005,654	100%	4,674	100%

Table 17: Fixed rate mortgage loans: Seasoning

Year of origination	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1999	171,186,445	11.13%	2,974	11.13%
2000	71,435,584	4.65%	939	4.65%
2001	66,799,886	4.34%	929	4.34%
2002	71,219,011	4.63%	1,011	4.63%
2003	116,376,270	7.57%	1,519	7.57%
2004	61,092,549	3.97%	873	3.97%
2005	75,638,748	4.92%	1,063	4.92%
2006	94,713,258	6.16%	1,227	6.16%
2007	129,592,268	8.43%	1,571	8.43%
2008	673,629,803	43.80%	6,380	43.80%
2009	-	0.00%	-	0.00%
2010	-	0.00%	-	0.00%
2011	-	0.00%	-	0.00%
2012	1,640,969,58	0.11%	18	0.11%
2013	4,554,943,18	0.30%	55	0.30%
Total	1,537,879,733	100%	18,559	100%

Table 18: Floating rate mortgage loans: Seasoning

Year of origination	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
1999	81,162,163	21.41%	1,153	24.67%
2000	70,079,382	18.49%	886	18.96%
2001	26,497,738	6.99%	298	6.38%
2002	34,706,821	9.16%	398	8.52%
2003	38,627,985	10.19%	404	8.64%
2004	41,425,582	10.93%	524	11.21%
2005	31,822,629	8.40%	423	9.05%
2006	17,118,551	4.52%	211	4.51%
2007	10,092,777	2.66%	117	2.50%
2008	26,797,948	7.07%	254	5.43%
2009	-	0.00%	-	0.00%
2010	-	0.00%	-	0.00%
2011	-	0.00%	-	0.00%
2012	-	0.00%	-	0.00%
2013	674,076	0.18%	6	0.13%
Total	379,005,654	100%	4,674	100%

**Table 19: Fixed rate mortgage
loans: Interest Rate**

Interest Rate %	Principal balance		Number of parts	% of Total
	(euro)	% of Total		
1 - <2	14,676,727	0.95%	161	0.87%
2 - <3	38,579,135	2.51%	483	2.60%
3 - <4	113,455,589	7.38%	1,421	7.66%
4 - <5	437,364,031	28.44%	5,449	29.36%
5 - <6	813,339,776	52.89%	9,170	49.41%
6 - <7	117,752,773	7.66%	1,826	9.84%
7 - <8	2,628,303	0.17%	43	0.23%
8 - ≤9	83,399	0.01%	6	0.03%
Total	1,537,879,733	100%	18,559	100%

**Table 20: Floating rate mortgage
loans: Interest Rate**

Interest Rate %	Principal balance		Number of parts	% of Total
	(euro)	% of Total		
1 - <2	360,081	0.10%	2	0.04%
2 - <3	658,964	0.17%	9	0.19%
3 - <4	210,560,403	55.56%	2,516	53.83%
4 - <5	132,076,824	34.85%	1,576	33.72%
5 - <6	34,635,762	9.14%	556	11.90%
6 - <7	673,177	0.18%	13	0.28%
7 - <8	40,444	0.01%	2	0.04%
8 - ≤9	-	0.00%	-	0.00%
Total	379,005,654	100%	4,674	100%

Table 21: Fixed rate mortgage loans: Legal final maturity of mortgages

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2013	158,059	0.01%	11	0.06%
2014	2,068,887	0.13%	83	0.45%
2015	1,490,312	0.10%	45	0.24%
2016	1,780,568	0.12%	66	0.36%
2017	1,636,946	0.11%	52	0.28%
2018	2,540,580	0.17%	64	0.34%
2019	7,943,949	0.52%	200	1.08%
2020	5,595,275	0.36%	132	0.71%
2021	3,714,911	0.24%	85	0.46%
2022	3,435,532	0.22%	89	0.48%
2023	5,895,585	0.38%	115	0.62%
2024	8,391,697	0.55%	187	1.01%
2025	6,464,523	0.42%	114	0.61%
2026	8,478,415	0.55%	142	0.77%
2027	7,400,700	0.48%	133	0.72%
2028	9,500,199	0.62%	155	0.84%
2029	135,157,261	8.79%	2,261	12.18%
2030	87,710,760	5.70%	1,170	6.30%
2031	74,462,651	4.84%	967	5.21%
2032	72,478,175	4.71%	972	5.24%
2033	123,855,795	8.05%	1,516	8.17%
2034	56,835,471	3.70%	775	4.18%
2035	72,923,115	4.74%	978	5.27%
2036	89,422,909	5.81%	1,119	6.03%
2037	106,137,359	6.90%	1,266	6.82%
2038	548,878,763	35.69%	5,003	26.96%
2039	93,306,082	6.07%	855	4.61%
2040	215,252	0.01%	4	0.02%
	1,537,879,733	100%	18,559	100%

Table 22: Floating rate mortgage loans: Legal final maturity of mortgages

Year	Principal balance		Number of parts	
	(euro)	% of Total		% of Total
2013	6,807	0.00%	1	0.02%
2014	410,213	0.11%	11	0.24%
2015	705,515	0.19%	15	0.32%
2016	237,641	0.06%	12	0.26%
2017	631,285	0.17%	14	0.30%
2018	426,854	0.11%	8	0.17%
2019	2,450,314	0.65%	54	1.16%
2020	2,761,366	0.73%	50	1.07%
2021	1,288,071	0.34%	23	0.49%
2022	1,269,802	0.34%	20	0.43%
2023	1,198,278	0.32%	21	0.45%
2024	2,155,373	0.57%	34	0.73%
2025	3,454,026	0.91%	45	0.96%
2026	1,926,973	0.51%	31	0.66%
2027	1,715,193	0.45%	29	0.62%
2028	1,577,526	0.42%	23	0.49%
2029	54,457,795	14.37%	757	16.20%
2030	80,832,915	21.33%	1,009	21.59%
2031	28,997,279	7.65%	329	7.04%
2032	34,087,053	8.99%	375	8.02%
2033	39,158,331	10.33%	404	8.64%
2034	33,803,220	8.92%	422	9.03%
2035	32,437,995	8.56%	416	8.90%
2036	18,591,247	4.91%	230	4.92%
2037	6,914,794	1.82%	86	1.84%
2038	21,259,769	5.61%	201	4.30%
2039	6,250,023	1.65%	54	1.16%
2040	-	0.00%	-	0.00%
	379,005,654	100%	4,674	100%

6.2 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 All Moneys Mortgages. See *Risk that the All Moneys 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 on the Closing Date from a Provisional Pool of mortgage loans that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement. 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 section 7.2 (*Representations and warranties*).

Based on the numerical information set out in section 6.1 (*Stratification tables*), but subject to what is set out in section 2 (*Risk Factors*), the Mortgage Receivables backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes.

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 "All Moneys Mortgages". An All Moneys 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 All Moneys Mortgages see section 2 (*Risk Factors*).

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.

Annuity Mortgage Loans:

An Annuity Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity.

Linear Mortgage Loans:

A Linear Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity.

Interest-only Mortgage Loans:

An Interest-only Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity.

Investment Mortgage Loans:

An Investment Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds and principal of these investments. The rights under these investments are pledged to the relevant Seller as security for repayment of the relevant Investment Mortgage Loan.

Savings Mortgage Loans:

A Savings Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company under a Savings Insurance Policy. The premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy are equal to the amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan. The rights under the Savings Insurance Policy are pledged to the relevant Seller as security for repayment of the relevant Savings Mortgage Loan.

Bank Savings Mortgage Loans:

A Bank Savings Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis. 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 Bank Savings Deposit is pledged to the relevant Seller as security for repayment of the relevant Bank Savings Mortgage Loan.

Life Mortgage Loans:

A Life Mortgage Loan is a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company under a Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. The rights under the Life Insurance Policy are pledged to the relevant Seller as security for repayment of the relevant Life Mortgage Loan.

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.

6.3 Origination and servicing by Sellers

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. RegioBank originates mortgages through its franchise network.

The underwriting criteria of SNS Bank and RegioBank are in compliance with the Code of Conduct.

Borrower Income Requirements

The maximum amount that can be borrowed depends on, *inter alia*, the Borrower's income. The maximum loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. The income ratio is established every year by NIBUD (*National Instituut voor Budgetvoorlichting*) and is applicable for all mortgage loans. Taking the relevant mortgage interest rate and the relevant income into account, this is then converted into the maximum loan amount.

Other Conditions

The following general conditions also apply to mortgage loans offered:

- The borrowers must be at least 18 years old and must have full legal capacity;
- Self-employed borrowers and contractors are subject to additional income tests;
- Credit assessment of the borrower is required;
- Fraud detection checks via SFH (*Stichting Fraudebestrijding Hypotheken*) and an internal fraud register are required, and
- Insurance in respect of the property against risk of fire and other accidental damage for its full restitution value is required.

B. 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.

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. 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.

6.4 Dutch residential mortgage market

Compared to other mortgage markets in Europe, the Dutch residential mortgage market is typified by a wide range of mortgage loan products and a high degree of competition between mortgage lenders. Historic practices, culture, industry wide underwriting guidelines (the Code of Conduct) and tax legislation (in relation to the deductibility of mortgage interest) have shaped the Dutch residential mortgage market in quite a unique way.

Dutch mortgage loans predominantly carry fixed rates of interest that are typically set for a period of between 5 and 10 years. The low mortgage loan interest rates in the last decade provided an incentive for households to refinance their mortgage loans with a long-term fixed interest rate.³ For this reason Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.⁴

Dutch house prices have declined since 2008 (see Chart 2 and 3 below), the principal amount outstanding of Dutch mortgage loans however has continued to increase until the second quarter of 2011. Since then the aggregate outstanding mortgage debt of Dutch households is stabilising (see Chart 1 below)⁵.

In the period prior to the credit crisis increased competition and deregulation of the Dutch financial markets resulted in the development of tailor-made mortgage loans consisting of different loan parts and features, including mortgage loans involving investment risks for borrowers and hence no guaranteed capital build up. Those mortgage loan products have since the start of the credit crisis in 2007 lost their popularity with borrowers.

Tax deductibility and regulation

The mortgage loan products offered by lenders reflect the tax deductibility of mortgage loan interest and enable borrowers to defer repayment of principal so as to have maximum tax deductibility. This is evidenced by relatively high loan to foreclosure values and the extensive use of interest-only mortgage loans (which need only be redeemed at maturity). For borrowers willing to reduce their mortgage loan without losing tax deductibility, alternative products such as 'bank saving mortgage loans' were introduced. The main feature of a bank savings mortgage loan is that the borrower opens a deposit account which accrues interest at the same interest rate that the borrower pays on the associated mortgage loan. At maturity, the bank savings are used to redeem the mortgage loan.

As from January 2001, mortgage loan interest tax deductibility is restricted in three ways.

- deductibility applies only to mortgage loans on the borrower's primary residence (and not to secondary homes such as holiday homes),
- deductibility is only allowed for a period of up to 30 years,
- the top tax rate has been reduced from 60% to 52%.

As from 1 January 2004 tax deductibility of mortgage loan interest payments has been further restricted for borrowers that relocate to a new house and refinance their mortgage loan. Under the new tax regulation (*Bijleenregeling*), tax deductibility of mortgage interest for the new house is limited to that part of the mortgage loan that equals the purchase price of the new house less the realised net profit on the old house.

Since 1 August 2011, the requirements for mortgage lending have been tightened by the AFM leading to a revised Code of Conduct, to limit the risks of over-crediting. Under those tightened requirements, the principal amount of a mortgage loan may not exceed 104% of the market value of the mortgaged property plus transfer tax. In addition, only a maximum of 50% of the market value of the mortgaged property may be financed by way of an interest-only mortgage loan. In addition, the revised Code of Conduct provides less leeway for exceptions using the 'explain' clause.⁶ Consequence is that banks are

³ Dutch Central Bank, statistiek, statistieken DNB, financiële markten, rentes, T1.2.2 (31 October 2012)

⁴ Maarten van der Molen en Hans Stegeman, 2011, De ongekende stabiliteit van de Nederlandse woningmarkt, 7 May 2011

⁵ Dutch Central Bank, statistiek, statistieken DNB, huishoudens T11.1 (31 October 2012)

⁶ Under the "explain" clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct

less willing to deviate from the rules set by the revised Code of Conduct. This will make it more difficult for especially first-time buyers to raise financing as they used to be overrepresented as borrowers of mortgage loans subject to an explain clause.

Recent changes in tax deductibility and regulation

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans is restricted and will only be available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis. Households with a pre-1 January 2013 mortgage loan that purchase a house after 1 January 2013 are permitted to keep the existing (more favourable) mortgage loan after it has moved to another house (while keeping the favourable tax relief). However, any such mortgage loan will again be tested against the Code of Conduct, with the most important condition being that no more than 50% of the mortgage loan is on an interest-only basis. Finally, an increasing rate of deemed income a property generates (*huurwaardeforfait*) implies a reducing net tax benefit as a result of interest deductions.

The coalition agreement for the new government as presented on 29 October 2012, includes further measures on tax deductibility of mortgage interests. Pursuant to those measures, as from 2014, the maximum tax deductibility on mortgage interest will decrease. From 52 per cent the rate will be gradually decreased down to 38 per cent with 0.5 per cent per annum.

Furthermore, the following measures have been taken in relation to mortgage loans:

- transfer tax (which was already temporarily lowered from six (6) per cent to two (2) per cent) is now permanently set at two (2) per cent,
- the maximum loan-to-value (mortgage loan versus the market value of the house) will be gradually lowered from 106 per cent plus transfer tax to 100 per cent,
- in case a borrower is not able to repay his entire mortgage loan from the proceeds of a sale of the house, interest paid on the remaining outstanding debt from the mortgage can still be deducted for up to ten (10) years. This measure will be in place from 2013 up to and including 2023.

Recent trend in house prices and transactions⁷

In the first quarter of 2013 existing home prices (PKB index, *Prijsindex Bestaande Koopwoningen*) have declined by 2.3% compared to the fourth quarter of 2012. Since the start of the financial crisis in August 2008, house prices have dropped by 19% and are back at the level of spring 2003. Marginally less transactions took place in the first quarter of 2013 (23,090) compared to the first quarter of 2012 (23,951) and considerably less than in the last quarter of 2012 (35,704). In the fourth quarter of 2012 the housing market performed exceptionally well as house buyers were acting in anticipation of the new regulations that took effect on 1 January 2013.

Foreclosures

The number of arrears and involuntary sales of residential property by public auction (“forced sale”) in the Netherlands is traditionally very low compared to international standards.⁸ Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in the event of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before 2001, the total number of foreclosures was therefore limited compared to the number of owner-occupied houses.⁹

The relatively prolonged economic downturn from 2001 to 2005 led to a rise in the amount of mortgage loan payment arrears and correspondingly forced house sales (Chart 5). The number of foreclosures in the Netherlands reported by the Land Registry rose from 695 in 2002 to about 2,000 forced sales from 2005 onwards. This increase was mainly the result of a structural change in the Dutch mortgage loan market during the nineties: instead of selling single income mortgage loans

⁷ Rabobank Economic Research Department - Dutch Housing Market Quarterly June 2013

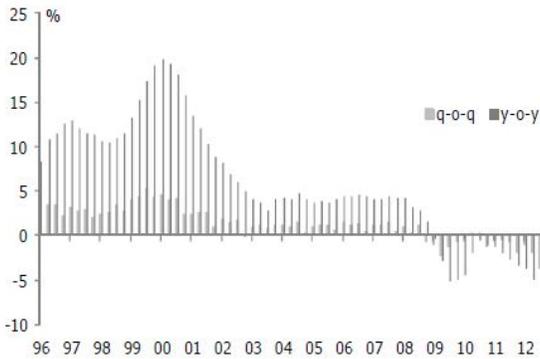
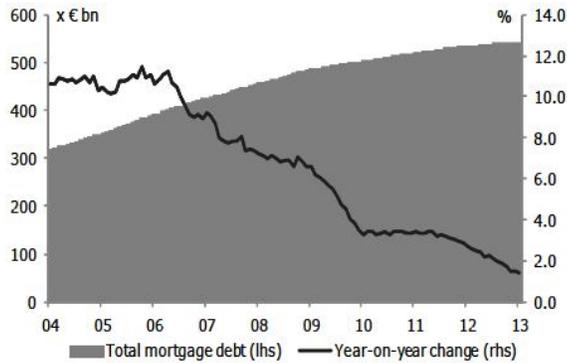
⁸ Comparison of S&P 90+ day delinquency data,

⁹ Kadaster and CBS, cijfers, cijfers per thema, bouwen en wonen, verkochte woningen (31 October 2012)

only, lenders were allowed to issue double income mortgage loans. The subsequent credit crisis and the related upswing in unemployment led to a rise of the number of forced sales. The Land Registry recorded to 2,811 forced sales in 2011 and 2,488 forced sales in 2012.

Chart 1: Total mortgage debt

Chart 2: Dutch property price development

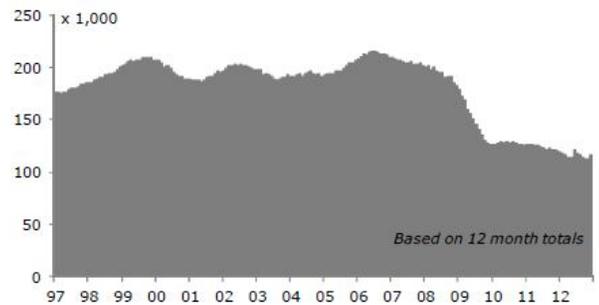
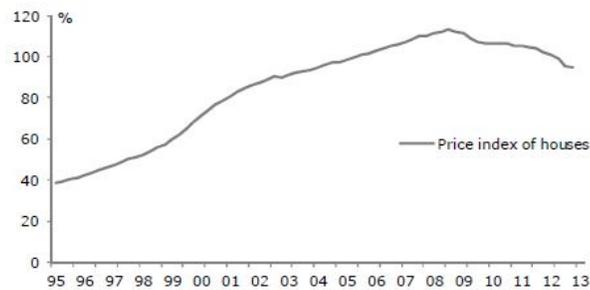


Source: DNB

Source: Statistics Netherlands

Chart 3: Development house price index

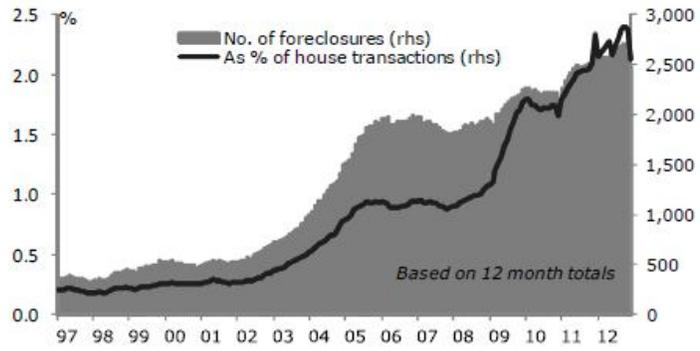
Chart 4: Number of house sale transactions



Source: Statistics Netherlands/State Registry

Source: Land Registry

Chart 5: Number of foreclosures



Source: Statistics Netherlands/State Registry

6.5 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 home ownership among the lower income groups.

Since 1 January 1995 Stichting WEW, a central privatised entity, is responsible for the administration and granting of the 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 decreases on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan was being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee decreases 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*).

Financing of Stichting WEW

Stichting WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.85 per cent (0.70 per cent until 31 December 2012) of the principal amount of the mortgage loan. Besides this, the scheme provides for liquidity support to Stichting WEW from the Dutch State and the participating municipalities. Should Stichting WEW not be able to meet its obligations under guarantees issued, (i) in respect of all loans issued before 1 January 2011, the Dutch State will provide subordinated interest free loans to WEW of up to 50 per cent of the difference between Stichting WEW's own funds and a pre-determined average loss level and municipalities participating in the NHG Guarantee scheme will provide subordinated interest free loans to Stichting WEW of the other 50 per cent. of the difference, and (ii) in respect of all loans issued on or after 1 January 2011, the Dutch State will provide subordinated interest free loans to Stichting WEW of up to 100 per cent of the difference between WEW's own funds and a pre-determined average loss level. Both the keep well agreement between the Dutch State and Stichting WEW and the keep well agreements between the municipalities and Stichting WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable Stichting WEW at all times (including in the event of bankruptcy ("*faillissement*"), suspension of payments ("*surseance van betaling*") or liquidation ("*ontbinding*") of Stichting 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 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. Stichting 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 NHG Conditions, 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 Stichting 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 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 Hypotheken*", "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for an 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 applicable to each mortgage loan 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 Stichting 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 Stichting 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, Stichting 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 Stichting 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 Stichting WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within one month of the receipt of the proceeds of the private or forced sale of the property, the lender must make a formal request to Stichting 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, Stichting WEW must make payment within two months. If the payment is late, provided the request is valid, Stichting 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 Stichting WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if Stichting 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 Stichting 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 January 2013

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

- The lender has to perform a the BKR check. "A" and "A1" registrations are allowed in certain circumstances.
- 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.
- 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*"), which is in turn based on the market interest on loans to the Dutch State with a remaining life of 10 years, plus such margin as may be determined by the Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*"). 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:

- As of 1 July 2012, the maximum amount of the mortgage loan is €320,000. This amount will be reduced to €290,000 as of 1 July 2013 and to €265,000 as of 1 July 2014. When relating to the improvement of an existing property the maximum loan amount is and EUR 265,000.
- The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter as of 1 January 2013:
 - 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) 5 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.
 - 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) 5 per cent of the amount under (i).
- As of 1 January 2013, for new borrowers the redemption types are limited to Annuity Mortgage Loans and Linear Mortgage Loans with a maximal term of 30 years.
- The maximum loan amount that is interest only is 50% of the original value of the property.

- A risk insurance policy should cover at least the loan amount by which the mortgage loan exceeds 80% of the market value of the mortgaged asset.

7. PORTFOLIO DOCUMENTATION

7.1 Purchase, repurchase and sale

Purchase of Mortgage Receivables

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 on the Closing Date 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. Furthermore, pursuant to the Mortgage Receivables Purchase Agreement on each Notes Payment Date up to but excluding the First Optional Redemption Date, the relevant Seller will sell and assign and the Issuer will purchase and accept assignment of Relevant Further Advance Receivables resulting from Further Advances granted by the relevant Seller in the preceding Mortgage Calculation Period and the Beneficiary Rights relating thereto, subject to certain conditions being met. 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 that notification of the assignment of the Relevant Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. (see *Assignment Notification Events* below). 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 the Cut-Off Date. Each Seller will pay, or will procure that the Collection Foundation will pay, to the Issuer ultimately on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Notes Calculation Period in respect of the Mortgage Receivables. Such proceeds will be paid by the Collection Foundation to the Issuer on the same day as they are received.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an Initial Purchase Price which shall be payable on the Closing, or in case of Further Advance Receivables, on the relevant Notes Payment Date and a Deferred Purchase Price. The Initial Purchase Price is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables and/or Further Advance Receivables on the agreed cut-off date. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 1,960,398,944.19, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-Off Date. An amount equal to EUR 434,513.00, being the Aggregate Construction Amount on the Cut-Off Date, will be withheld by the Issuer and will be deposited on the Construction Deposit Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

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 Collection 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) if in a Mortgage Calculation Period the relevant Seller agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on or before the Notes Payment Date immediately succeeding such Mortgage Calculation Period, on the immediately following Mortgage Collection Payment Date;
- (iii) the relevant Seller agrees with a Borrower to a Mortgage Loan Amendment, provided that if such Mortgage Loan Amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Relevant Mortgage Loan due to a deterioration

of the credit quality of the relevant Borrower under the Relevant Mortgage Loan, the relevant Seller shall not repurchase the Relevant Mortgage Receivable;

- (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 relevant Servicer, on the Mortgage Collection 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 Collection Payment Date or (ii) if such Mortgage Collection Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Collection Payment Date following such date; and
- (v) 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 sale and assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable, save that 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 relevant NHG Guarantee as a result of an action taken or omitted to be taken by the relevant Seller or Servicer.

Other than in the events set out above and in section 7.4 (*Portfolio Conditions*), none of the Sellers will be obliged to repurchase any Mortgage Receivables from the Issuer.

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 Transaction Document to which it is a party and if 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
- (b) any Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Transaction 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 Transaction 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 Transaction 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 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 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 Transaction 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 Transaction Documents; or
- (h) a Pledge Notification Event has occurred; or
- (i) RegioBank ceases to be a subsidiary of SNS Bank within the meaning of section 2:24a DCC, unless RegioBank has merged with SNS Bank whereby it is the disappearing entity; or
- (j) 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
- (k) 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 (k), 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 (i) the Security Trustee has notified the Credit Rating Agencies of such remedy and (ii) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available in connection with such remedy, forthwith:

- (i) 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 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
- (ii) notify or ensure that the Insurance Companies are notified of the assignment of the Beneficiary Rights;
- (iii) 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 Pledge Notification Event and (ii) the Security Trustee subject to the condition precedent of the occurrence of a Pledge Notification Event; and
- (iv) with regard to the Investment 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 Pledge Notification Event and (y) the Security Trustee subject to the condition precedent of the occurrence of a Pledge Notification Event; and
- (v) if so requested by the Security Trustee and/or the Issuer, forthwith make the appropriate entries in the relevant public registers.

In addition, pursuant to the Beneficiary Waiver Agreement, SNS Bank and RegioBank waive their rights as beneficiaries under the 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 Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of an 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 Insurance Policies, SNS Bank and /or RegioBank and/or the Insurance Savings Participant 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 Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a 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 Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event.

Sellers Clean-Up Call Option

On each Notes Payment Date the Sellers, acting jointly, have the right to exercise the Sellers 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(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option. The purchase price will be as set out below in *Sale of Mortgage Receivables*.

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 in accordance with Condition 6(d). 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 the Clean-Up Call Option in accordance with Condition 6(e) or the Tax Call Option in accordance with Condition 6(f). If the Issuer wishes to sell the Mortgage Receivables in order to exercise any of the options described above, the Issuer will first offer such Relevant Mortgage Receivables to the relevant Seller. If any Seller does not accept such offer within 14 business day, the Issuer shall instruct the Issuer Administrator to select within 30 calendar days on or more third parties to make a binding offer to purchase the Mortgage Receivables.

The purchase price for the Mortgage Receivable in case of a sale by the Issuer will be equal to the Outstanding Principal Amount, together with accrued interest due but unpaid and reasonable costs, if any of the Mortgage Receivable, except that with respect to Defaulted Mortgage Loans, 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 Loan 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.

7.2 Representations and warranties

Each Seller represents and warrants with respect to the Relevant Mortgage Receivables, 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 Insurance Savings Participant 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 on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Dutch 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 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 Transaction Documents, and the valuations quoted are as at the date of the original initial mortgage loan;
- (i) each Relevant Mortgage Receivable and the Mortgages and the Borrower Pledges, 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 Dutch 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 (*Gedragscode 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 an Original Loan to Original Foreclosure Value Ratio 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 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 Insurance Company makes a payment under the Life Insurance Policy;
 - (n) 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;
 - (o) 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 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 Insurance Company which is a group company of the relevant Seller;
 - (p) with respect to Investment 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;
 - (q) with respect to relevant 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 Insurance Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivables;
 - (r) 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;
 - (s) 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;
 - (t) each Relevant Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts;
 - (u) with respect to the Relevant Mortgage Receivables secured by a Mortgage 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;

- (v) 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;
- (w) 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;
- (x) each Relevant Mortgage Loan was originated by the relevant Seller;
- (y) 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 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) 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;
- (z) 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*);
- (aa) the relevant Seller has not been notified and is not aware of anything affecting the relevant Seller's title to the Relevant Mortgage Receivables;
- (bb) 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;
- (cc) 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;
- (dd) other than the Construction Deposit, 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;
- (ee) 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;
- (ff) it can be determined in its administration without any uncertainty which Beneficiary Rights belong to which Mortgage Receivables;
- (gg) each Relevant Mortgage Loan meets the Mortgage Loan Criteria;
- (hh) 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;
- (ii) 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;
- (jj) the aggregate Outstanding Principal Amount of all Mortgage Receivables purchased on the Closing Date is equal to EUR 1,960,398,944.19; and
- (kk) with respect to a Mortgage Receivable of which the Borrower has also entered into a Flexible Mortgage Loan, the representations and warranties regarding the relevant Flexible Mortgage Receivable as set out in the Flexible Mortgage Receivables Pledge Agreement are true and correct.

7.3 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 hypotheken*);
 - b. Linear Mortgage Loans (*lineaire hypotheken*);
 - c. Annuity Mortgage Loans (*annuïteitenhypotheken*); ;
 - d. Investment Mortgage Loans (*beleggingshypotheken*);
 - e. Savings Mortgage Loans (*spaarhypotheken*);
 - f. Bank Savings Mortgage Loans (*bankspaarhypotheken*);
 - g. Life Mortgage Loans (*levenhypotheken*);or
 - h. Mortgage Loans which combine any of the above mentioned types of mortgage loans (*combinatiehypotheken*);
- (ii) the Borrower is a private individual and is a resident of the Netherlands and not an employee of the relevant Seller;
- (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 31 December 1998;
- (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. (rounded to the third decimal place) 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 has a legal maturity of not more than thirty (30) years;
- (xi) none of the Mortgage Loans matures after the Notes Payment Date falling in October 2040;
- (xii) each Mortgage Loan, other than NHG Mortgage loans, has an original Outstanding Principal Amount of not more than EUR 2,000,000;
- (xiii) each NHG Mortgage Loan has an original Outstanding Principal Amount of not more than EUR 350,000;
- (xiv) each Mortgage Receivable is secured by a first ranking Mortgage;
- (xv) each Mortgaged Asset is located in the Netherlands; and
- (xvi) none of the Mortgage Loans has been originated by RegioBank prior to the merger with CVB Bank N.V.

7.4 Portfolio conditions

Purchase of Further Advance Receivables

The Mortgage Receivables Purchase Agreement provides that on each Notes Payment Date up to but excluding the First Optional Redemption Date, the relevant Seller will sell and assign and the Issuer will purchase and accept the assignment of Relevant Further Advance Receivables resulting from Further Advances granted by such Seller in the preceding Mortgage Calculation Period and the Beneficiary Rights relating thereto, subject to certain conditions as set out below. The Issuer will on each Notes Payment Date up to (and excluding) the First Optional Redemption Date apply (i) the Floating Rate Further Advance Purchase Available amount towards the purchase of Floating Rate Further Advance Receivables and (ii) the Fixed Rate Further Advance Purchase Available amount towards the purchase of Fixed Rate Further Advance Receivables.

The purchase by the Issuer of Further Advance Receivables will be subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant Notes Payment Date:

- (a) the relevant Seller will represent and warrant to the Issuer and the Security Trustee (i) the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Relevant Further Advance Receivables sold on such date (with certain exceptions to reflect that the Relevant Further Advance Receivables are sold and may have been originated after the Closing Date) and (ii) relating to the relevant Seller;
- (b) no Assignment Notification Event relating to the relevant Seller has occurred and is continuing on such Notes Payment Date;
- (c) not more than 2.3 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables is in Arrears for a period exceeding 90 days;
- (d) there has been no failure by the relevant Seller to repurchase any Relevant Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (e) the Floating Rate Further Advance Purchase Available Amount and/or the Fixed Rate Further Advance Purchase Available Amount, as applicable, are sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables;
- (f) the weighted average Current Loan to Foreclosure Value Ratio of all Mortgage Loans shall not become substantially higher or lower as a result thereof;
- (g) the aggregate principal amount of all Interest-only Mortgage Loans does not exceed 90 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans;
- (h) the cumulative aggregate outstanding principal amount of the Mortgage Receivables to be purchased by the Issuer may in aggregate not exceed 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans as at the Closing date;
- (i) the aggregate of the Realised Losses incurred as from the Closing Date up to the relevant Notes Payment Date does not exceed 0.45 per cent. of the initial aggregate Outstanding Principal Amount of the Mortgage Loans at the Closing Date;
- (j) the then current ratings assigned to the Notes are not adversely affected as a result of such purchase;
- (k) there is no debit balance on the Principal Deficiency Ledger;

Substitution in connection with interest rate on the Mortgage Loans

Prior to notification to the Borrowers of the assignment of the Relevant Mortgage Receivables, the relevant Seller has undertaken in the Mortgage Receivables Purchase Agreement to determine and set the interest rates on the Relevant Mortgage Receivables in accordance with the Mortgage Conditions, irrespective whether it sets the interest rates for itself or on behalf of the Issuer and to set the interest rates at a level which at such times is not materially below or above the then current market rates at such time as offered by the Reference Mortgage Lenders for loans which are comparable in all material respects to the Relevant Mortgage Loans.

Weighted Average Margin Substitution

Each Seller and each Servicer will use its best efforts, subject to applicable law and regulations, including, without limitation, principles of reasonableness and fairness, to ensure that the weighted average margin of the Relevant Floating Rate Mortgage Receivables shall be at least 1.5 per cent above Euribor for one month deposits. In the event that on any Mortgage Collection Payment Date the weighted average margin falls below 1.5 per cent. above Euribor for one month deposits, (i) the relevant Seller shall repurchase and the Issuer will sell and assign such Relevant Floating Rate Mortgage Receivables and the Beneficiary Rights relating thereto having the lowest interest rate at such time in accordance with and on the same terms as set out in the Deed of Purchase, Repurchase and Pledge on the immediately following Mortgage Collection Payment Date and (ii) such Seller shall sell and assign and the Issuer shall purchase New Mortgage Receivables having a floating rate of interest and any Beneficiary Rights relating thereto having an aggregate Outstanding Principal Amount equal, but never in excess of, the Outstanding Principal Amount of the Relevant Floating Rate Mortgage Receivables repurchased by the relevant Seller on such Mortgage Collection Payment Date, such that following such substitution the weighted average margin of the Relevant Floating Rate Mortgage Receivables shall be at least 1.5 per cent above Euribor for one month deposits ("**Weighted Average Margin Substitution**")

Weighted Average Interest Rate Substitution

Each Seller and each Servicer will use its best efforts, subject to applicable law and regulations, 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 3.75 per cent. In the event that on any Mortgage Collection Payment Date the weighted average interest rate of the Relevant Mortgage Receivables falls below 3.75 per cent.:

(I)(i) the relevant Seller shall repurchase and the Issuer will sell and assign such Relevant Floating Rate Mortgage Receivables and the Beneficiary Rights relating thereto having the lowest interest rate of all Mortgage Receivables at such time on the immediately following Mortgage Collection Payment Date and (ii) such Seller shall sell and assign, and the Issuer shall purchase New Mortgage Receivables having a floating rate of interest and any Beneficiary Rights relating thereto having an aggregate Outstanding Principal Amount equal to, but never in excess of, the Outstanding Principal Amount of the Floating Rate Mortgage Receivables repurchased by the relevant Seller on such Mortgage Collection Payment Date, and

(II)(i) the relevant Seller shall repurchase and the Issuer will sell and assign such Relevant Fixed Rate Mortgage Receivables and the Beneficiary Rights relating thereto having the lowest interest rate of all Mortgage Receivables at such time on the immediately following Mortgage Collection Payment Date and (ii) such Seller shall sell and assign, and the Issuer shall purchase New Mortgage Receivables having a fixed rate of interest and any Beneficiary Rights relating thereto having an aggregate Outstanding Principal Amount equal to, but never in excess of, the Outstanding Principal Amount of the Fixed Rate Mortgage Receivables repurchased by the relevant Seller on such Mortgage Collection Payment Date,

such that following such substitution the weighted average interest rate of the Relevant Mortgage Receivables shall be at least 3.75 per cent ("**Weighted Average Interest Rate Substitution**")

The repurchase by each Seller of Relevant Floating Rate Mortgage Receivables in connection with Weighted Average Margin Substitution or Relevant Mortgage Receivables in connection with Weighted Average Interest Rate Substitution shall be effectuated in accordance with and subject to the repurchase conditions set out in the Mortgage Receivables Purchase Agreement, including, without limitation, the purchase price payable by the Seller, See section 7.1 (*Purchase, repurchase and sale*).

The conditions applicable to the purchase of Further Advance Receivables made in accordance with the Mortgage Receivables Purchase Agreement, including without limitation (i) the purchase price payable by the Issuer as set out in section 7.1 (*Purchase, repurchase and sale*) and (ii) items (a) and (d) set out in the paragraph *Purchase of Further Advance Receivables* in this section 7.4 shall apply *mutatis mutandis* to the purchase by the Issuer of New Mortgage Receivables having a floating rate of interest in connection with Weighted Average Margin Substitution or New Mortgage Receivables in connection with in connection with Weighted Average Interest Rate Substitution. The weighted average Current Loan to Foreclosure Value Ratio of all Mortgage Loans shall not become higher as a result of the Weighted Average Margin Substitution and/or the Weighted Average Interest Rate Substitution.

7.5 Servicing Agreement

Mortgage Loan Services

In the Servicing Agreement the 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 section 6.3 (*Origination and servicing by the Sellers*)); (ii) to communicate with the relevant Borrowers; (iii) to investigate and pursue payment delinquencies and (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.

Each 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.

Termination

The Servicing Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by any of the Servicers in the payment on the due date of any payment due and payable by it under the Servicing Agreement, (b) a default is made by any of the Servicers in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, (c) any of the Servicers has taken any corporate action or any steps have been taken or legal proceedings have been instituted 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 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 servicer, and such substitute servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute servicer shall have the benefit of a servicing fee and an administration fee at a level to be then determined. Any such substitute 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 interests in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

Furthermore, the Servicing Agreement may be terminated by (i) any Servicer with respect to itself or (ii) the Issuer with respect to any of the Services upon the expiry of not less than 12 months' notice of termination given by (i) the relevant Servicer to each of the Issuer and the Security Trustee or (ii) by the Issuer to the relevant Servicer and the Security Trustee, provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination, (b) a substitute servicer shall be appointed and (c) a Credit Rating Agency Confirmation in respect of each Credit Rating Agency is available, such appointment to be effective not later than the date of termination of the Servicing Agreement and such substitute servicer enters into an agreement substantially on the terms of the Servicing Agreement and none of the Servicers shall be released from its obligations under the Servicing Agreement until such new agreement has been signed and entered into effect with respect to such substitute servicer.

7.6 Participation Agreements

Insurance Savings Participation Agreement

Under the Insurance Savings Participation Agreement the Issuer will grant to the Insurance Savings Participant an Insurance Savings Participation in the Savings Mortgage Receivables.

Savings Premium

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

SNS Bank and RegioBank have agreed with the Insurance Savings Participant that they shall on-lend to the Insurance Savings Participant amounts equal to the Savings Premia deposited in the savings account in order to facilitate the Insurance Savings Participant in meeting its obligations under the Insurance Savings Participation Agreement. However, the obligations of the Insurance Savings Participant under the Insurance Savings 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 Participation Agreement the Insurance Savings Participant will undertake to pay to the Issuer:

- (i) on the Closing Date and, with respect to Further Advance Receivables, any Notes Payment Date, the Initial Insurance Savings Participation in relation to each of the Savings Mortgage Receivables; and
- (ii) on each Mortgage Collection Payment Date an amount equal to the amount received by the Insurance Savings Participant as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies;

provided that no amounts will be paid to the extent that, as a result thereof, the Insurance Savings Participation in such relevant Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Savings Mortgage Receivable.

As a consequence of such payments, the Insurance Savings Participant will acquire the Insurance Savings Participation in each of the relevant Savings Mortgage Receivables, which is equal to the Initial Insurance Savings Participation in respect of the relevant Savings Mortgage Receivables, increased during each Mortgage Calculation Period with the Insurance Savings Participation Increase.

In consideration for the undertakings of the Insurance Savings Participant described above, the Issuer will undertake to pay to the Insurance Savings Participant on each Mortgage Collection Payment Date an amount equal to the Insurance Savings Participation in each of the 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 Collection 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 Collection Payment Date (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable, (ii) in connection with a repurchase of 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 Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Foreclosure Proceeds on any Savings Mortgage Receivables to the extent such amounts relate to principal (the "**Insurance Savings Participation Redemption Available Amount**").

Reduction of Insurance Savings 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 Savings Mortgage Receivable if, for whatever reason, the Insurance Savings Participant 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 such Savings Mortgage Receivable, the Insurance Savings Participation of the Insurance Savings Participant in respect of such Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

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 Insurance Savings Participant may, and if so directed by the Insurance Savings Participant shall, by notice to the Issuer:

- (i) declare that the obligations of the Insurance Savings Participant under the Insurance Savings 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 or, as the case may be, the Insurance Savings Participation Enforcement Available Amount received or recovered by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables.

Termination

If one or more of the Savings Mortgage Receivables are (i) repurchased by the relevant Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer and the Issuer has sufficient funds available to repay the Insurance Savings Participation, to a third party pursuant to the Trust Deed, the Insurance Savings Participation in such 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 Insurance Savings Participant. If so requested by the Insurance Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables will enter into an insurance savings participation agreement with the Insurance Savings Participant in a form similar to the Insurance Savings participation agreement. Furthermore, the Insurance Savings Participation envisaged in the Insurance Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the Insurance Savings Participant has received the Insurance Savings Participation in respect of the relevant Savings Mortgage Receivable.

Bank Savings Participation Agreement

Under the Bank Savings Participation Agreement the Issuer will grant to each Bank Savings Participant a Bank Savings 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 Participation Agreement each Bank Savings Participant will undertake to pay to the Issuer:

- (i) on the Closing Date, and, with respect to Further Advance Receivables, any Notes Payment Date, the Initial Bank Savings Participation in relation to each of the Relevant Bank Savings Mortgage Receivables; and
- (ii) on each Mortgage Collection 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 Collection 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 Bank Savings 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 with the Bank Savings Participation Increase.

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 Collection 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 Collection 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 Collection 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 Foreclosure 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.

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 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 or, as the case may be, the Bank Savings Participation Enforcement Available Amount received or recovered by the Issuer or, as the case may be, the Security Trustee in respect of the Relevant Bank Savings Mortgage Receivables.

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 Participation agreement with the relevant Bank

Savings Participant in a form similar to the Bank Savings Participation Agreement. Furthermore, the Bank Savings Participation envisaged in the Bank Savings Participation Agreement shall terminate if at the close of business of any Mortgage Collection Payment Date the relevant Bank Savings Participants have received the Bank Savings Participation in respect of the Relevant Bank Savings Mortgage Receivables.

8. GENERAL

- (1) The issue of the Notes has been duly authorised by a resolution of the board of directors of the Issuer passed on 4 July 2013.
- (2) Application has been made to list the Class A1 Notes and the Class A2 Notes on Euronext Amsterdam. The estimated total costs involved with such admission amount to EUR 5,500.
- (3) The 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 088736613 and ISIN code XS0887366135.
- (4) The 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 088736648 and ISIN code XS0887366481.
- (5) The 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 088737806 and ISIN code XS0887378064.
- (6) The 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 088737857 and ISIN code XS0887378577.
- (7) The 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 088737890 and ISIN code XS0887378908.
- (8) The 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 088737997 and ISIN code XS0887379971.
- (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 and in electronic form upon e-mail request at securitisation@ant-trust.nl or corporate.broking@nl.abnamro.com:
 - (i) the Deed of Incorporation dated 3 January 2013, including the articles of association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment and Pledge;
 - (iv) the Notes Purchase Agreement;
 - (v) the Paying Agency Agreement;
 - (vi) the Trust Deed;
 - (vii) the Parallel Debt Agreement;
 - (viii) the Issuer Mortgage Receivables Pledge Agreement;
 - (ix) the Issuer Rights Pledge Agreement;
 - (x) the Administration Agreement;
 - (xi) the Servicing Agreement;
 - (xii) the Receivables Proceeds Distribution Agreement;
 - (xiii) the Collection Foundation Accounts Pledge Agreement;
 - (xiv) the Issuer Account Agreement;
 - (xv) the Financial Collateral Agreements;
 - (xvi) the Cash Advance Facility Agreement;
 - (xvii) the Participation Agreements;
 - (xviii) the Beneficiary Waiver Agreement;
 - (xix) the Flexible Mortgage Receivables Pledge Agreement; and
 - (xx) 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 and in electronic form upon e-mail request at securitisation@ant-trust.nl or corporate.broking@nl.abnamro.com.
- (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) The Issuer intends to provide the following post-issuance information on the transaction: (i) a

- quarterly report on the performance, including the arrears and the losses, of the transaction, together with current stratification tables, which can be obtained at: www.securitisation.nl.
- (14) The Issuer Administrator will make available loan-by-loan information as of the Closing Date and thereafter on a monthly basis, which information can be obtained at the website of the European Data Warehouse <http://www.eurodw.eu/edwin.html> within one month after the relevant Notes Payment Date.
- (15) The accountants at KPMG Accountants N.V. are registered accountants (*registeraccountants*) and are a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants* or *NBA*).

Responsibility statement

The Issuer is responsible for the information contained in this Prospectus. 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 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 this Prospectus has been accurately reproduced and as far as the Issuer 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. The Issuer accepts responsibility accordingly.

SNS Bank is also responsible for the information contained in the following sections of this Prospectus: all paragraphs *retention and disclosure requirements under the CRD*, section 1.6 (*Portfolio Information*), section 3.4 (*Sellers*), section 4.4 (*Regulatory and industry compliance*), section 6.1 (*Stratification tables*), 6.2 (*Description of Mortgage Loans*), section 6.3 (*Origination and servicing by the Sellers*), section 6.4 (*Dutch residential mortgage market*) and section 6.5 (*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 sections is in accordance with the facts and does not omit anything likely to affect the import of such information. SNS Bank accepts responsibility accordingly.

GLOSSARY OF DEFINED TERMS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the RMBS Standard published by the DSA (See section 4.4 (*Regulatory and Industry Compliance*)). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '*' in front of the relevant defined term;
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, it is included in the list "Non-applicable RMBS Standard Definitions" at the end of this section.

1. DEFINITIONS

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below.

+ "**403-Declaration**" means the 403-declaration deposited by SNS REAAL N.V. 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;

+ "**ABN AMRO Bank**" means ABN AMRO Bank N.V., a public limited liability company organised under Dutch law, and established in Amsterdam, the Netherlands;

* "**Administration Agreement**" means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Closing Date;

+ "**Administration Rights**" means any and all rights of the Issuer vis-à-vis the Issuer Administrator under or in connection with the Administration Agreement;

"**AFM**" means the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);

+ "**Aggregate Construction Amount**" means the aggregate of the Construction Deposits in relation to all Mortgage Loans;

"**All Moneys Mortgage**" means any mortgage right (*hypothekerecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Pledge**" means any right of pledge (*pandrecht*) which secures (i) not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

"**All Moneys Security Rights**" means any All Moneys Mortgages and All Moneys Pledges jointly;

"**Annuity Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;

"**Annuity Mortgage Receivable**" means the Mortgage Receivable resulting from an Annuity Mortgage Loan;

"**Arranger**" means SNS Bank;

"**Arrears**" means an amount that is overdue exceeding EUR 11;

"**Assignment Notification Event**" means any of the events specified as such in section 7.1 (*Purchase, repurchase and sale*) of this Prospectus;

"**Available Principal Funds**" has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

"**Available Revenue Funds**" has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

+ "**Available Subordination**" has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

+ "**Available Subordination Increase**" has the meaning ascribed thereto in section 5.1 (*Available Funds*) of this Prospectus;

* "**Bank Savings Account**" means in respect of a Bank Savings Mortgage Loan, a blocked savings account in the name of a Borrower held with the relevant Bank Savings Participant;

+ "**Bank Savings Deposit**" means, in relation to a Bank Savings Mortgage Loan, the balance standing to the credit of relevant Bank Savings Account;

"**Bank Savings Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity but instead makes a deposit into the relevant Bank Savings Account on a monthly basis;

"**Bank Savings Mortgage Receivable**" means the Mortgage Receivable resulting from a Bank Savings Mortgage Loan;

"**Bank Savings Participant**" means each of SNS Bank and RegioBank;

"**Bank Savings Participation**" means, on any Mortgage Calculation Date, in respect of each Bank Savings Mortgage Receivable an amount equal to the Initial Bank Savings Participation in respect of such Bank Savings Mortgage Receivable increased with each Bank Savings Participation Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Bank Savings Mortgage Receivable;

* "**Bank Savings Participation Agreement**" means the bank savings participation agreement between the Issuer and each Bank Savings Participant and the Security Trustee dated the Closing Date;

+ "**Bank Savings Participation Enforcement Available Amount**" means amounts corresponding to the sum of:

(a) amounts equal to the relevant Bank Savings Participation in each Bank Savings Mortgage Receivable or if the amount recovered is less than the Bank Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered in connection with the Trustee Indemnification; and

(b) part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt

and (ii) as creditor in connection with the Trustee Indemnification, whereby the relevant part will be equal to a part *pro rata* to the proportion the aggregate Bank Savings Participation in all Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables:

in each case less the sum of (i) any amount paid by the Security Trustee to the Bank Savings Participants pursuant to the Parallel Debt Agreement and (ii) a part *pro rata* to the proportion the aggregate Bank Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;

"Bank Savings Participation Increase" means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula: $(P \times I) + S$, whereby:

P = Participation Fraction;

S = the amount received by the Issuer pursuant to the Bank Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Bank Savings Mortgage Receivable from the Bank Savings Participant; and

I = the amount of interest due by the Borrower on the relevant Bank Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

"Bank Savings Participation Redemption Available Amount" has the meaning ascribed thereto in section 7.6 (*Participation Agreements*) of this Prospectus;

+ **"Bank Savings Participation Rights"** means any and all rights of the Issuer vis-à-vis the relevant Bank Savings Participant under or in connection with the Bank Savings Participation Agreement;

+ **"Basel II"** means the capital accord published on 26 June 2004 by the Basel Committee on Banking Supervision under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework";

+ **"Basel III"** means the new rules proposed by the Basel Committee on Banking Supervision amending Basel II on bank capital requirements;

+ **"Basic Terms Change"** means, in respect of Notes of a Class or Sub-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 or principal 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, to the extent applicable, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments or (vi) of the quorum or majority required to pass an Extraordinary Resolution;

"Beneficiary Rights" means all rights which the relevant Seller has vis-à-vis the relevant Insurance Company in respect of an Insurance Policy, under which the relevant Seller has been appointed by the Borrower/insured as beneficiary (*begunstigde*) in connection with the Mortgage Receivable;

* **"Beneficiary Waiver Agreement"** means the beneficiary waiver agreement between, amongst others, the Sellers, the Security Trustee and the Issuer dated the Closing Date;

"BKR" means National Credit Register (*Bureau Krediet Registratie*);

+ "**BLG Hypotheekbank**" means former BLG Hypotheekbank N.V., which merged into SNS Bank on 11 October 2010;

"**Borrower**" means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

"**Borrower Insurance Pledge**" means a right of pledge (*pandrecht*) created in favour of the relevant Seller on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

"**Borrower Insurance Proceeds Instruction**" means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

"**Borrower Investment Account**" means, in respect of an Investment Mortgage Loan, an investment account in the name of the relevant Borrower;

+ "**Borrower Investment Pledge**" means a right of pledge ("*pandrecht*") on securities in respect of Investment Mortgage Loans originated by SNS Bank securing the relevant Investment Mortgage Receivable;

"**Borrower Pledge**" means a right of pledge (*pandrecht*) securing the relevant Mortgage Receivable, including a Borrower Insurance Pledge;

+ "**Borrower Securities Pledge**" means a means a right of pledge (*pandrecht*) on securities in respect of Investment Mortgage Loans originated by SNS Bank securing the relevant Investment Mortgage Receivable;

* "**Business Day**" (i) when used in the definition of Notes Payment Date and in Condition 4(d)(*Euribor*), a TARGET 2 Settlement Day provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and London; and (ii) in any other case, a day on which banks are generally open for business in Amsterdam;

+ "**Cash Advance Facility**" means the cash advance facility as referred to in Clause 3.1 of the Cash Advance Facility Agreement;

* "**Cash Advance Facility Agreement**" means the cash advance facility agreement between the Cash Advance Facility Provider, the Issuer and the Security Trustee dated the Closing Date;

+ "**Cash Advance Facility Available Amount**" means the Cash Advance Facility Maximum Amount less the aggregate outstanding balance of (i) the Cash Advance Facility Loan, if any, and (ii) the Cash Advance Facility Standby Loan, if any;

+ "**Cash Advance Facility Commitment Fee**" means 0.10 per cent. of the Cash Advance Facility Available Amount per annum or, in case of a Cash Advance Facility Stand-by Drawing, 0.10 per cent. per annum calculated by reference to the Cash Advance Facility Stand-by Drawing;

+ "**Cash Advance Facility Commitment Termination Date**" means 364 days after Closing Date or any later date to which the cash advance facility commitment termination date has been extended in accordance with the Cash Advance Facility Agreement;

+ "**Cash Advance Facility Drawing**" means a drawing under the Cash Advance Facility;

+ "**Cash Advance Facility Ledger**" means a ledger created for the purpose of recording any drawing under the Cash Advance Facility in accordance with the Administration Agreement;

+ "**Cash Advance Facility Loan**" means the aggregate principal amount of all Cash Advance Facility Drawings for the time being advanced and outstanding under the Cash Advance Facility;

"**Cash Advance Facility Maximum Amount**" means an amount equal to the greater of (i) 1.7 per cent. of the Principal Amount Outstanding of the Class A Notes on such date and (ii) 0.6 per cent of the Principal Amount Outstanding of the Class A Notes as at the Closing Date.

"**Cash Advance Facility Provider**" means SNS Bank;

+ "**Cash Advance Facility Rights**" means any and all rights of the Issuer under or in connection with the Cash Advance Facility Agreement;

"**Cash Advance Facility Stand-by-Drawing**" means the drawing by the Issuer of the entire undrawn portion under the Cash Advance Facility Agreement if a Cash Advance Stand-by Drawing Event occurs;

"**Cash Advance Facility Stand-by Drawing Event**" means any of the events specified as such in section 5.5 (*Liquidity support*) of this Prospectus;

+ "**Cash Advance Facility Stand-by Ledger**" means a ledger created for the purpose of recording any Cash Advance Facility Stand-by Drawing in accordance with the Administration Agreement;

+ "**Cash Advance Facility Stand-by Loan**" means the aggregate principal amount of all Cash Advance Facility Stand-by Drawings made under the Cash Advance Facility Agreement for the time being outstanding;

+ "**Class**" means either the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes;

"**Class A Notes**" means any of Class A1 Notes and the Class A2 Notes;

"**Class A1 Notes**" means the EUR 379,000,000 class A1 mortgage-backed floating rate Notes 2013 due 2042;

"**Class A2 Notes**" means the EUR 1,326,900,000 class A2 mortgage-backed fixed rate Notes 2013 due 2042;

"**Class B Notes**" means the EUR 65,200,000 class B mortgage-backed Notes 2013 due 2042;

"**Class C Notes**" means the EUR 63,500,000 class C mortgage-backed Notes 2013 due 2042;

"**Class D Notes**" means the EUR 54,900,000 class D mortgage-backed Notes 2013 due 2042;

"**Class E Notes**" means the EUR 27,300,000 class E mortgage-backed Notes 2013 due 2042;

* "**Clean-Up Call Option**" means the right of the Issuer to redeem all of the Notes in whole but not in part in accordance with Condition 6(e);

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Closing Date**" means 10 July 2013 or such later date as may be agreed between the Issuer, the Sellers and the Manager;

"**Code of Conduct**" means the Mortgage Code of Conduct (*Gedragscode Hypothecaire Financieringen*) introduced in January 2007 by the Dutch Association of Banks (*Nederlandse Vereniging van Banken*);

- + "**Collection Foundation**" means Stichting Hypotheken Incasso;
- + "**Collection Foundation Accounts**" means the bank accounts designated as such in the Receivables Proceeds Distribution Agreement;
- + "**Collection Foundation Accounts Pledge Agreement**" means the collection foundation accounts pledge agreement between, *inter alia*, the Security Trustee, the Previous Transaction Security Trustees, the Issuer and the Previous Transaction SPVs, containing 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 (ii) 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, dated the Closing Date;
- + "**Collection Foundation Eligible Counterparty**" means a bank having a credit rating at least equal to the Collection Foundation Trigger Required Ratings;
- + "**Collection Foundation Eligible Counterparty Account**" means a bank account with an Eligible Counterparty in the name of the Collection Foundation including the bank accounts with numbers 81.51.00.132, 95.65.42.727 and 96.41.12.000 in the name of the Collection Foundation if such accounts have been transferred to such Eligible Counterparty as Foundation Account Provider in accordance with the Receivables Proceeds Distribution Agreement;
- + "**Collection Foundation Trigger Commingling Remedial Actions**" means any of the following actions taken with respect to all transactions rated by the relevant Rating Agencies entered into by the SPVs and the Security Trustees (i) with respect to a transaction where a Commingling Financial Collateral Agreement is entered into, sufficient collateral being posted or any of the alternative mitigant measures being taken under the Commingling Financial Collateral Agreements or otherwise in accordance with the relevant transaction agreements or (ii) with respect to a transaction where commingling risk may be mitigated through a reserve fund or reserve account, sufficient funds being posted on the reserve fund or reserve account to mitigate any commingling risks or otherwise in accordance with the relevant transaction agreements, or (iii) an amount equal to the collateral amount referred to in items (i) and (ii) above being guaranteed by a Collection Foundation Eligible Counterparty, or (iv) that direct debits from borrower accounts in respect of mortgage receivables will solely be made directly to the accounts of the Issuer or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as the case may be, and the borrowers that do not pay by means of direct debits are directed to pay to the accounts of the Issuer or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as applicable, and/or amounts not paid by means of direct debits are directed to be paid to the accounts of the Issuer or the relevant Previous Transaction SPV or Security Trustee or the relevant Previous Transaction Security Trustee, as applicable;
- + "**Collection Foundation Trigger Event**" means the event that (i) SNS Bank ceases to have the Collection Foundation Trigger Required Ratings and (ii) none of the Collection Foundation Trigger Commingling Remedial Actions are in place;
- + "**Collection Foundation Trigger Required Ratings**" means (i) in respect of Fitch (only to the extent Fitch assigns a rating to any of the notes issued by any of the SPVs), (x) a long term issuer default rating of at least "A" by Fitch and (y) a short term issuer default rating of at least "F1" by Fitch and (ii) in respect of Moody's (only to the extent Moody's assigns a rating to any of the notes issued by any of the SPVs), a rating of its unsecured, unsubordinated and unguaranteed debt obligations of at least "Baa1" by Moody's and (iii) in respect of S&P (only to the extent S&P assigns a rating to any of the notes issued by any of the SPVs), (x) a rating of its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by S&P and (y) a rating of its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least "A-2" by S&P;

+ "**Commingling Alternative Mitigant Measures**" means (i) any of the measures set out in Clause 2.4 of the Receivables Proceeds Distribution Agreement being taken, or (ii) the Potential Commingling Required Amount being guaranteed by a Collection Foundation Eligible Counterparty, or (iii) the assignment of the Mortgage Receivables to the Issuer being notified to the Borrowers or (iv) that direct debits in connection with amounts due to the Issuer and/or the Security Trustee in connection with the Mortgage Receivables will solely be made into the Issuer Collection Account, and/or amounts not paid by means of direct debits are directed to be paid to the Issuer Collection Account;

+ "**Commingling Amount**" means on any Notes Payment Date an amount equal to the amount received by the Collection Foundation, whether as interest or principal in respect of Relevant Mortgage Receivables during the Notes Calculation Period immediately preceding such Notes Payment Date, which was not received by the Issuer during the relevant Notes Calculation Period;

+ "**Commingling Delivery Amount**" means, on any Notes Payment Date, the higher of (i) the Potential Commingling Required Amount minus the Posted Commingling Collateral Value and (ii) zero;

+ "**Commingling Financial Cash Collateral Funds**" means, on any day, the Posted Commingling Collateral standing to the credit of the Commingling Financial Cash Collateral Ledger at the close of business of such day;

+ "**Commingling Financial Cash Collateral Ledger**" means the ledger created for the purpose of recording any Eligible Collateral transferred by a Seller to the Issuer Collection Account under the Commingling Financial Collateral Agreement in accordance with the Administration Agreement;

+ "**Commingling Financial Collateral Agreement**" means the commingling financial collateral agreement between the Issuer, the Sellers and the Security Trustee dated the Closing Date;

+ "**Commingling Financial Collateral Interest**" means, with respect to a Mortgage Calculation Period, any amount of interest calculated for each day in that Mortgage Calculation Period on the Commingling Financial Cash Collateral Funds in accordance with the Issuer Account Agreement;

+ "**Commingling Return Amount**" means, on any Notes Payment Date, the higher of (i) the Posted Commingling Collateral Value minus the Potential Commingling Required Amount and (ii) zero;

+ "**Common Safekeeper**" means Clearstream, Luxembourg in respect of the Class A Notes and Bank of America National Association, London Branch in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

+ "**Common Service Provider**" means Bank of America Merrill Lynch;

"**Conditions**" means the terms and conditions of the Notes set out in Schedule 5 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

"**Construction Deposit**" means in relation to a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name with the relevant Seller, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

"**Construction Deposit Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

"**Coupons**" means the interest coupons appertaining to the Notes;

"**CPR**" means Constant Prepayment Rate;

+ "**CRA Regulation**" means 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;

"**CRD**" means directive 2006/48/EC of the European Parliament and of the Council (as amended by directive 2009/111/EC);

"**Credit Rating Agency**" means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes Fitch and Moody's ;

"**Credit Rating Agency Confirmation**" means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "**confirmation**");
- (b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**");
- (c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter:
 - (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
 - (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency;

+ "**Current Loan to Foreclosure Value Ratio**" means the ratio calculated by dividing (i) the Outstanding Principal Amount of a Mortgage Receivable minus any Participation by (ii) the Foreclosure Value;

"**Cut-Off Date**" means (i) with respect to the Mortgage Receivables purchased on the Closing Date, 31 May 2013 and (ii) with respect to Further Advance Receivables purchased on a Notes Payment Date, the first day of the month of the relevant Notes Payment Date;

+ "**DCC**" means the Dutch Civil Code;

* "**Deed of Assignment and Pledge**" means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement, including any Deed of Purchase, Repurchase and Pledge;

+ "**Deed of Purchase, Repurchase and Pledge**" means the deed of repurchase and reassignment of Mortgage Receivables in the form attached as Schedule 3 to the Mortgage Receivables Purchase Agreement;

"**Defaulted Mortgage Loan**" means a Mortgage Loan that is 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,

"**Deferred Purchase Price**" means part of the purchase price for the Mortgage Receivables equal to

the sum of all Deferred Purchase Price Instalments;

"Deferred Purchase Price Instalment" means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;

"Definitive Notes" means Notes in definitive bearer form in respect of any Class of Notes;

+ **"Deposit Agreement"** means the deposit agreement between the Sellers, the Issuer, the Security Trustee and the Agent (as defined therein) dated the Closing Date;

"Directors" means ATC Management B.V. as the sole director of the Issuer, ANT Securitisation Services B.V. as the sole director of the Security Trustee and ATC Corporate Services (Netherlands) B.V. as the sole director of the Shareholder collectively;

"DNB" means the Dutch central bank (*De Nederlandsche Bank N.V.*);

"DSA" means the Dutch Securitisation Association;

+ **"Eligible Collateral"** means, in respect of the Financial Collateral Agreements, euro denominated cash;

+ **"Enforcement Available Amount"** means amounts corresponding to the sum of:

- (a) amounts recovered ("*verhaald*") in accordance with section 3:255 of the DCC by the Security Trustee under any of the Pledge Agreements on the Mortgage Receivables and the Beneficiary Rights relating thereto and the Issuer Rights including, without limitation, amounts recovered under or in connection with the Trustee Indemnification, however in respect of Savings Mortgage Receivables and Bank Savings Mortgage Receivables only to the extent such amounts exceed the Participations in such Savings Mortgage Receivables or Bank Savings Mortgage Receivables, and
- (b) any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor in connection with the Trustee Indemnification, less a *part pro rata* to the proportion of the aggregate Participation in all Savings Mortgage Receivables and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of all Mortgage Receivables;

in each case less the sum of (i) any amounts paid by the Security Trustee to the Secured Creditors, other than the Participants, pursuant to the Trust Deed and (ii) a *part pro rata* to the proportion the Outstanding Principal Amount of all Mortgage Receivables less the aggregate Participation in all Savings Mortgage Receivables and Bank Savings Mortgage Receivables bears to the Outstanding Principal Amount of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee, in connection with any of the Transaction Documents;

"Enforcement Date" means the date of an Enforcement Notice;

"Enforcement Notice" means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 (*Events of Default*);

"EONIA" means the Euro Overnight Index Average as published jointly by the European Banking Federation and ACI/The Financial Market Association;

+ **"Equivalent Eligible Collateral"** means, in relation to any Eligible Collateral comprised in the Posted Set-Off Collateral or Posted Commingling Collateral, as the case may be, collateral of the same type as Eligible Collateral;

"**EUR**" or "**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;

"**Euribor**" has the meaning ascribed to it in Condition 4(d) (*Interest*);

+ "**Euribor Reference Banks**" has the meaning ascribed to it in Condition 4(d) (*Interest*);

"**Euroclear**" means Euroclear Bank SA/NV as operator of the Euroclear System;

"**Euronext Amsterdam**" means NYSE Euronext in Amsterdam;

"**Eurosystem Eligible Collateral**" means collateral recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;

"**Events of Default**" means any of the events specified as such in Condition 10 (*Events of Default*);

"**Exchange Date**" means the date, not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

* "**Extraordinary Resolution**" means a resolution adopted at a meeting of Noteholders of a Class 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;

"**Final Maturity Date**" means the Notes Payment Date falling in October 2042;

+ "**Final Portfolio**" has the meaning ascribed thereto in section 6.2 (*Description of Mortgage Loans*);

+ "**Financial Cash Collateral Ledger**" means each of the Set-Off Financial Cash Collateral Ledger and the Commingling Financial Cash Collateral Ledger;

+ "**Financial Collateral Agreement**" means each of the Set-Off Financial Collateral Agreement and the Commingling Financial Collateral Agreement ;

"**First Optional Redemption Date**" means the Notes Payment Date falling in July 2018;

"**Fitch**" means Fitch Ratings Ltd. and includes any successor to its rating business;

+ "**Fixed Rate Available Principal Funds**" has the meaning as described in section 5.1 (*Available Funds*) of this Prospectus;

+ "**Fixed Rate Bank Savings Mortgage Receivable**" means the Fixed Rate Mortgage Receivables relating to the Bank Savings Mortgage Loans;

+ "**Fixed Rate Further Advance Purchase Available Amount**" means items (i) up to and including (xii) of the Fixed Rate Available Principal Funds;

+ "**Fixed Rate Further Advance Receivable**" means a Further Advance Receivable bearing a fixed rate of interest;

+ "**Fixed Rate Fraction**" means the Principal Amount Outstanding of the Class A2 Notes on the Closing Date, divided by the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date;

- + "**Fixed Rate Interest Amount**" means, on any Interest Determination Date, the amount of interest payable on the Class A2 Notes for the following Interest Period;
 - + "**Fixed Rate Mortgage Loan**" means a Mortgage Loan consisting of a loan or Loan Part bearing a fixed rate of interest;
 - + "**Fixed Rate Mortgage Receivable**" means the Mortgage Receivable resulting from a Fixed Rate Mortgage Loan;
 - + "**Fixed Rate Savings Mortgage Receivable**" means the Fixed Rate Mortgage Receivables relating to the Savings Mortgage Loans;
 - + "**Flexible Mortgage Loan**" means a *SNS Extra Ruimte Hypotheek* mortgage loan originated by SNS Bank of which the borrower is also a Borrower under the Relevant Mortgage Receivables;
 - + "**Flexible Mortgage Receivable**" means the mortgage receivable resulting from a Flexible Mortgage Loan;
 - + "**Flexible Mortgage Receivables Pledge Agreement**" means the flexible mortgage receivables pledge agreement entered into by SNS Bank (as pledgor) and the Issuer and the Security Trustee (as pledgees) dated the Closing Date;
 - + "**Flexible Mortgage Receivables Pledge List**" means the pledge list attached as Schedule 1 to the Flexible Mortgage Receivables Pledge Agreement;
 - + "**Floating Interest Rate**" means the rate of interest applicable from time to time to the Class A1 Notes and the Class A1 Notes, as determined in accordance with Condition 4 (*Interest*);
 - + "**Floating Rate Available Principal Funds**" has the meaning as described in section 5.1 (*Available Funds*) of this Prospectus;
 - + "**Floating Rate Bank Savings Mortgage Receivable**" means the Floating Rate Mortgage Receivables relating to the Bank Savings Mortgage Loans;
 - + "**Floating Rate Further Advance Purchase Available Amount**" means items (i) up to and including (xii) of the Floating Rate Available Principal Funds;
 - + "**Floating Rate Further Advance Receivable**" means a Further Advance Receivable bearing a floating rate of interest;
 - + "**Floating Rate Fraction**" means the Principal Amount Outstanding of the Class A1 Notes on the Closing Date, divided by the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date;
 - + "**Floating Rate Interest Amount**" means, on any Interest Determination Date, the amount of interest payable on the Class A1 Notes for the following Interest Period;
 - + "**Floating Rate Mortgage Loan**" means a Mortgage Loan consisting of a loan or Loan Part bearing a floating rate of interest;
 - + "**Floating Rate Mortgage Receivable**" means the Mortgage Receivable resulting from a Floating Rate Mortgage Loan;
 - + "**Floating Rate Savings Mortgage Receivable**" means the Floating Rate Mortgage Receivables relating to the Savings Mortgage Loans;
- "**Foreclosure Value**" means the foreclosure value of the Mortgaged Asset;

+ "**Foundation Account Provider**" means any of SNS Bank, RegioBank, Rabobank or a Collection Foundation Eligible Counterparty, as the context may require;

+ "**Foundation Administrator**" means SNS Bank in its capacity as foundation administrator to the Collection Foundation;

"**Further Advance**" means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;

+ "**Further Advance Purchase Available Amount**" means the Floating Rate Further Advance Purchase Available Amount and the Fixed Rate Further Advance Purchase Available Amount jointly;

"**Further Advance Receivable**" means the Mortgage Receivable resulting from a Further Advance;

+ "**General Banking Conditions**" means the general banking conditions of the Issuer Account Bank in the form in which they have presently been deposited by the Netherlands Banking Association (*Nederlandse Vereniging van Banken*) with the clerk of the District Court of Amsterdam;

"**Global Note**" means any Temporary Global Note or Permanent Global Note;

+ "**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 Revenue Priority of Payments;

+ "**ICSDs**" means International Central Securities Depositories;

"**Initial Bank Savings Participation**" means with respect to Bank Savings Mortgage Receivables (i) purchased on the Closing Date, an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the relevant Cut-Off Date and (ii) resulting from Further Advance Receivables purchased on any Notes Payment Date, an amount equal to the balance of the relevant Bank Savings Account with accrued interest up to the relevant Cut-Off Date;

"**Initial Insurance Savings Participation**" means with respect to Savings Mortgage Receivables (i) purchased on the Closing Date, an amount equal to the sum of the Savings Premia received by the Insurance Savings Participant with accrued interest up to the relevant Cut-Off Date; and (ii) resulting from Further Advance Receivables purchased on any Notes Payment Date, an amount equal to the sum of the Savings Premia received by the Insurance Savings Participant with accrued interest up to the relevant Cut-Off Date;

+ "**Initial Participation**" means each of the Initial Bank Savings Participation and the Initial Insurance Savings Participation;

* "**Initial Purchase Price**" means, (i) in respect of any Mortgage Receivable, its Outstanding Principal Amount on the Cut-Off Date or (ii) in case of a Further Advance Receivable, its Outstanding Principal Amount on the relevant Cut-Off Date;

"**Insurance Company**" means any insurance company established in the Netherlands;

"**Insurance Policy**" means each of a Life Insurance Policy, a Risk Insurance Policy and/or a Savings Insurance Policy;

"**Insurance Savings Participant**" means SRLEV N.V., a public company incorporated under Dutch law and established in Utrecht, the Netherlands;

"**Insurance Savings Participation**" means, on any Mortgage Calculation Date, in respect of each Savings Mortgage Receivable, an amount equal to the Initial Insurance Savings Participation in respect of such Savings Mortgage Receivable increased with the Insurance Savings Participation

Increase up to (and including) the Mortgage Calculation Period immediately preceding such Mortgage Calculation Date, but not exceeding the Outstanding Principal Amount of such Savings Mortgage Receivable;

"Insurance Savings Participation Agreement" means the insurance savings participation agreement between the Issuer and the Insurance Savings Participant and the Security Trustee dated the Closing Date;

+ **"Insurance Savings Participation Enforcement Available Amount"** means amounts corresponding to the sum of:

- (a) amounts equal to the relevant Insurance Savings Participation in each Savings Mortgage Receivable or if the amount recovered is less than the Insurance Savings Participation, an amount equal to the amount actually recovered, including, without limitation, amounts recovered in connection with the Trustee Indemnification; and
- (b) part of any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor in connection with the Trustee Indemnification, whereby the relevant part will be equal to a part *pro rata* to the proportion the aggregate Insurance Savings Participation in all Savings Mortgage Receivables and bears to the Outstanding Principal Amount of all Mortgage Receivables;

in each case less the sum of (i) any amount paid by the Security Trustee to the Insurance Savings Participant pursuant to the Parallel Debt Agreement and (ii) a part *pro rata* to the proportion the aggregate Insurance Savings Participation bears to the Outstanding Principal Amount of all Mortgage Receivables of any cost, charges, liabilities and expenses (including, for the avoidance of doubt, any costs of the Credit Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee), incurred by the Security Trustee in connection with any of the Transaction Documents;

"Insurance Savings Participation Increase" means an amount calculated for each Mortgage Calculation Period on the relevant Mortgage Calculation Date by application of the following formula:

$(P \times I) + S$, whereby:

P = Participation Fraction;

S = the amount received by the Issuer pursuant to the Insurance Savings Participation Agreement on the Mortgage Collection Payment Date immediately succeeding the relevant Mortgage Calculation Date in respect of the relevant Savings Mortgage Receivable from the Insurance Savings Participant; and

I = the amount of interest due by the Borrower on the relevant Savings Mortgage Receivable and actually received by the Issuer in respect of such Mortgage Calculation Period;

"Insurance Savings Participation Redemption Available Amount" has the meaning ascribed thereto in section 7.6 (*Participation Agreements*) of this Prospectus;

+ **"Insurance Savings Participation Rights"** means any and all rights of the Issuer vis-à-vis the Insurance Savings Participant under or in connection with the Participation Agreement;

+ **"Interest Determination Date"** has the meaning ascribed to it in Condition 4(d) (*Euribor*);

"Interest Period" means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in August 2013 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

"Interest Rate" means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 4 (*Interest*);

+ **"Interest Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;

+ **"Interest Shortfall"** means, on any Notes Calculation Date, an amount equal to the amount by which the Available Revenue Funds, without taking into account any withholding from the Available Principal Funds but including, for the avoidance of doubt, any drawing under the Cash Advance Facility, on the immediately following Notes Payment Date falls short of the amounts required to satisfy items (a) up to and including (e) of the Revenue Priority of Payments;

"Interest-only Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

+ **"Investment Account"** means an '*SNS Rendementrekening*' investments account held with SNS Bank;

+ **"Investment Firm"** means in relation to Investment Mortgage Loans, the bank or investment firm (*beleggingsonderneming*) offering the relevant investment funds and/or securities;

+ **"Investment Funds"** means certain investment funds offered by SNS Beleggingsfondsen N.V.;

"Investment Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but undertakes to invest defined amounts through a Borrower Investment Account;

"Investment Mortgage Receivable" means the Mortgage Receivable resulting from an Investment Mortgage Loan;

+ **"Investor Report"** has the meaning ascribed to it in Clause 6.1 of the Administration Agreement;

"Issuer" means Lowland Mortgage Backed Securities 2 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and established in Amsterdam, the Netherlands;

"Issuer Account Agreement" means the issuer account agreement between the Issuer, the Security Trustee and the Issuer Account Bank dated the Closing Date;

"Issuer Account Bank" means Rabobank;

"Issuer Accounts" means any of the Issuer Collection Account and the Construction Deposit Account;

"Issuer Administrator" means ATC Financial Services B.V., a private company with limited liability incorporated under Dutch law and established in Amsterdam, the Netherlands;

"Issuer Collection Account" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

"Issuer Management Agreement" means the issuer management agreement between the Issuer, ATC Management B.V. and the Security Trustee dated the Signing Date;

"Issuer Mortgage Receivables Pledge Agreement" means the mortgage receivables pledge agreement entered into by the Issuer (as pledgor) and the Security Trustee (as pledgee) dated the Closing Date;

"Issuer Rights" means any and all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Servicing Agreement, (iv) the Participation Agreements, (v) the Cash Advance Facility Agreement (vi) the Issuer Account Agreement and (b) in respect of the Issuer Accounts;

"Issuer Rights Pledge Agreement" means the pledge agreement between, among others, the Issuer, the Security Trustee, the Sellers and the Servicers dated the Closing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

+ **"Issuer Services"** means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, as set out in the Administration Agreement;

+ **"Jointly-held Borrower Pledges"** means the Borrower Pledges which are jointly-held by the relevant Seller and the Issuer and/or the Security Trustee, as the case may be;

+ **"Jointly-held Mortgages"** means the Mortgages which are jointly-held by the relevant Seller and the Issuer and/or the Security Trustee; as the case may be;

"Land Registry" means the Dutch land registry (*het Kadaster*);

+ **"Ledger"** means any of the ledgers referred to in Clause 5 of the Administration Agreement;

"Life Insurance Policy" means an insurance policy taken out by any Borrower comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured;

"Life Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Insurance Company;

"Life Mortgage Receivable" means the Mortgage Receivable resulting from a Life Mortgage Loan;

"Linear Mortgage Loan" means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;

"Linear Mortgage Receivable" means the Mortgage Receivable resulting from a Linear Mortgage Loan;

"Listing Agent" means ABN AMRO Bank;

+ **"List of Mortgage Loans"** means at the Closing Date, the list attached as Schedule 1 to the Mortgage Receivables Purchase Agreement, and at each Notes Payment Date, a list of all Mortgage Loans attached to the relevant Deed of Purchase, Repurchase and Pledge, stating the same details regarding the Mortgage Loans as required in Schedule 1 to the Mortgage Receivables Purchase Agreement;

"Loan Files" means the file or files relating to each Mortgage Loan containing, *inter alia*, (i) all material correspondence relating to that Mortgage Loan; and (ii) a certified copy of the Mortgage Deed;

"Loan Parts" means one or more of the loan parts (*leningdelen*) of which a Mortgage Loan consists;

"Management Agreement" means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

"Manager" means SNS Bank;

"Market Value" means (i) the market value (*marktwaarde*) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer, or (b) if no valuation is available, the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus the purchase price of the relevant building lot;

"Master Definitions Agreement" means the master definitions agreement between, amongst others, the Sellers, the Issuer and the Security Trustee dated the Signing Date;

"Moody's" means Moody's Investors Service Ltd. and includes any successor to its rating business;

"Mortgage" means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivable;

"Mortgage Calculation Date" means, in relation to a Mortgage Collection Payment Date, the third Business Day prior to such Mortgage Collection Payment 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 mortgage calculation period which commences on (and includes) the Cut-Off Date and ends on (and includes) the last day of July 2013;

"Mortgage Collection Payment Date" means the 8th Business Day of each calendar month;

"Mortgage Conditions" means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

+ **"Mortgage Deeds"** means notarially certified copies of the notarial deeds constituting the Mortgage Loans;

+ **"Mortgage Interest"** means interest (receivable or received) under a Mortgage Loan;

+ **"Mortgage Interest Rate"** means the rate(s) of interest from time to time chargeable to Borrowers under the Mortgage Loans;

+ **"Mortgage Loan Amendment"** an amendment of the terms of the Relevant Mortgage Loan, or part of such Mortgage Loan as a result of which such Mortgage Loan no longer meets the Mortgage Loan Criteria;

"Mortgage Loan Criteria" means the criteria relating to the Mortgage Loans set forth as such in section 7.3 (*Mortgage Loan Criteria*) of this Prospectus;

"Mortgage Loan Services" means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;

* **"Mortgage Loans"** means the mortgage loans granted by the relevant Seller to the relevant borrowers which may consist of one or more Loan Parts as set forth in the List of Mortgage Loans and, after any purchase and assignment of any New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Mortgage Loans and/or Further Advances, to the extent not retransferred or otherwise disposed of by the Issuer;

"Mortgage Receivable" means any and all rights of the relevant Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan,

including any and all claims of the relevant Seller (or the Issuer after assignment) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;

"Mortgage Receivables Purchase Agreement" means the mortgage receivables purchase agreement between the Sellers, the Issuer and the Security Trustee dated the Signing Date;

+ **"Mortgage Report"** has the meaning ascribed to it in Clause 5.1 of the Servicing Agreement;

+ **"Mortgage Report Date"** means the 6th business day following each the end of Mortgage Calculation Period;

"Mortgaged Asset" means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpachtsrecht*) situated in the Netherlands on which a Mortgage is vested;

+ **"Most Senior Class"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes in the Revenue Priority of Payments;

+ **"MRPA Rights"** means any and all rights of the Issuer vis-à-vis each Seller under or in connection with the Mortgage Receivables Purchase Agreement;

"Net Foreclosure Proceeds" means (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy, (iv) the proceeds of the NHG Guarantee and any other guarantees or sureties and (v) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

* **"New Mortgage Loan"** means a mortgage loan granted by the relevant Seller to the relevant Borrower, which may consist of one or more Loan Parts as set forth in the List of Mortgage Loans attached to any Deed of Assignment and Pledge other than the initial Deed of Assignment and Pledge;

"New Mortgage Receivable" means the Mortgage Receivable resulting from a New Mortgage Loan;

"NHG Conditions" means the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee as set by Stichting WEW and as amended from time to time;

"NHG Guarantee" means a guarantee (*borgtocht*) under the NHG Conditions granted by Stichting WEW;

"NHG Mortgage Loan" means a Mortgage Loan that has the benefit of an NHG Guarantee;

"NHG Mortgage Loan Receivable" means the Mortgage Receivable resulting from an NHG Mortgage Loan;

"Noteholders" means the persons who for the time being are the holders of the Notes;

"Notes" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

"Notes Calculation Date" means, in relation to a Notes Payment Date, the second Business Day prior to such Notes Payment Date;

"Notes Calculation Period" means, in relation to a Notes Calculation Date, the Mortgage Calculation Period immediately preceding such Notes Calculation Date except for the first Notes Calculation Period which will commence on the Cut-Off Date and ends on and includes the last day of August

2013;

"Notes Payment Date" means the 18th day of each calendar month or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

"Notes Purchase Agreement" means the notes purchase agreement-relating to the Notes between the Manager, the Issuer and the Sellers dated the Signing Date;

+ **"Notification Event"** means any of the Assignment Notification Events and the Pledge Notification Events;

"NVM" means the Dutch Association of Real Estate Brokers and Immovable Property Experts (*Nederlandse Vereniging van Makelaars en vastgoeddeskundigen*);

"Optional Redemption Date" means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

"Original Foreclosure Value" means the Foreclosure Value as assessed by the relevant Originator at the time of granting the Mortgage Loan;

"Original Loan to Original Foreclosure Value Ratio" means the ratio calculated by dividing the original principal amount of a Mortgage Receivable at the moment of origination by the Original Foreclosure Value;

"Originators" means each of SNS Bank and RegioBank;

"Other Claim" means any claim the relevant Seller has against the Borrower, other than a Mortgage Receivable or a Flexible Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

"Outstanding Principal Amount" means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss of type (a) and (b) of the definition in respect of such Mortgage Receivable has been debited to the Principal Deficiency Ledger, zero;

"Parallel Debt" has the meaning as ascribed thereto in the section 4.7 (*Security*) of this Prospectus;

"Parallel Debt Agreement" means the parallel debt agreement between, amongst others, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Closing Date;

"Participants" means each of the Bank Savings Participants and the Insurance Savings Participant;

"Participation" means, in respect of each Savings Mortgage Receivable, the Insurance Savings Participation and in respect of each Bank Savings Mortgage Receivable, the Bank Savings Participation;

"Participation Agreement" means the Bank Savings Participation Agreement and/or the Insurance Savings Participation Agreement;

+ **"Participation Enforcement Available Amount"** means the Insurance Savings Participation Enforcement Available Amount and the Bank Savings Participation Enforcement Available Amount;

"Participation Fraction" means in respect of each Savings Mortgage Receivable and each Bank Savings Mortgage Receivable, an amount equal to the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount of such Savings Mortgage Receivable or Bank Savings Mortgage Receivable, as applicable, on the first day of the

relevant Mortgage Calculation Period;

+ "**Participation Increase**" means the Bank Savings Participation Increase and/or the Insurance Savings Participation Increase;

+ "**Participation Rights**" means the Bank Savings Participation Rights and/or the Insurance Savings Participation Rights;

"**Paying Agency Agreement**" means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Closing Date;

* "**Paying Agent**" means ABN AMRO Bank;

* "**Permanent Global Note**" means a permanent global note in respect of a Class of Sub-Class of Notes;

"**Pledge Agreements**" means any of the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement;

"**Pledge Notification Event**" means any of the events specified in Clause 5 of the Issuer Mortgage Receivables Pledge Agreement and Clause 5 of the Issuer Rights Pledge Agreement;

"**Post-Enforcement Priority of Payments**" means the relevant priority of payments set out as such in section 5.2 (*Priorities of Payments*) of this Prospectus;

+ "**Posted Commingling Collateral**" means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by each Seller and received by the Issuer pursuant to the Commingling Financial Collateral Agreement, together with any Commingling Financial Collateral Interest, and standing to the credit of the Commingling Financial Cash Collateral Ledger;

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

+ "**Posted Set-Off Collateral**" means, on the relevant Notes Payment Date, the aggregate Eligible Collateral that has been transferred by each Seller and received by the Issuer pursuant to the Set-Off Financial Collateral Agreement, together with any Set-Off Financial Collateral Interest, and standing to the credit of the Set-Off Financial Cash Collateral Ledger;

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

+ "**Post-Foreclosure Proceeds**" means any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Foreclosure Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivables;

+ "**Potential Commingling Required Amount**" means on the Closing Date EUR 12,500,000 and on each Notes Payment Date, an amount equal to 1.5 multiplied by the amount of principal and interest received by the Collection Foundation in connection with the Relevant Mortgage Receivables on average per calendar month in the immediately preceding 12 calendar months or, if shorter, in the period as of the Cut-Date;

+ "**Potential Set-Off Amount**" has the meaning ascribed thereto in section 5.1 (*Available Funds*);

+ "**Potential Set-Off Required Amount**" has the meaning ascribed thereto in section 5.1 (*Available Funds*);

"Prepayment Penalties" means any prepayment penalties (*boeterente*) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;

+ **"Previous Transaction Security Trustees"** means 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) XV, Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVI, Stichting Security Trustee Holland Mortgage Backed Series (Hermes) XVIII, Stichting Security Trustee PEARL Mortgage Backed Securities 1, Stichting Security Trustee PEARL Mortgage Backed Securities 2, Stichting Security Trustee PEARL Mortgage Backed Securities 4, Stichting Security Trustee Lowland Mortgage Backed Securities 1; and Stichting Security Trustee SNS Covered Bond Company;

+ **"Previous Transaction SPV's"** means 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) XV B.V., Holland Mortgage Backed Series (Hermes) XVI B.V., Holland Mortgage Backed Series (Hermes) XVIII B.V., PEARL Mortgage Backed Securities 1 B.V., PEARL Mortgage Backed Securities 2 B.V., PEARL Mortgage Backed Securities 4 B.V., Lowland Mortgage Backed Securities 1 B.V. and SNS Covered Bond Company B.V.;

"Principal Amount Outstanding" means, with respect to any Note on any date, the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts that have become due and payable prior to such date, provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid shall not be so deducted;

"Principal Deficiency" means the debit balance, if any, of the relevant Principal Deficiency Ledger;

"Principal Deficiency Ledger" means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

+ **"Principal Deficiency Limit"** means, with respect to a Class of Notes, the Principal Amount Outstanding of such Class of Notes;

+ **"Principal Ledger"** means a ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as principal in accordance with the Administration Agreement;

+ **"Principal Reconciliation Ledger"** means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;

"Principal Shortfall" has the meaning ascribed to it in Condition 9(a) in respect of the relevant Class of Notes, other than the Class A Notes;

"Priority of Payments" means any of the Revenue Priority of Payments, Redemption Priority of Payments and/or the Post-Enforcement Priority of Payments;

"Professional Market Party" means a professional market party (*professionele marktpartij*) as defined in the Wft;

"Prospectus" means the prospectus dated 8 July 2013 relating to the issue of the Notes;

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;

+ **"Provisional Pool"** means a provisional pool of mortgage loans which forms the basis for the Final Portfolio;

+ **"Purchase Price"** means the Initial Purchase Price and the Deferred Purchase Price;

+ **"Rabobank"** means Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), a cooperation with limited liability (*coöperatie met beperkte aansprakelijkheid*) organised under Dutch law and established in Amsterdam, the Netherlands;

+ **"Rabobank Existing Account"** means the bank account with Rabobank in its capacity as Foundation Account Provider with account number 11.20.29.671;

"Realised Loss" has the meaning ascribed thereto in section 5.3 (*Loss allocation*) of this Prospectus;

+ **"Receivables Proceeds Distribution Agreement"** means the receivables proceeds distribution agreement between the Sellers, the Collection Foundation and the Foundation Account Provider dated 19 December 2011;

+ **"Reconciliation Ledger"** means each of the Principal Reconciliation Ledger and Interest Reconciliation Ledger;

"Redemption Amount" means the principal amount redeemable in respect of a Note as described in Condition 6 (*Redemption*);

"Redemption Priority of Payments" means the priority of payments set out as such in section 5.2 (*Priorities of Payments*) of this Prospectus;

"Reference Agent" means ABN AMRO Bank N.V.;

+ **"Reference Mortgage Lenders"** means five (5) leading mortgage lenders in the Dutch mortgage market selected by the Issuer Administrator on behalf of the Issuer in good faith;

+ **"RegioBank"** means RegioBank N.V., a public limited liability company organised under Dutch law, and established in Utrecht, the Netherlands;

"Regulation S" means Regulation S of the Securities Act;

+ **"Relevant Bank Savings Mortgage Loans"** means in relation to each Bank Savings Participant, the Bank Savings Mortgage Loans of which the relevant Bank Savings Participant holds the relevant Bank Savings Account;

+ **"Relevant Bank Savings Mortgage Receivables"** means with respect to each Bank Savings Participant the Relevant Mortgage Receivables in connection with the Relevant Bank Savings Mortgage Loans;

+ **"Relevant Class"** has the meaning ascribed to it in Condition 10 (*Events of Default*);

+ **"Relevant Fixed Rate Mortgage Loan"** means, with respect to a Seller the Fixed Rate Mortgage Loan originated by the relevant Seller;

+ **"Relevant Fixed Rate Mortgage Receivable"** means a Mortgage Receivable resulting from the Relevant Fixed Rate Mortgage Loan;

+ "**Relevant Floating Rate Mortgage Loan**" means, with respect to a Seller the Floating Rate Mortgage Loan originated by the relevant Seller;

+ "**Relevant Floating Rate Mortgage Receivable**" means a Mortgage Receivable resulting from the Relevant Floating Rate Mortgage Loan;

+ "**Relevant Further Advance Receivable**" means, with respect to a Seller, the Further Advance Receivable originated by the relevant Seller;

+ "**Relevant Implementation Date**" means the date on which the Prospectus Directive is implemented in the relevant Relevant Member State;

+ "**Relevant Member State**" means each member state of the European Economic Area which has implemented the Prospectus Directive;

+ "**Relevant Mortgage Loan**" means, with respect to a Seller, the Mortgage Loan originated by the relevant Seller;

+ "**Relevant Mortgage Receivable**" means a Mortgage Receivable resulting from the Relevant Mortgage Loan;

+ "**Relevant NHG Mortgage Loan**" means, with respect to a Seller, an NHG Mortgage Loan originated by the relevant Seller;

+ "**Repurchase Mortgage Receivables**" means the Mortgage Receivables, repurchased and reassigned by the Issuer to the relevant Seller under any Deed of Purchase, Repurchase and Pledge;

+ "**Required Statistical Information**" has the meaning ascribed to it in Clause 18 of the Administration Agreement;

"**Requisite Credit Rating**" means the rating of (i) in respect of Moody's, 'Prime-1' (short-term) by Moody's and (ii) in respect of Fitch, the short-term issuer default rating of 'F-1' by Fitch or the long-term issuer default rating of 'A' by Fitch;

+ "**Revenue Ledger**" means a ledger created for the purpose of recording any amounts received by the Issuer in connection with the Mortgage Receivables identified as interest in accordance with the Administration Agreement;

"**Revenue Priority of Payments**" means the priority of payments set out as such in section 5.2 (*Priorities of Payments*) of this Prospectus;

"**Risk Insurance Policy**" means the risk insurance (*risicoverzekering*) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;

"**RMBS Standard**" means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;

"**Savings Insurance Company**" means an Insurance Company with which a Borrower has taken out a Savings Insurance Policy;

"**Savings Insurance Policy**" means an insurance policy taken out by any Borrower, in connection with a Savings Mortgage Loan, comprised of a risk insurance element and a capital insurance element which pays out a certain amount on an agreed date or, if earlier, upon the death of the insured life;

"**Savings Mortgage Loan**" means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity, but instead pays on a monthly basis a premium to the relevant Savings Insurance Company;

"Savings Mortgage Receivable" means the Mortgage Receivable resulting from any Savings Mortgage Loan;

"Savings Premium" means the savings part of the premium due and any extra saving amounts paid by the relevant Borrower, if any, to the Savings Insurance Company on the basis of the Savings Insurance Policy;

"Secured Creditors" means (a) the Noteholders, (b) the Directors, (c) the Issuer Administrator, (d) the Servicers, (e) the Paying Agent, (f) the Reference Agent, (g) the Insurance Savings Participant, (h) the Sellers, (i) the Bank Savings Participants, (j) the Cash Advance Facility Provider and (k) the Issuer Account Bank;

"Securities Act" means the United States Securities Act of 1933 (as amended);

"Security" means any and all security interest created pursuant to the Pledge Agreements;

+ **"Security Account"** means such account as opened by the Security Trustee in its name at any bank as chosen by the Security Trustee, to which account payments from Borrowers and any other relevant debtor shall be directed upon notification as referred to in Clause 5.1 of the Issuer Mortgage Receivables Pledge Agreement and/or the withdrawal of the power to collect pursuant to Clause 5.1 of the Issuer Rights Pledge Agreement;

+ **"Security Interests"** means any of the Mortgages and/or Borrower Pledges;

"Security Trustee" means Stichting Security Trustee Lowland Mortgage Backed Securities 2, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

"Security Trustee Management Agreement" means the security trustee management agreement between the Security Trustee and ANT Securitisation Services B.V. dated the Signing Date;

+ **"Security Trustee Secured Liabilities"** means any and all liabilities (whether actual or contingent), whether principal, interest or otherwise, to the extent such liabilities result in a claim for payment of money (*geldvordering*), which are now or may at any time hereafter be due, owing or payable (i) from or by the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and (ii) from or by the Issuer to the Security Trustee resulting from or in connection with any of the other Transaction Documents;

"Sellers" means each of SNS Bank and RegioBank;

+ **"Sellers Clean-Up Call Option"** means the option (but not the obligation) of the Sellers, acting jointly, to repurchase the Mortgage Receivables on a Notes Payment Date if on the Notes Calculation Date immediately preceding such Notes 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;

"Servicers" means each of SNS Bank and RegioBank;

+ **"Servicer Termination Event"** means any of the events mentioned in Clause 21.1 of the Servicing Agreement;

"Servicing Agreement" means the servicing agreement between the Servicers, the Issuer and the Security Trustee dated the Closing Date;

+ **"Servicing Rights"** means any and all rights of the Issuer vis-à-vis the Servicers under or in connection with the Servicing Agreement;

+ "**Set-Off Amount**" means, in respect of any Relevant Mortgage Receivable on any Notes Payment Date, an amount equal to the full amount due but unpaid in respect of such Relevant Mortgage Receivable during the Notes Calculation Period immediately preceding such Notes 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 Notes Payment Date, has not received such amount during the Notes Calculation Period immediately preceding such Notes Payment Date;

+ "**Set-Off Delivery Amount**" means, on any Notes Payment Date, the higher of (i) the Potential Set-Off Required Amount minus the Posted Set-Off Collateral Value and (ii) zero;

+ "**Set-Off Financial Cash Collateral Funds**" means, on any day, the Posted Set-Off Collateral standing to the credit of the Set-Off Financial Cash Collateral Ledger at the close of business of such day;

+ "**Set-Off Financial Cash Collateral Ledger**" means the ledger created for the purpose of recording any Eligible Collateral transferred by a Seller to the Issuer Collection Account under the Set-Off Financial Collateral Agreement in accordance with the Administration Agreement;

+ "**Set-Off Financial Collateral Agreement**" means the set-off financial collateral agreement between the Issuer, the Sellers and the Security Trustee dated the Closing Date;

+ "**Set-Off Financial Collateral Interest**" means, with respect to a Mortgage Calculation Period, any amount of interest calculated for each day in that Mortgage Calculation Period on the Set-Off Financial Cash Collateral Funds in accordance with the Issuer Account Agreement;

+ "**Set-Off Return Amount**" means, on any Notes Payment Date, the higher of (i) the Posted Set-Off Collateral Value minus the Potential Set-Off Required Amount and (ii) zero;

"**Shareholder**" means Stichting Holland Euro-Denominated Mortgage Backed Series (Hermes) Holding, a foundation (*stichting*) organised under Dutch law and established in Amsterdam, the Netherlands;

"**Shareholder Management Agreement**" means the shareholder management agreement between the Shareholder and ATC Corporate Services (Netherlands) B.V. dated 26 June 2001, as confirmed by the letter signed by the Shareholder, ATC Corporate Services (Netherlands) B.V. and the Security Trustee dated the Signing Date;

"**Signing Date**" means 8 July 2013 or such later date as may be agreed between the Issuer, the Sellers and the Manager;

+ "**SNS Bank**" means SNS Bank N.V., a public limited liability company organised under Dutch law, and established in Utrecht, the Netherlands;

+ "**SNS REAAL**" means SNS REAAL N.V., a public limited liability company organised under Dutch law, and established in Utrecht, the Netherlands;

+ "**SNS REAAL Group**" means each company forming part of the group within the meaning of article 2:24b of the DCC of SNS REAAL;

+ "**Solvency II**" means the European Parliament legislative resolution of 22 April 2009 on the amended proposal for a directive of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance,

+ "**SPVs**" means the Issuer and the Previous Transaction SPVs;

"**Stichting WEW**" means Stichting Waarborgfonds Eigen Woningen;

+ "**Sub-Class**" means in respect of a Class of Notes a sub-class thereof;

"**TARGET 2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

"**TARGET 2 Settlement Day**" means any day on which TARGET 2 is open for the settlement of payments in euro;

"**Tax Call Option**" means the option of the Issuer to redeem the Notes for certain tax reasons as provided in Condition 6(f);

* "**Temporary Global Note**" means a temporary global note in respect of a Class of Notes;

"**Transaction Documents**" means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Financial Collateral Agreements, the Cash Advance Facility Agreement, the Issuer Account Agreement, the Servicing Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Notes Purchase Agreement, the Participation Agreements, the Beneficiary Waiver Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment and Pledge, any Deed of Purchase, Repurchase and Pledge, the Receivables Proceeds Distribution Agreement, the Collection Foundation Account Pledge Agreement, the Flexible Mortgage Receivables Pledge Agreement, the Deposit Agreement and the Trust Deed;

+ "**Transaction Parties**" means any party to the Transaction Documents or any counterparty of the Issuer;

"**Trust Deed**" means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Closing Date;

+ "**Trustee Indemnification**" has the meaning ascribed to it in Clause 11.2 of the Mortgage Receivables Purchase Agreement;

+ "**Weighted Average Margin Substitution**" has the meaning ascribed to it in section 7.4 (*Portfolio Conditions*);

+ "**Weighted Average Interest Rate Substitution**" has the meaning ascribed to it in section 7.4 (*Portfolio Conditions*);

"**Wft**" means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time;

+ "**Wge**" means the Dutch Giro Securities Transfer Act (*Wet Giraal Effectenverkeer*);

+ "**Withheld Amount**" means the amount withheld as item (xiii) of the Available Revenue Funds; and

"**WOZ**" means the Dutch Valuation of Immovable Property Act (*Wet waardering onroerende zaken*).

NON-APPLICABLE RMBS STANDARD DEFINITIONS

"Issuer Transaction Account"

"Original Market Value"

"Principal Paying Agent"

"Relevant Remedy Period"

"Savings Investment Insurance Policy"

"Sub-servicer"

"Unit-linked Alternative"

2. INTERPRETATION

2.1 The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed thereto under applicable law.

2.2 Any reference in this Prospectus to:

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B notes, the Class C Notes, the Class D Notes or the Class E Notes, as applicable;

a "**Class A1**", "**Class A2**", "**Class A**", "**Class B**", "**Class C**", "**Class D**" or "**Class E**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Principal Shortfall or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption Amount pertaining to, as applicable, the relevant Class or Sub-Class of Notes;

"**foreclosure**" includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law, statute or treaty as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "months" and "monthly" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*voorlopige surséance van betaling*) as meant in the Dutch Bankruptcy Act (*faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "*pro resto hoofdsom*";

"**repay**", "**redeem**" and "**pay**" shall each include both of the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a "**statute**" or "**treaty**" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under a Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

any "**Transaction Party**" or "**party**" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and any subsequent successors in accordance with their respective interests.

2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

REGISTERED OFFICES

ISSUER

Lowland Mortgage Backed Securities 2 B.V.

Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SELLERS AND SERVICERS

SNS Bank N.V.

Croeselaan 1
3521 BJ Utrecht
The Netherlands

RegioBank N.V.

Croeselaan 1
3521 BJ Utrecht
The Netherlands

ISSUER ADMINISTRATOR

ATC Financial Services B.V.

Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SECURITY TRUSTEE

Stichting Security Trustee Lowland Mortgage Backed Securities 2

Claude Debussylaan 24
1082 MD Amsterdam
The Netherlands

LEGAL ADVISERS

NautaDutilh N.V.

Strawinskylaan 1999
1077 XV Amsterdam
The Netherlands

ISSUER ACCOUNT BANK

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

ABN AMRO Bank N.V.

Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

COMMON SAFEKEEPER

Clearstream, Luxembourg

42 Avenue J.F. Kennedy
L-1855 Luxembourg
Luxembourg

Bank of America National Association, London Branch

5 Canada Square
London, E14 5AQ
United Kingdom