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Base Prospectus, dated 25 November 2011

SNS BANK N.V.

(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in Utrecht, the Netherlands)

€15,000,000,000 Covered Bond Programme guaranteed as to payments of interest and principal by

SNS COVERED BOND COMPANY B.V.

(incorporated under the laws of the Netherlands with limited liability
and having its statutory seat in Amsterdam, the Netherlands)

This document constitutes a base prospectus (the "**Base Prospectus**") within the meaning of Directive 2003/71/EC and any amendments thereto (the "**Prospectus Directive**") including Directive 2010/73/EU (the "**PD Amending Directive**"). This Base Prospectus has been approved by the Dutch Authority for the Financial Markets ("**Stichting Autoriteit Financiële Markten**", the "**AFM**"), which is the Dutch competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of bonds (the "**Covered Bonds**") under the Programme (as defined below) during the period of twelve months after the date hereof. This Base Prospectus will be published in electronic form on website www.snsreal.com. This Base Prospectus is issued in replacement of a base prospectus dated 17 June 2010 as amended and supplemented, and accordingly supersedes any earlier base prospectus.

Under its €15,000,000,000 Covered Bond Programme (the "**Programme**") SNS Bank N.V. (the "**Issuer**" or "**SNS Bank**") may from time to time issue Covered Bonds denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), if any. Subject as set out herein, the maximum aggregate nominal amount of the Covered Bonds from time to time outstanding under the Programme will not exceed €15,000,000,000 (or its equivalent in other currencies calculated as described herein) subject to any increase as described herein.

SNS Covered Bond Company B.V. (the "**CBC**") will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds pursuant to a guarantee issued under the Trust Deed (as defined below). The Covered Bonds will further be (indirectly) secured by a right of pledge (or such other security right as may be applicable) over the Transferred Assets (as defined below) vested by the CBC in favour of Stichting Security Trustee SNS Covered Bond Company (the "**Security Trustee**") and a right of pledge vested by the CBC in favour of the Security Trustee over all rights of the CBC under or in connection with the CBC Relevant Documents (as defined below). Recourse against the CBC under its guarantee will be limited to the Transferred Assets and the rights of the CBC under or in connection with the CBC Relevant Documents (the "**Security**").

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed in respect of Covered Bonds under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**"). Covered Bonds may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Covered Bonds (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the relevant final terms (the "**Final Terms**"). Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to the Covered Bonds will be set forth in the applicable Final Terms which, in respect to Covered Bonds to be listed on the regulated market of the Luxembourg Stock Exchange, will be filed and delivered to the Luxembourg Stock Exchange on or before the date of each issue of such Covered Bonds.

Application may be made for the Covered Bonds to be listed on the official list of the Luxembourg Stock Exchange during the period of 12 months from the date of this Base Prospectus. In addition, Covered Bonds issued under the Programme may be listed or admitted to trading, as the case may be, on any other stock exchange or regulated market specified in the applicable Final Terms. The Issuer may also issue unlisted Covered Bonds under the Programme.

The Issuer has requested the AFM to provide the competent authority in Luxembourg with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with Chapter 5.1 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the "**Wft**") and related regulations which implement the Prospectus Directive in Dutch law ("**Notification**"). The Issuer may request the AFM to provide competent authorities in additional Member States within the European Economic Area (the "**EEA**") with a Notification.

The Issuer and the CBC may agree with any Dealer and the Security Trustee that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds set out herein, in which event a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

It is expected that each issue of a Series of Covered Bonds will, on issue, be assigned an "Aa1" rating by Moody's Investors Service Limited ("**Moody's**") and an "AAA" (and not on rating watch negative) rating by Fitch Ratings Limited ("**Fitch**"), unless otherwise specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. For a discussion of some of the risks associated with an investment in the Covered Bonds, see Risk Factors herein. The Rating Agencies have been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

The Covered Bonds of each Tranche are in bearer form or in registered form. Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Covered Bond. Global Covered Bonds will be deposited on or about the issue date thereof (each an "**Issue Date**") either (i) with a common safekeeper or common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or (ii) with the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**") and/or (iii) any other agreed clearance system. Registered Covered Bonds will be issued to each relevant holder by a registered covered bonds deed. See *Form of Covered Bonds*.

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

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

Arranger

RBS

Dealers

Barclays Capital
Commerzbank
Credit Suisse
Deutsche Bank
DZ BANK AG
HSBC
J.P. Morgan

Landesbank Baden-Württemberg
Merrill Lynch International
Natixis
SNS Bank
Société Générale Corporate & Investment Banking
UBS Investment Bank
UniCredit Bank

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1. SUMMARY OF THE PROGRAMME

This summary should be read as an introduction to this Base Prospectus and any decision to invest in the Covered Bonds must be based on a consideration of the Base Prospectus as a whole, including any document incorporated by reference herein and any supplement thereto. Civil liability will only attach to the Issuer or the CBC, if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Base Prospectus. Where a claim relating to the information contained in the Base 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 Base Prospectus before the legal proceedings are initiated.

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

The Issuer

SNS Bank N.V. is a public limited liability company ("*naamloze vennootschap*") incorporated under the laws of the Netherlands, having its corporate seat ("*statutaire zetel*") in Utrecht, the Netherlands and its registered office at Croeselaan 1, 3521 BJ Utrecht, the Netherlands and registered with the Trade Register ("*Handelsregister*") of the Chamber of Commerce ("*Kamer van Koophandel*") Utrecht, the Netherlands under number 16062338 (the "**Issuer**" or "**SNS Bank**").

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

The banking activities of SNS REAAL Group are conducted through SNS Bank and its subsidiaries. SNS Bank offers a broad scale of financial products to private customers and to small and medium sized companies. In addition to distribution via its branch network, other forms of distribution have been developed in order to increase efficiency and to establish a full national coverage. Internet distribution of the main financial products is fully operational. Subsidiaries of SNS Bank such as ASN Bank N.V. and RegioBank N.V. operate in niche markets or via specific distribution channels. Commercial property finance activities, which include real estate project finance, lease finance and real estate investment finance are concentrated in SNS Property Finance B.V.

Covered Bonds

Under the terms of the Programme, the Issuer may from time to time issue Covered Bonds including, without limitation, floating rate Covered Bonds, fixed rate Covered Bonds and zero coupon Covered Bonds in accordance with and subject to all applicable laws and regulations and denominated in any currency, subject as set out herein. The applicable terms of any Covered Bonds will be set out in the Terms and Conditions of the Covered Bonds endorsed on, attached to, or incorporated by reference into, the Covered Bonds, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Covered Bonds, as more fully described under *Form of the Covered Bonds*. Payment of interest and principal under the Covered Bonds will be guaranteed by the CBC as more fully described below.

Interest on the Covered Bonds

Interest shall be payable and principal shall be repayable on the Covered Bonds of each Series or Tranche on the Interest Payment Dates specified in the applicable Final Terms up to the Maturity Date. In respect of Covered Bonds other than zero coupon Covered Bonds interest shall be payable monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds.

Redemption of the Covered Bonds

The applicable Final Terms will indicate either (a) that the relevant Covered Bonds will not be redeemed prior to their stated maturity (other than in specified events or instalments, if applicable, or for taxation reasons or following an Issuer Event of Default or a CBC Event of Default) or (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms.

The CBC

SNS Covered Bond Company B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number 34286571 and registered with the Trade Register of the Chamber of Commerce Amsterdam. The entire issued share capital of the CBC is owned by Stichting Holding SNS Covered Bonds (the "**Stichting Holding**").

The Guarantee and Security

Pursuant to a Guarantee issued under the Trust Deed, the CBC will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds. The obligations of the CBC under the Guarantee will constitute unsubordinated and unguaranteed obligations of the CBC, secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the CBC to the Security Trustee over the Transferred Assets and (ii) a first ranking disclosed pledge by the CBC to the Security Trustee over the CBC's rights under or in connection with (most of) the Relevant Documents.

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

If the CBC is required to pay under the Guarantee, it will be obliged to pay the Guaranteed Amounts, other than the Guaranteed Final Redemption Amounts as set out below, when Due for Payment. An Extended Due for Payment Date shall apply in relation to each Series of Covered Bonds. In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then: (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless and to the extent there are any amounts available to the CBC for such purpose on any Interest Payment Date prior to such date and (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount.

Guarantee Support

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Issuer undertakes to transfer Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. The Issuer will have the right to comply with this undertaking by the other Originators offering to transfer (part of) such Eligible Assets to the CBC. At the option of the Issuer, subject to Rating Agency Confirmation, New Originators may accede to the Guarantee Support Agreement. The Issuer is obliged, and the CBC will use reasonable efforts, to ensure, among other things, that the Asset Cover Test is satisfied as at the end of each calendar month, as calculated on the immediately succeeding Calculation Date.

Servicing

The Servicer has entered into the Servicing Agreement with the CBC and the Security Trustee, pursuant to which the Servicer will provide administrative services in respect of the Mortgage Receivables transferred by the Originators. The Servicer will also service any Mortgage Receivables transferred by other Originators to the CBC. The Servicer is permitted to sub-contract its servicing role to any member of the SNS REAAL Group and, subject to any applicable conditions in the relevant Servicing Agreement, to another third party servicer. If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution

Assets or such other services as may be required.

Asset monitoring

Up to three kinds of tests will be carried out so as to monitor the CBC's assets from time to time. The Asset Cover Test is intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. The Portfolio Tests may be implemented as an alternative or a supplement to the Total Return Swap or any Standby Total Return Swap Agreement, as the case may be, at the option of (i) the Issuer at any time or (ii) the CBC at any time after the Total Return Swap Counterparty and/or any Standby Total Return Swap Provider ceases to be an Eligible Swap Counterparty. A breach of the Asset Cover Test or any Portfolio Test will entitle the Security Trustee to serve a Notice to Pay on the CBC. The Amortisation Test is only relevant following service of a Notice to Pay, and is, like the Asset Cover Test, intended to ensure that the ratio of the Transferred Assets to the Covered Bonds is maintained at a certain level. A breach of the Amortisation Test will entitle the Security Trustee to serve a CBC Acceleration Notice.

Swaps

There will be certain mismatches between the interest to be received on the Transferred Assets and the GIC Accounts and the amounts payable under the Covered Bonds. In order to address these mismatches, the CBC will be required to enter into appropriate hedging arrangements. The CBC has entered into the Total Return Swap Agreement, the Standby Total Return Swap Agreements, the Swap Undertaking Letter in respect of Interest Rate Swap Agreements and Structured Swap Agreements and several Interest Rate Swap Agreements in relation to Series of Covered Bonds.

Cash flows

For as long as no Assignment Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, the Originators will be entitled to receive and retain the proceeds from the Transferred Assets for their own benefit. The Issuer will pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any swap agreement. Following the occurrence of an Assignment Notification Event or service of a Notice to Pay or a CBC Acceleration Notice, the Originators' right to retain the proceeds of the Transferred Assets will terminate and moneys received by the CBC will be applied in accordance with the relevant Priority of Payments.

Listing

Application has been made for the Covered Bonds to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange. The Covered Bonds may also be listed, quoted and/or traded on or by such other or further competent listing authority(ies), stock exchange(s) and/or quoted system(s) as set forth in the applicable Final Terms in relation to each Series. Unlisted Covered Bonds may also be issued. The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

Rating

It is expected that each issue of a Series of Covered Bonds, on issue, be assigned an "Aa1" rating by Moody's and an "AAA" (and not on rating watch negative) rating by Fitch, unless otherwise specified in the applicable Final Terms. The Rating Agencies are established in the European Union. The Rating Agencies have been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

Risk factors

There are certain factors which may affect the ability of the Issuer and/or the CBC to fulfil its obligations under the Covered Bonds issued under the Programme. Prospective Bondholders should take into account the fact that the liabilities of the CBC under the Covered Bonds are limited recourse obligations and that the ability of the Issuer and/or the CBC to meet such obligations will be affected by certain factors. These include the fact that the Issuer's and/or the CBC's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and (v) operational, credit, market, liquidity, legal risk and (vi) certain factors which are material for the purpose of assessing the

market risks associated with Covered Bonds issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme (see in more detail *Risk Factors* below).

2. RISK FACTORS

The Issuer and the CBC believe that the following factors may affect their ability to fulfil their obligations under the Covered Bonds. Most of these factors are contingencies which may or may not occur and the Issuer and/or the CBC are 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 Covered Bonds are also described below. The Issuer and the CBC believe that the factors described below represent the material risks inherent in investing in the Covered Bonds, but the inability of the Issuer or the CBC to pay interest, principal or other amounts on or in connection with the Covered Bonds may occur for other reasons not known to the Issuer nor the CBC or not deemed to be material enough. Neither the Issuer nor the CBC represents that the statements below regarding the risks of investing in any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Before making an investment decision with respect to any Covered Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Covered Bonds and consider such an investment decision in the light of the prospective investor's personal circumstances.

RISK FACTORS REGARDING THE ISSUER

The Issuer's business is primarily concentrated in the Netherlands

The Issuer generates most of its income in the Netherlands and therefore is particularly exposed to the economic conditions in the Netherlands. Economic conditions in the Netherlands have been difficult. Due to the credit crisis over the past three years, the Dutch gross domestic product ("GDP") slowed to -3.9% in 2009 compared to 2.6% in 2008, while in 2010 the GDP increased by 1.7% compared to 2009. Any deterioration or merely a long-term persistence of the difficult economic environment in the Netherlands could negatively affect the demand for the Issuer's products and services.

As a consequence of the acquisition of SNS Property Finance B.V. as of 1 December 2006 the Issuer is not only exposed to the economic conditions in the Netherlands, but also to those in certain foreign countries. International commitments of Property Finance stood at €2.4 billion as of the end of June 2011, representing 3% of the balance sheet of SNS Bank N.V. Commercial property finance activities abroad take place in selected Western EU-countries, the United States of America and Canada ("Certain Foreign Countries"). However in 2009 SNS Property Finance B.V. took measures to reduce risks and will now focus on the domestic market.

In addition, the Issuer is also exposed to the risk of a significant deterioration of the financial position of the Issuer's customers which are small and medium-sized enterprises ("SMEs") in the Netherlands.

A significant portion of the Issuer's results relates to the Issuer's mortgage loan products

Mortgage loans constitute approximately 76.12% of the Issuer's total loan portfolio at year-end 2010. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans, increased interest rates or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. Further, a decrease in the general level of interest rates could affect the Issuer through, among other things, increased pre-payments on the loan and mortgage portfolio.

In addition, a general decrease in the production of mortgage loans in the Netherlands may also result in a decrease in the production of mortgage loan related products, including mortgage loan insurance.

The Issuer is exposed to risks relating to its commercial property finance activities

The Issuer operates in the business-to-business real estate finance market, which includes real estate project finance, lease finance and real estate investment finance. In respect of these commercial property finance activities the Issuer is exposed to the risk that a counterparty may default on its

obligations to the Issuer. This includes defaults on obligations in relation to loans granted or equity provided by the Issuer. It is not certain that security rights (such as Mortgages) can be enforced in all circumstances. In addition, enforcement of security rights by the Issuer may result in losses due to a decline in value of the property sold or due to other reasons. An increase in interest rates could lead to such a decline in property values.

The Issuer's extensive network of intermediaries is its most important distribution channel and the Issuer may be unable to maintain a competitive distribution network

The Issuer uses a variety of distribution channels in the Netherlands for the marketing and offering of its products and services, including its network of branches, the Internet, call centres, intermediaries and partnerships (special distribution).

Substantially more than half of the Issuer's distribution originates from distribution of its products and services by intermediaries who may also offer competitors' products and services. As a result, the success of the Issuer through this distribution channel depends on the preferences of these intermediaries for the products and services of the Issuer. Intermediaries' preferences are mainly determined by product quality, the services offered to customers and the support services. The level of compensation is in light of the upcoming legislative proposals becoming a less distinct feature for the preferences of intermediaries. The Issuer may not succeed in continuing to provide sufficient incentives to intermediaries to market its products and services successfully.

In seeking to attract and retain productive intermediaries, the Issuer competes with other financial institutions primarily on the basis of its support services, product features and financial position. The Issuer may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of its distribution network.

The Issuer is exposed to the risk of a decline in the securities markets or poor investment performance

The evolution of prices and indices of securities, both in terms of equity and fixed income, in which the Issuer invests, has a considerable impact on its investment income.

Part of the portfolios the Issuer manages are non-discretionary portfolios with fee arrangements based on the volume of transactions into which the Issuer enters on behalf of its customers. To the extent that trading volumes decline, lower market activity results in lower commission income for the Issuer.

Furthermore, a decline in or disruption of the securities market may cause the Issuer's customers to withdraw funds in favour of investments they perceive as offering greater opportunity or lower risk, which could result in lower investment advisory fees. Where the fee arrangement depends on the performance of the portfolios the Issuer manages, a decline in or disruption of the securities market may cause lower yields, resulting in a decline in the Issuer's revenues and profits.

A decline in or disruption of the securities market would also lower the value of collateral pledged as security for margin loans, which would increase the risk that they would default as well as impact recovery in the event of a default. If the Issuer is unable to recover the full amount owed to it on the Issuer's loans to customers, the Issuer would be forced to recognise loan losses, which would adversely affect the Issuer's profitability. Even if the number of loans in default does not increase, a decline in or disruption of the securities market could cause the Issuer to call margin loans, requiring the assets pledged as collateral for these loans to be sold. If that happens the Issuer would lose both the interest income on the loans, as well as the fees for managing the assets.

Furthermore, the decline in or disruption of the securities market may affect the demand for the products and services offered by the Issuer.

The Issuer faces substantial competitive pressures which could adversely affect the Issuer's results of operations

There is substantial competition in the Netherlands for the types of insurance, banking and other products and services the Issuer provides. Competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where the Issuer operates. The

Issuer faces competition from companies such as ING Groep N.V., ABN AMRO Bank N.V. and Rabobank. If the Issuer is unable to offer competing and attractive products and services that are profitable, the Issuer may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the Issuer's ability to maintain or increase profitability.

With respect to its commercial property finance activities in Certain Foreign Countries the Issuer also faces competitive pressure from local banks that specialize in commercial property finance activities, which could also adversely affect the Issuer's results of operations.

The Issuer faces significant liquidity risk

The Issuer faces significant liquidity risk. Liquidity risk refers to the risk that funding and liquid assets will not be (sufficiently) available as a result of which the Issuer may not be able to meet short-term financial obligations. The Issuer's sensitivity to this risk is substantial. The amount of mortgage loans on the Issuer's balance sheet is higher than the amount of savings money attracted. This has resulted in an increasing dependency on wholesale funding including the use of securitisation of the mortgage loan portfolio and the issue of covered bonds. The gap between mortgage loans granted and savings and deposits entrusted is funded in the money and capital markets. Good access to these markets is necessary to finance the growth of the mortgage loan portfolio and to refinance all outstanding loans with a shorter maturity than the mortgage loans in which the money is invested. The access to the money and capital markets may be affected by concerns about the credit strength of the relevant institution, but may also be influenced by concerns about the market segments in which the Issuer is active, or by a general market disruption. Access to the markets may be further affected by the Issuer's credit rating.

Market conditions can adversely affect the results of the Issuer

The Issuer's business segment is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending and demographics.

The results of the banking operations of the Issuer are affected by its management of interest rates sensitivity. The composition of the Issuer's assets and liabilities, and any gap position resulting from that composition, causes the banking operations net interest income to vary with changes in interest rates. There can be no assurance that the Issuer will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low interest rate changes. A mismatch of interest-earning assets and interest bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial position or result from operations of the banking business of the Issuer.

Since the Issuer also operates in Certain Foreign Countries with respect to its commercial property finance activities, the market conditions in these countries can affect the results of the Issuer.

While the Issuer manages its operational risks, these risks remain an inherent part of all of the Issuer's businesses

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the Issuer's reputation. Additionally, the loss of key personnel could adversely affect the Issuer's operations and results.

The Issuer attempts to keep operational risks at appropriate levels by maintaining a well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they do not eliminate them.

The Issuer is exposed to integration risks following mergers

Between 30 June 2008 and 18 March 2011, BLG Hypotheekbank N.V., DBV Finance B.V. and SNS Assurantiën B.V. merged into the Issuer. As a consequence, the businesses, systems and/or processes

of such entities have been or currently still need to be integrated into the business of the Issuer. Any failure to successfully integrate the businesses, systems and/or processes of such entities could lead to a potential loss of customers and/or key employees or announced synergy advantages might not be realised. This in turn could have a material adverse effect on the Issuer. Additionally, unexpected risks or liabilities relating to the entities with whom the Issuer merged could adversely affect the Issuer.

The business of the Issuer is exposed to risks concerning the adequacy of its credit provisions

The Issuer is exposed to general credit risks; for example, the Issuer is exposed to credit risk of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, the issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Issuer is subject to risks that have their impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Issuer which arise from lending or other financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate.

If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Issuer to determine its credit provisions, these provisions could be inadequate.

The Issuer is subject to currency-related risks

Currency risk exposure affects the Issuer's funding of its operations and part of its investment portfolio. To the extent these are not hedged, the Issuer is exposed to certain currency fluctuations between the euro and the US dollar in particular, as well as other currencies, such as the Japanese yen, Hong Kong dollar, pound sterling and Australian dollar. The Issuer's reporting currency is the euro. Non-euro income and expense items are translated into euro for consolidation of the Issuer's profit and loss statement, on the basis of average exchange rates during the relevant period. For the purposes of the Issuer's consolidated balance sheet, the Issuer translates non-euro denominated assets and liabilities into euro at the exchange rate prevailing at the balance sheet date.

The Issuer may be exposed to failures in its risk management systems

The Issuer invests substantial time and effort in its strategies and procedures for managing not only credit risk, but also other risks, such as strategic risk, market risk, underwriting risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuer is confronted with risks that it has not fully or adequately identified or anticipated. Some of the Issuer's methods for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of the Issuer's risk exposures. These statistical methods may not accurately quantify the Issuer's risk exposure if circumstances arise which were not observed in the Issuer's historical data. For example, as the Issuer offers new products or services, the historical data may be incomplete or not accurate for such new products or services. As the Issuer gains more experience it may need to make additional provisions.

If circumstances arise that the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, the Issuer's losses could be greater than the maximum losses envisaged by the Issuer. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, the Issuer may experience unanticipated losses.

The Issuer is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof

The Issuer relies heavily on its operational processes, and communication and information systems in particular to conduct its business. Even with the back-up recovery systems and contingency plans that

are in place, the Issuer cannot ensure that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion;
- interruptions or errors in the Issuer's management information and/or information reported to supervisory authorities;
- the Issuer being unable to report accurate information in a timely manner and thus being in violation of applicable regulations;
- inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by the Issuer's employees or third parties, or telecommunication connection failures or hacking of the Issuer's website portal;
- considerable costs in terms of, for example, information retrieval and verification.

The Issuer's business operations are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which the Issuer depends. Furthermore, the Issuer cannot assure that interruptions, failures or breaches of the Issuer's communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.

A significant portion of the Issuer's business relates to the Issuer's dealings with third parties

A significant portion of the Issuer's business relates to products and services which the Issuer offers in co-operation with third parties or in relation to which the Issuer depends on third parties, for example for the distribution of such products and services. The Issuer cannot ensure that these third parties will continue their co-operation with the Issuer, that the relationships with these third parties will continue to be beneficial or that the Issuer will be able to sustain its ability to successfully develop and market the products and services which are developed together with third parties.

Negative publicity about these third parties, whether or not founded, could also harm the Issuer's reputation.

Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on the economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

The Issuer operates in an industry that is highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing the Issuer's business. There are frequent investigations by supervisory authorities, both into the industry and into the Issuer, which could result in governmental enforcement actions

The Issuer's business is regulated and supervised by several Dutch supervisory authorities. The Issuer is required to hold a license for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as the Dutch Central Bank (*De Nederlandsche Bank N.V.*; "DNB"), the AFM and Euronext Amsterdam N.V. ("**Euronext Amsterdam**")) and in all other jurisdictions in which it operates. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the Issuer's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Issuer's business or particular products and services could be amended or interpreted in a manner that is adverse to the Issuer, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services the Issuer offers, whether existing or new, or (ii) negatively affect the performance of the products and services the Issuer offers, whether existing or new. The Issuer's revenues and costs, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Issuer operates, whether existing or new. Due to the complexity of the regulatory environment in which the Issuer operates, it will entail more costs to ensure that the Issuer is, and will continue to be, in compliance with all applicable laws and

regulations at all times, to the extent that the volume of regulation increases and the scope of the activities changes.

Furthermore, laws and regulations grant supervisory authorities the authority to perform investigations into, among other things, the compliance with specific regulations by the industry and/or the Issuer. Such investigations into financial services groups, including the Issuer, are ongoing. Current and future investigations by supervisory authorities, in particular in the context of, but not limited to, market conduct supervision, could result in sanctions in the event of it being found that the Issuer does not or does not fully comply with applicable laws and regulations. The outcome of such investigations could necessitate the Issuer to take costly measures. The outcome of such investigations by supervisory authorities could also result in changes in laws and regulations of the relevant supervisory authority in a manner that is adverse to the Issuer, which could, as indicated above, among other things, reduce or restrict the sale of the products and services the Issuer offers, whether existing or new, or negatively affect the performance of the products and services the Issuer offers, whether existing or new. The Issuer is one of the subjects of an investigation into certain control frameworks ("*beheersingskaders*") in the context of market conduct supervision. The outcome of this investigation may damage the reputation of the industry and of the Issuer. This investigation induced the Issuer to change certain of its operational processes.

If the Issuer is in breach of any existing or new laws or regulations now or in the future, the Issuer will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the Issuer's reputation could suffer and the Issuer could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations.

The Issuer is exposed to risks of damage to its reputation

The Issuer is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, will harm the Issuer's reputation. The Issuer's reputation could also be harmed if products or services recommended by the Issuer do not perform as expected, for example in relation to endowment mortgage products.

Negative publicity could, for example, be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to the Issuer (such as an intermediary or a partner) or about politically exposed persons in the Issuer's customer base. Furthermore, negative publicity could result from failures in the Issuer's information technology systems, loss of customer data or confidential information, or failure in the Issuer's risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to the Issuer.

Any resulting damage to the Issuer's reputation, in particular with a view to the Issuer's focus on SME customers and the concentration of its business in the Netherlands, could cause disproportionate damage to the Issuer's business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage the Issuer's reputation further.

Any damage to the Issuer's reputation could cause existing customers to withdraw their business from the Issuer and potential customers to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which may make it more difficult for the Issuer to maintain its credit rating.

A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition

The Issuer is currently rated Baa1/P-2 by Moody's (stable outlook), BBB+/F2 by Fitch (stable outlook) and A-/A-2 (negative outlook) by Standard & Poor's Rating Services. A downgrade of any of the

Issuer's ratings (for whatever reason) would result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse affect on the Issuer's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse affect on the Issuer's financial condition and/or results of operations.

The Issuer has counterparty risk exposure

The Issuer is subject to general credit risks, including credit risk of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

In addition, certain of the Issuer's financial products and services are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could result in significant damage to the Issuer's reputation, which could in turn greatly hinder the Issuer's ability to retain clients or compete for new business.

The Issuer's results of operations can be affected by significant adverse regulatory developments including changes in tax law

The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in the Netherlands and any other jurisdiction it conducts its business in. The timing and form of future changes in regulation are unpredictable and beyond control of the Issuer, and changes made could materially adversely affect the Issuer's business.

Different capacities

SNS Bank acts in different capacities under the Relevant Documents, including as Issuer, Originator, Servicer, Administrator, Total Return Swap Counterparty, Structured Swap Counterparty and Interest Rate Swap Counterparty. The Issuer has been advised that, as a matter of Dutch law, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like SNS Bank) is acting with other parties (such as the Security Trustee and the CBC).

Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer or its affiliates

The Issuer and its affiliates face significant legal risks in the conduct of their business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which the Issuer or its affiliates acts as principal, intermediary or otherwise. Increasingly financial institutions are also held liable by customers for actions of intermediaries even if there has been little to no control over their actions. Also, companies in the Issuer's or its affiliates' industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Issuer or its affiliates. The costs to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's or its affiliates' services, regardless of whether the allegations are valid or whether the Issuer or its affiliates are ultimately found liable. As a result, litigation may adversely affect the Issuer's or its affiliates' business, financial condition and results of operations (See also the risk factor "The Issuer is exposed to risks of damage to its reputation" and the paragraph "Legal proceedings" in the chapter "Selected Financial Information").

RISK FACTORS REGARDING THE COVERED BONDS

The Covered Bonds will be solely the obligations of the Issuer

The Covered Bonds will be solely the obligations of the Issuer. The Covered Bonds will not be obligations or responsibilities of, or guaranteed by (other than pursuant to the Guarantee, as set out below), any other entity or person, in whatever capacity acting (other than as Issuer), including, without limitation, any Originator, the CBC, any Savings Insurance Company, any Swap Counterparty, the Servicer, the Administrator, the Directors, any Paying Agent, any Calculation Agent, the Arranger, any Dealer, the GIC Provider and the Security Trustee. Furthermore, none of the Originators (other than the Issuer), the Savings Insurance Companies, the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealers (excluding the Issuer), the GIC Provider and the Security Trustee, nor any other person in whatever capacity acting (other than the Issuer), will accept any liability whatsoever to Covered Bondholders in respect of any failure by the Issuer to pay any amounts due under the Covered Bonds.

Factors which might affect an investor's ability to make an informed assessment of the risks associated with Covered Bonds issued under the Programme

Investors in the Covered Bonds must be able to make an informed assessment of the Covered Bonds, 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, placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds and the merits of investing in the Covered Bonds 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 Covered Bonds 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 Covered Bonds, 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 Covered Bonds and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable from 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.

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for investors. Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. Investors should not invest in Covered Bonds which are complex financial instruments unless they have the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the investor's overall investment portfolio.

Risks related to the structure of a particular issue of Covered Bonds

Covered Bonds issued under the Programme will either be fungible with an existing Series or have different terms to an existing Series (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share

equally in the Security granted by the CBC. If an Issuer Event of Default or a CBC Event of Default occurs and results in acceleration, all Covered Bonds of all Series will accelerate at the same time. Set out below is a description of the most common features of Covered Bonds:

Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be the case prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms prior to the Maturity Date and the Issuer cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC will have the right to declare that all of the Covered Bonds then outstanding will mature on the relevant optional redemption date as specified in the applicable Final Terms and that the Maturity Date will be such Optional Redemption Date. If the CBC exercises its right, the Maturity Date will be the relevant Optional Redemption Date and the Extended Due for Payment Date will be the date falling one year after such date (or if indicated otherwise in the final terms, such date).

Partly-paid Covered Bonds

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Covered Bonds issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or Caps, Floors or Collars (or any combination of those features or other similar related features), their market values may be even more volatile than those for securities that do not include those features.

Risks related to Covered Bonds generally

Set out below is a brief description of certain risks relating to the Covered Bonds generally.

Certain decisions of Covered Bondholders taken at Programme level

Any Programme Resolution to direct the Security Trustee to serve an Issuer Acceleration Notice, a

Notice to Pay or a CBC Acceleration Notice, and any direction to the Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds of all Series then outstanding as set out in more detail in Condition 14 (*Meetings of Covered Bondholders, Modification and Waiver*) and can not be decided upon at a meeting of Covered Bondholders of a single Series. A Programme Resolution will be binding on all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority.

The Security Trustee may agree to modifications to the Relevant Documents without the Covered Bondholders' or other Secured Parties' prior consent

Pursuant to the terms of the Trust Deed, the Security Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Parties (other than the Security Trustee (where applicable)), concur with any person in making or sanctioning any modifications to the Covered Bonds of any Series, the related Coupons or any Relevant Documents (including without limitation designating further creditors as Secured Parties):

- provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of (a) any of the Covered Bondholders of any Series or (b) any of the other Secured Parties (other than the CBC) (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party) and (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given his/her written consent as aforesaid), and, in either case, such modification is notified to the Rating Agencies;

or

- which in the opinion of the Security Trustee are made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or of a formal, minor or technical nature or are made to comply with mandatory provisions of law.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required, from 1 July 2005, 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 an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) 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). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

Tax consequences of holding the Covered Bonds

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation.

Covered Bonds held in global form

The Bearer Covered Bonds which are in NGN form (as specified in the applicable Final Terms), will be held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg and the Bearer Covered Bonds which are not in NGN form (as specified in the applicable Final Terms), will initially be held by a common depositary for Euroclear and/or Clearstream, Luxembourg, or Euroclear Nederland, or in either case any other agreed clearing system, and in each case in the form of a Global Covered Bond which will be exchangeable for Definitive Covered Bonds only in the limited circumstances as more fully described in *Form of Covered Bonds* below. For as long as a Covered

Bond is represented by a Global Covered Bond held by the common safekeeper or common depository on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Nederland, payments of principal, interest (if any) and any other amounts on a Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Covered Bond and, in the case of a Temporary Global Covered Bond, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Covered Bond, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Covered Bonds represented by such Global Covered Bond with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Covered Bonds.

In relation to any issue of Covered Bonds which have a denomination of euro 100,000 (or higher or its equivalent in another currency) (in such case defined as the minimum "**Specified Denomination**") plus a higher integral multiple of another smaller amount, it is possible that the Covered Bonds be traded in amounts in excess of euro 100,000 or its equivalent that are not integral multiples of euro 100,000 (or its equivalent). In such a case a Covered Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a Definitive Covered Bond in respect of such holding (should definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts up to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Covered Bondholder will be unable to transfer this Stub Amount.

Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland (and in the latter case, the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, "**Wge**")), as the case may be.

Registered Covered Bonds

Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount, or part thereof, as the case may be, at the opening of business on the second business day falling prior to the due date of such payments. If any Registered Covered Bond holder transfers any Registered Covered Bonds in accordance with Condition 18.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the Record Date, the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with Condition 18 (*Terms and Conditions of the Registered Covered Bonds*). The Registrar shall fulfil certain obligations of the Principal Paying Agent in relation to payments in respect of the Registered Covered Bonds.

To the extent that Dutch law is applicable, one of the requirements for a valid transfer of a Registered Covered Bond, is a valid delivery (*levering*). Investors should be aware that delivery of a Registered Covered Bond requires the execution of a deed of assignment ("*akte van cessie*") between the assignor and the assignee and notification thereof by the assignor or the assignee to the Issuer and the CBC.

Covered Bonds in NGN form

The NGN form has been introduced to allow for the possibility of Covered Bonds being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

Base Prospectus to be read together with applicable Final Terms

The Terms and Conditions of the Covered Bonds included in this Base Prospectus apply to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Tranche of Covered Bonds can be reviewed by reading the master Terms and Conditions as set out in full in this Base Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which applies and/or disappplies, supplements and/or amends the Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche thereof).

Proposed Changes to the Basel Capital Accord

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"). Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. In October 2008, the European Commission adopted proposals to amend the Capital Requirements Directive in light of the financial crisis, which came into force on 7 December 2010. Recently, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced a substantial strengthening of existing capital requirements and fully endorsed the agreements it reached on 26 July 2010, where new rules were proposed amending the existing Basel II Accord on bank capital requirements ("**Basel III**"). It is contemplated to implement these new rules by the end of 2011. Basel II, as published, and Basel III even to a greater extent, will affect risk-weighting of the Covered Bonds for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II and Basel III, as implemented by their own regulator, to their holding of any Covered Bonds. Neither the Issuer, the Arranger, the CBC nor the Security Trustee are responsible for informing Covered Bondholders of the effects on the changes to risk-weighting which will result for investors from the adoption by their own regulator of Basel II and/or Basel III (whether or not implemented by them in its current form or otherwise).

Change of law and jurisdiction

The terms and conditions of the Covered Bonds are governed by Dutch law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice after the date of this Base Prospectus.

Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving any Series or Tranche of Covered Bonds. Covered Bondholders may take any suit, action or proceedings arising out of or in connection with the Covered Bonds against the Issuer in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Covered Bonds.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited

secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

In addition, the secondary market for covered bonds, which also includes the Covered Bonds issued under this Programme, is currently experiencing severe disruptions resulting from reduced investor demand for covered bonds and increased investor yield requirements for those securities. As a result, the secondary market for covered bonds is experiencing limited liquidity. The conditions may continue or worsen in the future. Limited liquidity in the secondary market for covered bonds has had a severe adverse effect on the market value of covered bonds. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of covered bonds. Consequently, an investor in the Covered Bonds may not be able to sell its Covered Bonds readily. The market values of the Covered Bonds 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 Covered Bonds 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 Covered Bonds in the secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the currency as specified in the applicable Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Credit ratings may not reflect all risks

The ratings assigned to the Covered Bonds address:

- the likelihood of full and timely payment to holders of the Covered Bonds of all payments of interest on each Interest Payment Date; and
- the likelihood of ultimate payment of principal in relation to Covered Bonds on the Maturity Date or, where applicable, the Extended Due for Payment Date thereof.

The expected ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of Covered Bonds. Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced. 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. A credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds.

Return on an investment in Covered Bonds will be affected by charges incurred by investors

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or

institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

Legal investment considerations may restrict certain investments

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) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Compliance of Covered Bonds with the UCITS Directive and/or Capital Requirements Directive

The Issuer has under the Wft and the Decree on prudential rules (*Besluit prudentiële regels*) applied for the Programme and the Covered Bonds issued thereunder to obtain the status of being compliant with the requirements set out in Article 52(4) of the UCITS Directive and/or its relevant implementing measures (the "**Regulated Status**"). The Programme and Covered Bonds issued under the Programme have obtained the Regulated Status and (to the extent issued on such date) were registered as such on 13 October 2009. In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until the Maturity Date.

Covered Bonds with the Regulated Status shall pursuant to the criteria for Eligible Asset and the limitations as a result of the LTV Cut-Off Percentage in the Asset Cover Test, be compliant with the requirements set out in Annex VI, Part 1, points 68-71 of the Consolidated Banking Directive and therefore qualify as 'covered bonds' as mentioned in the Capital Requirements Directive ("**CRD Status**"). In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds with the Regulated Status will be collateralised by assets that are eligible to collateralise covered bonds under the Capital Requirements Directive.

The "best efforts" undertakings set out in the two preceding paragraphs will no longer apply if, as a result of a change of law or regulations, Dutch residential mortgage receivables are insufficient for collateralisation of the Covered Bonds to keep the Regulated Status or are no longer eligible to collateralise covered bonds under the Capital Requirements Directive.

However there is a risk that the Regulated Status and/or the CRD Status will not be maintained until the Maturity Date of the relevant Series. If at any time the Regulated Status and/or the CRD Status is withdrawn or otherwise lost, a Covered Bondholder may experience adverse consequences, depending on the reasons for making the investment in such Covered Bonds. Depending on the reasons for an investment in Covered Bonds, Covered Bondholders should, among other things, conduct their own thorough analysis, and consult their legal advisers or the appropriate regulators from time to time to determine the appropriate status of Covered Bonds under any applicable risk-based capital or similar rules, including, without limitation, the UCITS Directive and/or the Capital Requirements Directive.

RISK FACTORS REGARDING THE ASSET-BACKED GUARANTEE

The Guarantee will be solely the obligation of the CBC

The Guarantee will be solely the obligation of the CBC. The Guarantee will not be an obligation or responsibility of, any other entity or person, in whatever capacity acting, including, without limitation, the Issuer, the Originators, any Savings Insurance Company, any Swap Counterparty, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealers, the GIC Provider and the Security Trustee. Furthermore, none of the Issuer, the Originators, the Savings Insurance Companies, the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealers, the GIC Provider and the Security Trustee, nor any other person in whatever capacity acting, will

accept any liability whatsoever to Covered Bondholders in respect of any failure by the CBC to pay any amounts due under the Guarantee.

None of the Issuer, the Originators, the Savings Insurance Companies, the Swap Counterparties, the Servicer, the Administrator, the Directors, the Paying Agents, the Calculation Agents, the Arranger, the Dealers, the GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the CBC (save in the limited circumstances pursuant to the Relevant Documents).

CBC only obliged to pay Guaranteed Amounts when the same are Due for Payment

The CBC has no obligation to pay the Guaranteed Amounts payable under the Guarantee until service by the Security Trustee on the Issuer of an Issuer Acceleration Notice and on the CBC of a Notice to Pay, or, if earlier, on the Issuer and the CBC of a CBC Acceleration Notice.

A Notice to Pay can only be served if (a) an Issuer Event of Default occurs and results in service by the Security Trustee of an Issuer Acceleration Notice on the Issuer or (b) a Breach of the Asset Cover Test or Breach of any Portfolio Test (if implemented) occurs. A CBC Acceleration Notice can only be served if a CBC Event of Default occurs.

Following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay shall be served by the Security Trustee on the CBC. However, a failure by the Issuer to make a payment in respect of one or more Series will not automatically result in the service of an Issuer Acceleration Notice. The Security Trustee may, but is not obliged to, serve an Issuer Acceleration Notice unless and until requested or directed by Covered Bondholders of all Series then outstanding.

If a Notice to Pay is served by the Security Trustee on the CBC following (i) a Breach of the Asset Cover Test or (ii) a Breach of any Portfolio Test (if implemented), the CBC will not be obliged to make payments under the Guarantee until (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served or (b) a CBC Event of Default has occurred and a CBC Acceleration Notice has been served.

Following service of a Notice to Pay on the CBC (provided (a) an Issuer Event of Default has occurred and an Issuer Acceleration Notice has been served and (b) no CBC Acceleration Notice has been served) under the terms of the Guarantee the CBC will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. Such payments will be subject to and will be made in accordance with the Post Issuer Acceleration Notice Priority of Payments. In these circumstances, other than the Guaranteed Amounts the CBC will not be obliged to pay any amount, for example in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds.

Subject to applicable grace periods, if the CBC fails to make a payment when Due for Payment under the Guarantee or any other CBC Event of Default occurs then the Security Trustee may accelerate the Covered Bonds (to the extent not yet accelerated) by service of a CBC Acceleration Notice, whereupon the CBC will under the Guarantee owe the Early Redemption Amount of each Covered Bond, together with accrued interest and certain other amounts then due under the Covered Bonds. Following service of a CBC Acceleration Notice, the Security Trustee may enforce the Security. The proceeds of enforcement of the Security shall be applied by the Security Trustee in accordance with the Post CBC Acceleration Notice Priority of Payments, and Covered Bondholders will receive amounts from the CBC on an accelerated basis. Without limitation, if a CBC Acceleration Notice is served on the CBC then the Covered Bonds may be repaid sooner or later than expected or not at all.

Extendable obligations under the Guarantee

If the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount and has insufficient funds available under the relevant Priority of Payments to pay the Guaranteed Final Redemption Amount on the Extension Date, then the obligation of the CBC to pay such Guaranteed Amounts shall automatically be deferred to the relevant Extended Due for Payment Date. However, to the extent the CBC has sufficient moneys available to pay in part the Guaranteed Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CBC shall make such partial payment

in accordance with the relevant Priority of Payments, as described in Condition 3 (*The Guarantee*) on the relevant Extension Date and any subsequent Interest Payment Date falling prior to the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will fall one year after the Maturity Date. Interest will continue to accrue and be payable on the unpaid Guaranteed Final Redemption Amount on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5, *mutatis mutandis*. In these circumstances, except where the CBC has failed to apply money in accordance with the relevant Priority of Payments in accordance with Condition 3, failure by the CBC to pay the relevant Guaranteed Final Redemption Amount on the Extension Date or any subsequent Interest Payment Date falling prior to the Extended Due for Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a CBC Event of Default. However, failure by the CBC to pay any Guaranteed Final Redemption Amount or the balance thereof, as the case may be, on the relevant Extended Due for Payment Date and/or pay any other amount due under the Guarantee will (subject to any applicable grace period) constitute a CBC Event of Default.

No Gross-up for Taxes

As provided in Condition 8, 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 CBC will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

Limited resources available to the CBC

The ability of the CBC to meet its obligations under the Guarantee will depend on the receipt by it of funds under the Transferred Assets, the proceeds of the sale of any Transferred Assets and Authorised Investments, the timing thereof, the receipt by it of payments under the Swap Agreements and the receipt by it of interest in respect of the balance standing to the credit of the GIC Accounts. The CBC does not have any other resources available to it to meet its obligations under the Guarantee.

If a CBC Event of Default occurs and the Security is enforced, the proceeds may not be sufficient to meet the claims of all the Secured Parties, including the Covered Bondholders. If, following enforcement of the Security, the Secured Parties have not received the full amount due to them pursuant to the terms of the Relevant Documents, the Secured Parties will no longer have a claim against the CBC after enforcement of the Security. The Secured Parties may still have an unsecured claim against the Issuer for the shortfall.

Covered Bondholders should note that the Asset Cover Test has been structured to ensure that the outstanding principal amount of the Transferred Assets is greater than the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there ever being a shortfall. However there is no assurance that there will not be a shortfall.

Reliance of the CBC on third parties

Counterparties to the CBC may not perform their obligations under the Relevant Documents, which may result in the CBC not being able to meet its obligations under the Guarantee. It should be noted that there is a risk that (a) SNS Bank in its capacity as Servicer, Administrator, GIC Provider, Swap Counterparty will not meet its obligations vis-à-vis the CBC, (b) RegioBank in its capacity as Originator will not meet its obligations vis-à-vis the CBC, (c) Dexia BIL as Principal Paying Agent and any other Paying Agent appointed as Paying Agent will not perform its or their obligations under the Agency Agreement, (d) any Savings Insurance Company will not perform its obligations under the relevant Sub-Participation Agreement, (e) the Directors will not perform their obligations under the relevant Management Agreements.

If a termination event occurs pursuant to the terms of any Servicing Agreement, then the CBC and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to

service the Mortgage Receivables on the terms of the Servicing Agreement. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Mortgage Receivables or any part thereof, and/or the ability of the CBC to make payments under the Guarantee.

The Servicer does not have any obligation itself to advance payments that Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

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

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the CBC 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 CBC. The CBC is a special purpose vehicle and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the CBC 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 CBC prior to notification of the relevant pledge but after bankruptcy or suspension of payments granted in respect of the CBC will be part of the bankruptcy estate of the CBC, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the CBC, which, if applicable would delay the exercise of the right of pledge on the Transferred Assets 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 CBC. Similar or different restrictions may apply in case of insolvency proceedings other than Dutch insolvency proceedings.

To the extent the receivables pledged by the CBC to the Security Trustee are future receivables, the right of pledge on such future receivable cannot be invoked against the estate of the CBC, if such future receivable comes into existence after the CBC has been declared bankrupt or has been granted a suspension of payments. The CBC has been advised that some of the assets pledged to the Security Trustee under the Security Trustee Rights Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the GIC Accounts following the CBC'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*.

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

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

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

Transfer of Guarantee

Under Dutch law an independent guarantee like the Guarantee is normally regarded as an independent claim and not an accessory right ("*afhankelijk recht*") and is unlikely to be an ancillary right ("*nevenrecht*") that by operation of law follows the receivables it secures upon transfer thereof. The Issuer and the CBC have been advised that, in the case of Bearer Covered Bonds, such a transfer of the Guarantee can be accomplished by ensuring that the Guarantee forms an integral part of the

Covered Bonds. For this reason the Guarantee and the Covered Bonds will provide that the rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a Covered Bondholder only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The Issuer and the CBC have been advised that as a result, in case of a transfer of a Covered Bond to a transferee by way of book-entry transfer ("*girale overboeking*") or physical transfer of a Bearer Covered Bond, such transfer includes the corresponding rights under the Guarantee. For Registered Covered Bonds, the rights under the Guarantee are to be separately assigned, together with the corresponding rights under the relevant Registered Covered Bonds.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES AND OTHER ASSETS

In case the CBC is required to pay under the Guarantee, the ability to comply with such obligations will depend predominantly on the proceeds of the Transferred Assets. Payments on the Mortgage Receivables and other asset are subject to certain risks described in more detail below.

Risk related to payments received by an Originator prior to notification of the assignment to the CBC

Under Dutch law, assignment of the legal title of claims, such as the Eligible Receivables, can be effectuated by means of a notarial deed of assignment or a deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Eligible Receivables will be assigned by the relevant Originator to the CBC through a deed of assignment and registration thereof with the appropriate tax authorities. The Guarantee Support Agreement will provide that the assignment of the Eligible Receivables by the relevant Originator to the CBC will not be notified by the relevant Originator or, as the case may be, the CBC to the Borrowers except if certain events occur.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the relevant Originator in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. Each Originator has undertaken upon the earlier to occur of an Assignment Notification Event, the service of a Notice to Pay or a CBC Acceleration Notice to pay to the CBC any amounts received in respect of the Mortgage Receivables. However, receipt of such amounts by the CBC is subject to the relevant Originator actually making such payments. If the relevant Originator is declared bankrupt or subject to emergency regulations prior to making such payments, the CBC has no right of any preference in respect of such amounts.

Payments made by Borrowers to the relevant Originator prior to notification of the assignment but after bankruptcy, (preliminary) suspension of payments or emergency regulations in respect of the relevant Originator having been declared will be part of the relevant Originator's bankruptcy estate. In respect of these payments, the CBC will be a creditor of the estate ("*boedelschuldeiser*") and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate.

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 a debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the relevant Originator 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 CBC having been made. Such amounts due and payable by an Originator to a Borrower could, *inter alia*, result from current account balances or deposits made with such Originator. Also, such claims of a Borrower could, *inter alia*, result from services rendered by an Originator to the Borrower, if rendered at all, such as investment advice rendered by SNS Bank in connection with Investment-based Mortgage Loans or services for which the relevant Originator is responsible or held liable. As a result of the set-off of amounts due and payable by an Originator 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 affect the proceeds under the Mortgage Receivables.

The conditions applicable to the Mortgage Loans originated by SNS Bank (other than those originated by former BLG Hypotheekbank N.V.) 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, as the case may be, 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 CBC and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the CBC, 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 been originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to the assignment of the relevant 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 Originator 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 term of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The CBC 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 relevant Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be permitted to set-off its claim vis-à-vis the CBC 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. The above applies *mutatis mutandis* to the pledge of the Mortgage Receivables envisaged in the Security Trustee Receivables Pledge Agreement.

If notification of the assignment of the relevant Mortgage Receivables is made after the bankruptcy, (preliminary) suspension of payments or emergency regulations of the relevant Originator 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 Dutch Bankruptcy Code. Under the Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claims, if each claim (i) came into existence prior to the moment at which the bankruptcy become 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.

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

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

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

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

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a bank security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a bank security right only follows a receivable which it secures, if the relationship between the bank and

the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a bank security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank 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 bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view, a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

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

In respect of (i) the Mortgage Loans originated by SNS Bank before the end of 2005 (other than those originated by former BLG Hypotheekbank N.V.) and (ii) the Mortgage Loans originated by former BLG Hypotheekbank N.V., the relevant mortgage deeds stipulate that in case of assignment of the receivable the Mortgage 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 (other than those originated by former BLG Hypotheekbank N.V.) 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 Mortgages 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 CBC has been advised that, in the absence of circumstances giving an indication to the contrary, the inclusion of these provisions in the Mortgage Loans makes clear that the Bank Security Right (partially) follows the Relevant 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) the Mortgage Loans originated by former BLG Hypotheekbank N.V. do not provide for the Bank Pledges to partially follow the Relevant Mortgage Receivable upon assignment or pledge thereof. Also, the Mortgage Loans originated by RegioBank do not provide for the Bank Security Rights to follow the Mortgage Receivables upon the assignment or pledge thereof. Consequently, there is no clear indication of the intention of the parties. The Issuer and the CBC have been advised that also in such case the Bank Security Right 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 Dutch courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on Bank Security Rights in the past as described above, which view continues to be defended by some legal commentators.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the CBC to the Security Trustee under the Security Trustee Receivables Pledge Agreement. However, the Mortgage Conditions in respect of (i) the Mortgage Loans originated by SNS Bank before the end of 2005 (other than those originated by former BLG Hypotheekbank N.V.) and (ii) the Mortgage Loans originated by former BLG Hypotheekbank N.V. and RegioBank do not provide that in case of a pledge of the Relevant Mortgage Receivable the Mortgage will (partially) follow the Relevant Mortgage Receivable. Therefore, there is no clear indication of the intention of the parties and, consequently, the view expressed above does not apply to the pledge of the relevant 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 and the CBC have been advised that the Security Trustee as pledgee should have the benefit of the Mortgage as accessory and ancillary right upon notification of the assignment of the Mortgage Receivables to the CBC 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 Dutch courts would decide if the matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on Bank Security Rights in the past, which view continues to be defended by some legal commentators.

Furthermore, it is noted that if the CBC or the Security Trustee, as the case may be, does not have the benefit of the Mortgage, it also will not be entitled to claim under the related NHG Guarantee.

Risk related to jointly-held Bank Security Rights by the relevant Originator, the CBC and the Security Trustee

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

Where Bank Security Rights are jointly-held by both the CBC or the Security Trustee and the relevant Originator, the rules applicable to a joint estate ("*gemeenschap*") apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Guarantee Support Agreement each Originator, the CBC and the Security Trustee have agreed that the CBC and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management ("*beheer*") of the jointly-held rights, may under Dutch law be transacted by each of the participants ("*deelgenoten*") in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the Bank Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the relevant Originator, the relevant Originator's bankruptcy trustee ("*curator*") (in case of bankruptcy) or administrator ("*bewindvoerder*") (in case of (preliminary) suspension of payments or emergency regulations), as the case may be, may be required for such foreclosure. Each Originator, the CBC and the Security Trustee have agreed that in case of foreclosure the share ("*aandeel*") in each jointly-held Bank Security Right of the Security Trustee and/or the CBC 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 Originator will be equal to the Net Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer and the CBC have been advised that although a good argument can be made that this arrangement will be enforceable against the relevant Originator or, in case of its bankruptcy or emergency regulations, its bankruptcy trustee or administrator, as the case may be, this is not certain. Furthermore it is noted that this arrangement may not be effective against the Borrower.

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

Risk related to partial termination of the Bank Security Rights

The Guarantee Support Agreement provides that upon the occurrence of an Assignment Notification Event the relevant Originator is required to give notice to the Borrowers of partial termination of (i),

in respect of SNS Bank, the Bank Security Rights securing the relevant Mortgage Receivable originated after the end of 2005 (other than the Borrower Pledges vested on securities in respect of Investment-based Mortgage Loans (the "**Borrower Securities Pledges**") and the Bank Pledges securing the relevant Mortgage Receivables originated before the end of 2005 (other than Borrower Insurance Pledges and the Borrower Securities Pledges) and (ii), in respect of former BLG Hypotheekbank N.V., the rights of pledge securing the relevant Mortgage Receivables and (iii) in respect of RegioBank, the Bank Security Rights securing the relevant Mortgage Receivables. As a consequence of such partial termination, the relevant Bank Security Rights will only secure the relevant Mortgage Receivables and the joint estate (see *Risk related to jointly-held Bank Security Rights by the Originator, the CBC and the Security Trustee*) will be terminated. The Issuer and the CBC have been advised that each Originator can effectively partially terminate the Bank Security Rights in this manner, but that there is no case law supporting this opinion.

Each Originator's undertaking to partially terminate the Bank Security Rights is no longer enforceable if such Originator would be declared bankrupt or becomes subject to emergency regulations. The co-operation of the relevant Originator's administrator (in case of (preliminary) suspension of payments or emergency regulations) or bankruptcy trustee (in case of bankruptcy) would be required for such act and it is not certain whether such co-operation will be forthcoming. Also, the power of attorney given to the CBC and the Security Trustee, respectively, to effectuate such partial termination on behalf of the relevant Originator would terminate or become ineffective in such event. Also, a notice of partial termination received by the Borrower after the relevant Originator has been declared bankrupt or subject to (preliminary) suspension of payments or emergency regulations, will not be effective.

Risk that the Mortgages on long leases cease to exist

The Mortgages securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in *Originators and Residential Mortgage Business* below. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the Mortgage 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 terminated 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 on a long lease, the relevant Originator will take into consideration certain conditions, in particular the term of the long lease. Therefore, the mortgage conditions used by each Originator provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates or if the lease holder materially breaches the conditions of the long lease.

Risk that Borrower Insurance Pledges will not be effective

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Originator (the "**Borrower Insurance Pledge**"). The Issuer and the CBC have 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 Dutch 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 Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights (and should therefore be regarded as Bank Pledges). The conditions applicable to the Borrower Insurance Pledges do not provide that in case of assignment or pledge of the receivable, the pledge will (partially) follow such receivable. Consequently, there is no clear indication of the intention of the parties. However, the CBC has been advised that, based upon recent legal literature the Borrower Insurance Pledges should partially follow the Mortgage Receivables upon their assignment and pledge (see *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the CBC* above).

Risks relating to Beneficiary Rights under the Insurance Policies

The relevant Originator has been appointed as beneficiary under the relevant Insurance Policy (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Originator, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the relevant Originator (the "**Borrower Insurance Proceeds Instruction**"). The Issuer and the CBC have been advised that it is unlikely that the appointment of the relevant Originator as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the CBC 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 CBC upon the assignment. The Beneficiary Rights will be assigned by the relevant Originator to the CBC and will be pledged to the Security Trustee by the CBC (see *Description of Security* below). However, the Issuer and the CBC have been advised that it is uncertain whether this assignment and pledge will be effective.

The CBC and the Security Trustee will enter into a beneficiary waiver agreement (the "**Beneficiary Waiver Agreement**") with the Originators and the Savings Insurance Company under which the relevant Originator, without prejudice to the rights of the CBC 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, waives its rights as beneficiary under the Savings Insurance Policies and appoints as first beneficiary (i) the CBC subject to the dissolving condition ("*ontbindende voorwaarde*") of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Security Trustee Pledge Notification Event. It is, however, uncertain whether such waiver, and unlikely that such appointment, will be effective. In the event that such waiver and appointment are not effective in respect of the Savings Insurance Policies and, furthermore, in respect of the Life Insurance Policies, each Originator and, in respect of the Savings Insurance Policies, the Savings Insurance Company will undertake in the Beneficiary Waiver Agreement that they will use their best efforts upon the occurrence of an Assignment Notification Event to terminate the appointment of the relevant Originator as beneficiary under the Insurance Policies and to appoint the CBC 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 Originator and, in respect of the Savings Insurance Policies, the Savings Insurance Company, will in the Beneficiary Waiver Agreement undertake to use their best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Originator and to issue such instruction in favour of (i) the CBC subject to the dissolving condition ("*ontbindende voorwaarde*") of a Security Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Security Trustee Pledge Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the CBC or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment, pledge or the waiver of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Originator or to another beneficiary rather than to the CBC or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Originator, it will pursuant to the Guarantee Support Agreement be obliged to pay the amount involved to the CBC or the Security Trustee, as the case may be, if an Assignment Notification Event has occurred in respect of this Originator. If the proceeds are paid to the relevant Originator and the relevant Originator does not pay such amount to the CBC or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Originator, or if the proceeds are paid to another beneficiary instead of the CBC 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 CBC or, as the case may be, the Security Trustee for the amounts so received by the relevant Originator 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 Originator has the benefit of rights under Life Insurance Policies and Savings Insurance Policies (together the "**Insurance Policies**") with Life Insurance Companies and the Savings Insurance Company respectively (together the "**Insurance Companies**"). Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Covered Bonds.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers, other than Borrowers under Mortgage Loans originated by former BLG Hypotheekbank N.V., 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 general 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 general conditions will be effective.

If the provisions described above are not effective and in respect of Mortgage Loans originated by former BLG Hypotheekbank N.V., the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant Originator 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 Originator 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 due and payable. If the relevant Insurance Company is declared bankrupt or 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, subject, however, to what is stated above under *Risk that Borrower Insurance Pledges will not be effective*. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

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

requirements is likely to be met, since it is likely that the Savings Mortgage Loans and the Savings Insurance Policies are to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off. The Issuer and the CBC have 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 Originator, the CBC and/or the Security Trustee, as the case may be. The Borrowers will 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 material relating to the Mortgage Loans. Borrower 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 Originator and the relevant Insurance Company, at least they could rightfully interpret the Mortgage Conditions and the promotional materials in such manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" ("*dwalings*"), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the CBC 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 and the CBC have been advised that, in view of the preceding paragraphs and the representation by each Originator 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 Originator (see Mortgage Loan Criteria sub (ix)), (ii) the Mortgage Loan and the Life Insurance Policy are not offered as one product or under one name, and (iii) the Borrowers are free to choose the relevant Life Insurance Company, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, if the Life Insurance Company is not a group company of the relevant Originator within the meaning of Article 2:24b of the Dutch Civil Code. However, if the Life Insurance Company is (or on the date of origination was) a group company of the relevant Originator, the Issuer and the CBC have 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 and the CBC have 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 which are subject to a Participation, the Sub-Participation Agreement will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of the relevant Savings Mortgage Receivable, the relevant Participation of the Savings Insurance Company will be reduced by an amount equal to the amount which the CBC has failed to receive. The amount of the Participation is equal to the amounts of Savings Premium received by the CBC plus the accrued yield on such

amount (see *Sub-Participation Agreement* below), provided that the Savings Insurance Company will have paid all amounts equal to the amounts due under the Sub-Participation Agreement to the CBC. Therefore, normally the CBC will not suffer any damages if the Borrower would invoke any such set-off or defence, if and to the extent that the amount for which the Borrower would invoke set-off or defences does not exceed the amount of the Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation.

The Sub-Participation Agreement does not apply to Savings Plus Mortgage Loans originated by SNS Bank to which a Savings Insurance Policy with the Investment Alternative is connected.

Risk that interest rate reset rights will not follow Mortgage Receivables

The CBC 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 CBC 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 CBC 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 Originator, the co-operation of the trustee (in bankruptcy) or administrator (in (preliminary) suspension of payments or emergency regulations) would be required to reset the interest rates.

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

The Originators have represented that under the Investment-based Mortgage Loans the securities are purchased by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*") for the account of the Borrowers. These aforementioned institutions are 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 Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*", the "**Wge**") or, if they do not qualify as such, by a separate depository vehicle. The CBC 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 CBC on similar grounds as discussed under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

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

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

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

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-based Mortgage Loans and Mortgage Loans to which Life Insurance Policies or Savings Insurance Policies with the Investment Alternative are connected. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved ("*ontbonden*") or nullified or a Borrower may claim set-off or defences against the relevant Originator or the CBC (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the Borrower. Depending on the relationship

between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment-based Mortgage Loans or Life Insurance Policies or Savings Insurance Policies with the Investment Alternative is not sufficient to redeem the relevant Mortgage Loans.

In the case of Investment-based Mortgage Loans originated by former BLG Hypotheekbank N.V., Investment Firms provide for certain services, for example for investment advice or investment management services to the Borrowers. The Borrower may hold an Investment Firm liable if it does not meet its obligations towards the Borrower as investment adviser or investment manager, for example with respect to any investment advice or investment management services provided by such Investment Firm. In particular liability could arise if the sum of the investments is not sufficient to repay the Investment-based Mortgage Loan at maturity. Although SNS Bank has no contractual obligation to provide investment advice or investment management services to the Borrower, it cannot be excluded that the Borrower may hold SNS Bank liable for the non-fulfilment of the obligations of the Investment Firm and invoke set-off or defences similar to those described under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies ("*beleggingsverzekeringen*"), such as the Life Insurance Policies or Savings Insurance Policies with the Investment Alternative, commonly known as the "usury insurance policy affair" ("*woekerpolisaffaire*"). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles and press releases 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 consumers.

If Life Insurance Policies or Savings Insurance Policies with the Investment Alternative related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer and the CBC have been advised that, depending on the circumstances involved, 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/policy holder may invoke set-off or other defences against the CBC. The analysis in that situation is similar to the situation 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 Originator is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/policy holder. In this situation, which may depend on the involvement of the relevant Originator in the marketing and sale of the insurance policy, set-off or defences against the CBC may be invoked, which will probably only become relevant if the insurer and/or the relevant Originator will not indemnify the Borrower. Any such set-off or defences could thus affect the proceeds under the Mortgage Receivables.

Defaulted Receivables

Payments on the Mortgage Receivables and other asset are subject to credit, liquidity and interest rate risks. This may in respect of Mortgage Receivables 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.

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. If the CBC is required to pay under the Guarantee, a decline in value may result in losses to the Covered Bondholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The relevant Originator will not be liable for any losses incurred by the Covered Bondholders, or for any deficiency incurred by the CBC as a result of such decline in value in connection with the relevant Mortgage Loans. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

Risks related to Non-Dutch Assets

Under the Guarantee Support Agreement the Originators are permitted to transfer to the CBC Non-Dutch Assets. However, Non-Dutch Assets may only be transferred if Rating Agency Confirmation is obtained and the CBC and the Security Trustee, respectively, are satisfied that they will receive proprietary rights or security rights, respectively, of equivalent status and ranking for such Non-Dutch Assets as they would have received if Eligible Receivables or Eligible Collateral had been transferred and pledged, respectively.

Limited description of the Transferred Assets

Covered Bondholders will not receive detailed statistics or information in relation to the Transferred Assets, because it is expected that the constitution of the Transferred Assets may constantly change. However, each Eligible Receivable and Substitution Asset will be required to meet the applicable eligibility criteria and the Representations and Warranties set out in the Guarantee Support Agreement (although such eligibility criteria and Representations and Warranties may change in certain circumstances including any amendments necessary if Non-Dutch Assets are transferred to the CBC).

Risks in respect of NHG Guarantees

Mortgage Loans may have the benefit of a guarantee, a "*Nationale Hypotheek Garantie*" ("**NHG Guarantee**") issued by the WEW. Pursuant to the terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee, the WEW has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. Each Originator will in the Guarantee Support Agreement represent and warrant that (i) each NHG Guarantee connected to a Mortgage Receivable which has been transferred as having the benefit of a NHG Guarantee (each an "**NHG Mortgage Receivable**"), constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (iii) the relevant Originator is not aware of any reason why any claim under any NHG Guarantee 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 issue of the NHG Guarantee. Mortgage Loans may have a maturity date which falls after the expiry date of the relevant NHG Guarantee. This will result in the Issuer, CBC or Security Trustee, as the case may be, not being able to claim for payment with the WEW of a loss incurred after the term of the NHG Guarantee has expired.

Finally, the terms and conditions of the NHG Guarantees stipulate that each NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different. This may result in the Issuer, CBC or Security Trustee, as the case may be, not being able to fully recover a loss incurred with the WEW.

Changes to the acceptance conditions of the Originators

Each of the Mortgage Loans originated by each Originator will have been originated in accordance

with its acceptance conditions at the time of origination. It is expected that each Originator's acceptance conditions will generally consider type of Mortgaged Asset, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of a transfer of relevant Mortgage Receivables by an Originator to the CBC, each Originator will warrant only that such relevant Mortgage Receivables were originated in accordance with such Originator's acceptance conditions applicable at the time of origination. Each Originator retains the right to revise its acceptance conditions from time to time, provided that it acts as a reasonable prudent lender. If the acceptance conditions change in a manner that affects the creditworthiness of the Mortgage Receivables, that may lead to increased defaults by Borrowers and may affect the realisable value of the Mortgage Receivables, or part thereof, and the ability of the CBC to make payments under the Guarantee. As set forth herein, however, Defaulted Receivables will be excluded from the calculation of the Asset Cover Test and the Amortisation Test.

However, some of the Mortgage Receivables may have been acquired by an Originator in the course of its business. Such Mortgage Receivables may not have been originated in accordance with the existing acceptance conditions of any of the Originators, but will as at the relevant Transfer Date qualify as an Eligible Receivable as long as such Mortgage Receivable meets the Eligibility Criteria.

New Originators

The Issuer may propose that any member of the SNS REAAL Group may become a new originator, each a "**New Originator**" and that such New Originator may transfer Eligible Assets to the CBC. However, such New Originator will only be permitted to become an Originator if the conditions precedent set out in the Programme Agreement relating to New Originators acceding to the Programme are met, including Rating Agency Confirmation.

Any Mortgage Receivables originated by a New Originator will have been originated in accordance with the acceptance conditions of the New Originator, which may differ from the acceptance conditions of Mortgage Receivables originated by the Originators. If the acceptance conditions differ in a way that affects the creditworthiness of the Mortgage Receivables, that may lead to increased defaults by Borrowers and may affect the realisable value of the relevant Mortgage Receivables or any part thereof or the ability of the CBC to make payments under the Guarantee.

Limited recourse to the Originators

The CBC will not, and the Security Trustee will not, undertake any investigations, searches or other actions on any Mortgage Receivable and will rely instead on the Mortgage Receivables Warranties given in the Guarantee Support Agreement by the relevant Originators in respect of the relevant Mortgage Receivables.

If any Mortgage Receivable does not materially comply with any of the Eligibility Criteria as at the Transfer Date of that Mortgage Receivable or is or becomes a Defaulted Receivable, then such Mortgage Receivables will be excluded from the Asset Cover Test and the Amortisation Test.

There is no further recourse to the relevant Originator in respect of a breach of a Mortgage Receivables Warranty. There is no other recourse to the assets of the Originators if an Issuer Event of Default occurs or a CBC Event of Default occurs (save as is generally the case insofar as the assets of the Issuer for its obligations under the Covered Bonds are concerned).

RISKS FACTORS REGARDING ASSET MONITORING AND SERVICING

Maintenance of Transferred Assets

If the collateral value of the Transferred Assets has not been maintained in accordance with the terms of the Asset Cover Test or the Amortisation Test, then that may affect the realisable value of the Transferred Assets or any part thereof (both before and after the occurrence of a CBC Event of Default) and/or the ability of the CBC to make payments under the Guarantee.

Prior to the service of a Notice to Pay, the Asset Monitor will test the arithmetic of the calculations performed by the Administrator in respect of the Asset Cover Test once each year on the Calculation

Date immediately preceding each anniversary of the Programme Date and more frequently in certain circumstances. Following the service of a Notice to Pay, the Asset Monitor will be required to test the calculations performed by the Administrator in respect of the Amortisation Test on each Calculation Date.

The Security Trustee shall not be responsible for monitoring compliance with, nor the monitoring of, the Asset Cover Test or the Amortisation Test or any other test, or supervising the performance by any other party of its obligations under any Relevant Document.

Sale or refinancing of Selected Mortgage Receivables

If the CBC is required to pay under the Guarantee, the CBC may be obliged to sell or refinance Selected Mortgage Receivables (selected on a random basis) in order to make funds available to the CBC to make payments to the CBC's creditors including to make payments under the Guarantee.

There is no guarantee that a buyer will be found for the Selected Mortgage Receivables nor assurance as to the price which may be obtained, which may affect payments under the Guarantee. In addition, the CBC will not be permitted to give warranties or indemnities in respect of Selected Mortgage Receivables (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Originators would give any warranties or representations in respect of the Selected Mortgage Receivables. Any Representations or Warranties previously given by the Originators in respect of the relevant Mortgage Receivables may not have value for a third party purchaser if the Originators are then subject to any insolvency proceedings. Accordingly, there is a risk that the realisable value of the Selected Mortgage Receivables could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the CBC to meet its obligations under the Guarantee.

License requirement under the Wft

Under the Wft, as amended from time to time, which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the CBC, must have a license under that Act. 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 CBC has outsourced the servicing and administration of the Mortgage Loans to the Servicer. The Servicer holds a license as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") under the Wft and the CBC thus benefits from the exemption. However, if the Servicing Agreement is terminated, the CBC will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the CBC will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the CBC has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the CBC will have to terminate its activities and settle ("*afwikkelen*") its existing agreements.

RISKS FACTORS REGARDING SWAPS

Risk related to the mismatches between income and liabilities and termination of a Swap Agreement

Variances are possible in (i) the rates of interest and/or the currency of the interest and/or principal payable on the Mortgage Receivables (which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets, Authorised Investments and the GIC Accounts and (ii) the rate of interest and/or the currency of the interest and/or principal payable on the outstanding Covered Bonds. The CBC will provide, to a certain extent, a hedge against these variances (and certain other variances) by entering into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements. If Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may be terminated. If an alternative hedging strategy is put in place, then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated and the

CBC will be required to enter into derivatives transactions to comply with such alternative hedging strategy.

The CBC will not provide a hedge against all variances in income and liabilities. The CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be, whilst it may be required to pay a rate equal to EURIBOR for deposits with a term other than one month under a Series or an Interest Rate Swap Agreement or a Structured Swap Agreement. This follows from the CBC not being obliged to enter into nor SNS Bank being obliged to procure that the CBC enters into an Interest Rate Swap Agreement (nor a Structured Swap Agreement), if a Series denominated in Euro bears an interest rate equal to EURIBOR for one month deposits, three month deposits, six month deposits or deposits with another floating term (if applicable). If the CBC enters into an Interest Rate Swap Agreement or a Structured Swap Agreement, the CBC has a choice to set the rate payable by it under the Interest Rate Swap Agreement or the Structured Swap Agreement, as applicable, at EURIBOR for one month deposits or EURIBOR for three month deposits. Therefore there may be a risk that the CBC has to pay a higher rate on a Series or to a Swap Counterparty, than the rate it receives under the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be.

A Swap Counterparty will be obliged to make payments under the relevant Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the relevant Swap Counterparty will be required to pay such additional amount necessary to ensure that the net amount actually received by the CBC will equal the full amount that the CBC would have received had no such withholding or deduction been required. The relevant Swap Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the relevant Swap Agreement, the relevant Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the CBC additional amounts for or on account of tax (a "**Tax Event**"), the relevant Swap Counterparty may (with the consent of the CBC and subject to Rating Agency Confirmation) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the relevant Swap Counterparty is unable to transfer its rights and obligations under the relevant Swap Agreement to another office, branch or affiliate, it will have the right to terminate the relevant Swap Agreement. Upon such termination, the CBC or the relevant Swap Counterparty may be liable to make a termination payment to the other party.

A Swap Agreement will be terminable by one party if - *inter alia*- (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement or (iii) a CBC Acceleration Notice is served. Events of default under the Swap Agreements in relation to the CBC will be limited to (i) non-payment under the relevant Swap Agreement and (ii) insolvency events. If the relevant Swap Agreement terminates the CBC will be exposed to changes in the relevant rates of interest and to various other mismatches associated with, for example Covered Bonds issued in a currency other than euro. As a result, unless a replacement swap is entered into, the CBC may have insufficient funds to make payments under the Guarantee, if it is required to pay there under.

To enable the CBC to hedge its exposure arising from any Series (x) denominated in a currency other than euro or (y) denominated in euro but bearing non-EURIBOR interest, SNS Bank will in accordance with the Swap Undertaking Letter be required to enter into (where applicable complying with appropriate collateralisation requirements) or procure a third party that is an Eligible Swap Counterparty to enter into Interest Rate Swaps and Structured Swaps with the CBC in respect of such Series of Covered Bonds.

Termination payments under Swap Agreements

If a Swap Agreement terminates, then the CBC may be obliged to make a termination payment to the relevant Swap Counterparty. There can be no assurance that the CBC will have sufficient funds available to make such a termination payment, nor can there be any assurance that the CBC will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies.

If the CBC is obliged to pay a termination payment under any Swap Agreement, such termination payment will in most cases (see the applicable priority of payments) rank ahead of amounts due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate. The obligation to make a termination payment other than arising from default by, or downgrading of, the Swap Counterparty, may adversely affect the ability of the CBC to meet its obligations under the Guarantee.

Risks relating to the Standby Total Return Swap Agreements

The notional amount of the Standby Total Return Swaps is capped by reference to the Standby TRS Calculation Amount in respect of each CBC Payment Date. Accordingly, a portion of the Total Pool Assets may be left unhedged by the Standby Total Return Swaps (should novation occur). Furthermore, as the Standby TRS Calculation Amount may be reduced (but may not be increased without the consent of the relevant Standby Swap Provider) following the Novation Trigger Date, the portion of the Total Pool Assets left unhedged by the combined Standby Total Return Swaps may increase over time. Any risks left unhedged or uncatered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the Specified Bonds).

Risks relating to the Novation Agreements

If any Novation Agreement is terminated prior to the occurrence of the Novation Trigger Date, the relevant Standby Total Return Swap Agreement will not become effective and will fall away. This may lead to adverse ratings action being taken by the Ratings Agencies in respect of the Covered Bonds, unless the CBC or the relevant Total Return Swap Provider is able to implement other remedial measures in accordance with the requirements or applicable criteria of the Rating Agencies.

There can be no guarantee that, if any Novation Agreement terminates and the relevant Standby Total Return Swap Agreement falls away, the CBC will be able to enter into a replacement standby total return swap agreement or, if it does, as to the ratings of the replacement standby total return swap provider and the terms of such replacement standby total return swap agreement.

Risks relating to new issuances of Covered Bonds

The notional amount of the Standby Total Return Swaps will not automatically increase to reflect any new issuance of Covered Bonds or any addition of Mortgage Receivables and/or Transferred Collateral after the Novation Trigger Date. Each Standby Total Return Swap Provider would have to agree to any increase of the notional amount of the relevant Standby Total Return Swap in connection with an issue of Covered Bonds and/or to agree to an existing or a new Standby Total Return Swap Provider hedging such new Covered Bonds, in order to hedge the increase in the notional amount. There can be no guarantee that the CBC will be able to agree with the existing Standby Total Return Swap Provider to increase the notional amount of the relevant Standby Total Return Swap or to enter into additional standby total return swap arrangements and/or implement adequate portfolio tests in connection with any such new issuance and/or addition of Mortgage Receivables and/or Transferred Collateral. Even if additional standby total return swap arrangements and/or portfolio tests are implemented, there can be no guarantee that all of the Total Pool Assets will be hedged pursuant to a standby total return swap (or similar) or be otherwise catered for by way of Portfolio Tests. Any risks left unhedged or uncatered for in respect of any portion of the Total Pool Assets will be borne by all the Covered Bondholders (including the holders of the Specified Bonds).

Differences in timing of obligations of the CBC and Swap Counterparties

With respect to the Interest Rate Swaps and the Structured Swaps, the CBC (or the Issuer on its behalf) may be obliged to make monthly payments to the relevant Swap Counterparty, whereas the relevant Swap Counterparty may not be obliged to make corresponding swap payments for up to twelve months. If the relevant Swap Counterparty does not meet its payment obligations to the CBC, the CBC may have a larger shortfall than it would have had if the relevant Swap Counterparty's payment obligations had coincided with CBC's payment obligations under the relevant Swap. Hence, the difference in timing between the obligations of the CBC and the relevant Swap Counterparty may affect the CBC's ability to make payments under the Guarantee.

Payments with respect to Covered Bonds, Interest Rate Swaps and Structured Swaps during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)

Following the service of an Issuer Acceleration Notice and a Notice to Pay (but prior to a CBC Acceleration Notice), pursuant to the Trust Deed, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the Post Issuer Acceleration Notice Priority of Payments on each CBC Payment Date, which date will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and in respect of Interest Rate Swaps and Structured Swaps may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds, to the extent that the CBC has entered into an Interest Rate Swap or Structured Swap with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved in respect of such Series of Covered Bonds or such Swap Agreement pursuant to items (f) and (g), as applicable, of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds, to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

To the extent that the amounts under (i) (ii) and (iii) are insufficient to pay the amounts due, the CBC will be unable to meet its obligations with respect to such Series of Covered Bonds.

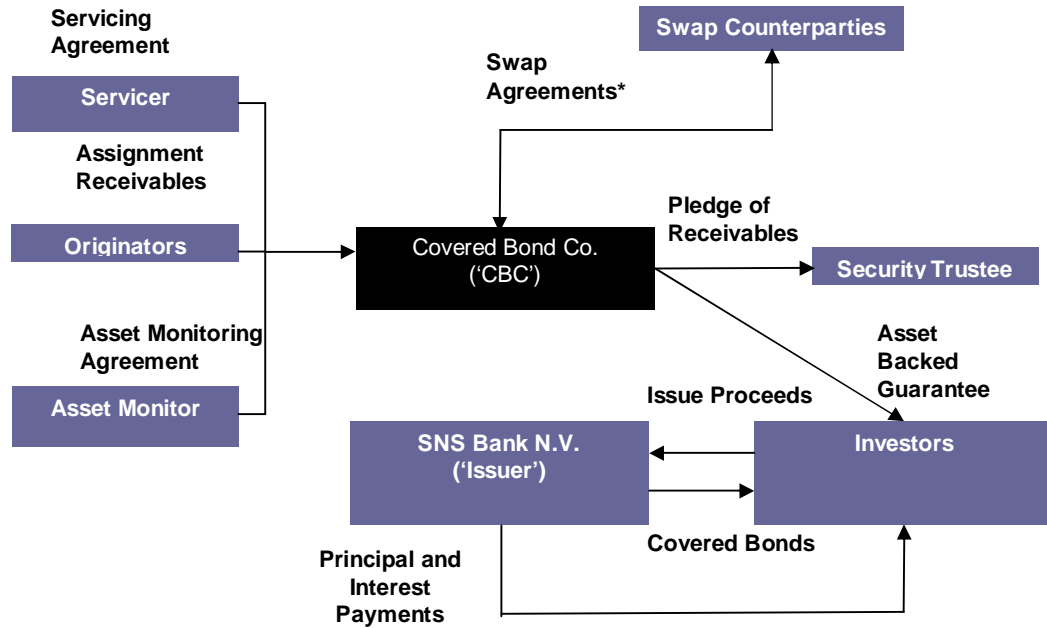
It is noted that, consequently, should a Swap Counterparty default in its obligation to pay the CBC under an Interest Rate Swap Agreement or a Structured Swap Agreement, and despite the relevant mitigants described above there are insufficient funds available pursuant to items (f) and (g) of the Post Issuer Acceleration Notice Priority of Payments, one or more Series which are subject to an Interest Rate Swap Agreement or a Structured Swap Agreement may not be paid, or not be paid in full during the relevant CBC Payment Period, whereas one or more other Series may be paid in full during that same CBC Payment Period.

RISKS FACTOR REGARDING CASHFLOWS

For as long as no Assignment Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served on the CBC, the Originators will be entitled to receive and retain the proceeds from the Transferred Assets for their own benefit. In addition, the Issuer will, as consideration for the CBC issuing the Guarantee, pay all costs and expenses of the CBC and make and receive all payments to be made or received by the CBC under any swap agreement. Upon the earlier to occur of an Assignment Notification Event and service of a Notice to Pay or CBC Acceleration Notice on the CBC, these rights of the Originators will terminate and the amounts received by the CBC will be applied in accordance with the relevant Priority of Payments (except that any collateral to be provided by a Swap Counterparty following its downgrade will be delivered to the CBC irrespective of whether any Assignment Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time).

3. STRUCTURE DIAGRAM

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



* the Total Return Swap Agreement, the Standby Total Return Swap Agreements, any Interest Rate Swap Agreement(s) and any Structured Swap Agreement(s)

4. OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMME

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

PARTIES:

Issuer:	SNS Bank N.V., incorporated under the laws of the Netherlands as a public limited liability 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 16062330;
Originators:	SNS Bank N.V., incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ") and RegioBank N.V. (" RegioBank "), incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ") (each an " Originator " and together with any New Originator, the " Originators ");
Guarantor:	CBC;
CBC:	SNS Covered Bond Company B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> "), having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34286083;
Administrator:	SNS Bank in its capacity as administrator under the Administration Agreement or its successor or successors;
Servicer:	SNS Bank in its capacity as servicer, in respect of Mortgage Receivables or in respect of Transferred Assets in respect of which it has been appointed as Servicer under the Servicing Agreement or its successor or successors;
Asset Monitor:	KPMG ACCOUNTANTS N.V.;
Arranger:	The Royal Bank of Scotland plc (" RBS "), incorporated under the laws of Scotland;
Dealers:	RBS, Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC France, J.P. Morgan Securities Ltd, Landesbank Baden-Württemberg, Merrill Lynch International, Natixis, SNS Bank N.V., Société Générale, UBS Limited, Unicredit Bank AG and any other dealer appointed to the Programme or for a particular Tranche of Covered Bonds;
Security Trustee:	Stichting Security Trustee SNS Covered Bond Company, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register at the Chamber of Commerce in Amsterdam under

number 34286862;

Stichting Holding:	The entire issued share capital of the CBC is held by Stichting Holding SNS Covered Bond Company, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register at the Chamber of Commerce in Amsterdam under number 34286083;
Directors:	ATC Management B.V., the sole director of the CBC, ATC Corporate Services (Nederland) B.V. the sole director of the Stichting Holding and ANT Trust and Corporate Services N.V., the sole director of the Security Trustee. ATC Management B.V. and ATC Corporate Services (Nederland) B.V. belong to the same group of companies;
Savings Insurance Company:	SRLEV N.V., incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> "), having its corporate seat in Alkmaar and registered with the Commercial Register at the Chamber of Commerce in Alkmaar under number 34297413 and such other saving insurance company which will enter into a Sub-Participation Agreement with the CBC;
GIC Provider:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.;
Total Return Swap Counterparty:	SNS Bank;
Standby Total Return Swap Providers:	Each of The Royal Bank of Scotland plc and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A (and together with the Total Return Swap Counterparty, all Interest Rate Swap Counterparties and all Structured Swap Counterparties, the " Swap Counterparties ");
Principal Paying Agent:	Dexia Banque Internationale à Luxembourg, société anonyme (the " Principal Paying Agent " or " Dexia BIL "), a company incorporated in Luxembourg;
Paying Agent:	means any paying agent appointed under the agency agreement, (and together with the Principal Paying Agent, the " Paying Agents ");
Listing Agent:	Dexia BIL;
Registrar:	SNS Bank; and
Rating Agencies:	means any rating agency (or its successor) who, at the request of the Issuer assigns, and for as long as it assigns, one or more ratings to the Covered Bonds under the Programme from time to time, which at the date of this Base Prospectus includes Fitch and Moody's, the " Rating Agencies " and each a " Rating Agency ".

THE COVERED BONDS:

Programme size:	Up to €15,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance
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with the terms of the programme agreement dated 13 December 2007 between, *inter alia*, the Issuer, the Security Trustee, the CBC and the Dealers as the same may be amended and/or supplemented and/or restated from time to time (the "**Programme Agreement**").

Issue Price:

Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form:

Each Covered Bond will be in a bearer or registered form.

Each Tranche of Bearer Covered Bonds will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Covered Bond. Each Temporary Global Covered Bond (a) which is intended to be issued in NGN form (a "**NGN Temporary Global Covered Bond**") will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream Luxembourg, (b) which is not intended to be issued in NGN form may be deposited on or around the relevant Issue Date (i) with Euroclear Nederland (ii) with a common depositary for Euroclear and/or Clearstream Luxembourg and/or (iii) with (a depositary for) any other agreed clearing system. A Temporary Global Covered Bond will be exchangeable as described therein for a Permanent Global Covered Bond.

A Permanent Global Covered Bond is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event, all as described in *Form of Covered Bonds* below. Any interest in a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or (ii) Euroclear Nederland (and the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*)) and/or (iii) any other agreed clearing system, as appropriate. See *Form of Covered Bonds*.

Registered Covered Bonds will be issued to each holder (unless otherwise specified in the applicable Final Terms) by a Registered Covered Bonds Deed.

Denomination:

Covered Bonds will be issued in such denominations as set forth in the applicable Final Terms save that the minimum denomination of each Covered Bond will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination (and in respect of Covered Bonds issued at a discount to their nominal amount and the first instalment to be paid in respect of Partly Paid Covered Bonds, the minimum issue price) of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus

	Directive will be €100,000 (or if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).
Currencies:	Subject to any applicable legal or regulatory restrictions, the Covered Bonds may be issued in euros or in other currencies as set forth in the applicable Final Terms.
Status and Ranking:	The Covered Bonds issued from time to time under the Programme will constitute unsecured and unsubordinated obligations of the Issuer, guaranteed by the Guarantee, and will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for any obligations preferred by a mandatory operation of applicable law.
Interest:	Interest shall be payable on each Series or Tranche of Covered Bonds on the Interest Payment Dates specified in the applicable Final Terms up to the Maturity Date or Extended Due for Payment Date, if applicable. Interest shall be payable monthly, bi-monthly, quarterly, semi-annually, annually or upon redemption of the relevant Covered Bonds (other than Zero Coupon Covered Bonds).
Fixed Rate Covered Bonds:	Fixed Rate Covered Bonds means Covered Bonds which will bear interest at a fixed rate, payable on such date or dates as set forth in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as set forth in the applicable Final Terms.
Floating Rate Covered Bonds:	Floating Rate Covered Bonds means Covered Bonds which will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of Covered Bonds of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as set forth in the applicable Final Terms). The relevant margin (the " Margin ") (if any) relating to such floating rate will be specified as being the Margin in the applicable Final Terms.
Other provisions in relation to Floating Rate Covered Bonds,:	Floating Rate Covered Bonds may also have a maximum interest rate (" Cap "), a minimum interest rate (" Floor ") or both (" Collar "). Interest on Floating Rate Covered Bonds in respect of each Interest Period will be payable on such Interest Payment Dates, and will be calculated on the basis of such day count fraction, as set forth in the applicable Final Terms.
Zero Coupon Covered Bonds:	" Zero Coupon Covered Bonds " are Covered Bonds which are offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment.

Partly Paid Covered Bonds:

"Partly Paid Covered Bonds" are Covered Bonds which are issued on a partly paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as set forth in the applicable Final Terms.

Redemption:

The applicable Final Terms will indicate that (a) the relevant Covered Bonds cannot be redeemed prior to their stated maturity (other than following specified events, if applicable, or for taxation reasons or following an Issuer Event of Default or a CBC Event of Default) or (b) such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms or (c) such Covered Bonds will be redeemable at the option of the Covered Bondholder upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as set forth in the applicable Final Terms.

Maturities:

Such maturities as set forth in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, subject to a maximum maturity for each Series of 40 years.

Withholding Tax:

All payments of, or in respect of, principal of and interest on the Covered Bonds will be made without withholding of, or deduction for, or on an 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 Covered Bondholders, as the case may be, and the Issuer will be required to pay such additional amounts to cover such withholding or reduction to such Covered Bondholders or, if the Issuer so elects, it may redeem the Series affected. The CBC will not be required or liable to pay such additional amounts.

Method of Payment:

For as long as the Covered Bonds are represented by a Global Covered Bond, payments of principal and interest will be made (i) by giro transfer in the relevant currency to Euroclear Nederland or (ii) as the case may be, in the relevant currency to the Principal Paying Agent for the credit of the respective accounts of the Covered Bondholders through Euroclear and Clearstream, Luxembourg or (iii) as the case may be, in accordance with the rules of another agreed clearing system.

Use of proceeds:

The net proceeds from each issue of Covered Bonds will be used by the Issuer for its general corporate purposes.

**SECURITY FOR THE
COVERED BONDS:**

Guarantee, Security, CBC:

Pursuant to a Guarantee issued under the Trust Deed, the CBC will as an independent obligation irrevocably undertake to pay interest and principal payable under the Covered Bonds. The obligations of the CBC under the Guarantee will constitute unsubordinated and unguaranteed obligations of the CBC, secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge (or such other security right as may be applicable) granted by the CBC to the Security Trustee over the Transferred Assets and (ii) a first ranking disclosed pledge by the CBC to the Security Trustee over the CBC's rights under or in connection with the CBC Relevant Documents.

Payments made by the CBC under the Guarantee (after the service of an Issuer Acceleration Notice or a CBC Acceleration Notice) will be made subject to, and in accordance with, the Post Issuer Acceleration Notice Priority of Payments or the Post CBC Acceleration Notice Priority of Payments, as applicable.

Parallel Debt Agreement:

On the Programme Date, the CBC and the Security Trustee have entered into a parallel debt agreement (the "**Parallel Debt Agreement**") for the benefit of the Covered Bondholders and the other Secured Parties under which the CBC, by way of parallel debt, undertakes to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create claims of the Security Trustee thereunder which can be validly secured by the rights of pledge created by any Security Trustee Receivables Pledge Agreement, any Security Trustee Assets Pledge Agreement and any Security Trustee Rights Pledge Agreement.

Interest under the Guarantee:

If the CBC is obliged to pay under the Guarantee, the CBC is obliged to pay any Guaranteed Amount (other than the Guaranteed Final Redemption Amount, see below) when Due for Payment.

Extendable obligations:

An Extended Due for Payment Date will apply in relation to each Series of Covered Bonds. In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

(a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless any amounts are available to the CBC for such purpose prior to such date and will be paid on the relevant Interest Payment Date or Extension Date; and

(b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount.

Option to issue without

The Issuer may at any time decide to issue Covered Bonds

extendable obligations:

to which no Extended Due for Payment Date shall apply, provided that the Security Trustee consents thereto in writing. The Security Trustee is not required to consult with the Covered Bondholders prior to giving its approval. The Base Prospectus and the Relevant Documents will be amended accordingly, subject to Rating Agency Confirmation. A pre-maturity test will be included to ensure that sufficient liquidity is provided for the Covered Bonds if the Issuer's credit rating falls below a certain level.

Guarantee Support:

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originators will transfer Eligible Assets to the CBC in accordance with the Guarantee Support Agreement. At the option of the Issuer, subject always to Rating Agency Confirmation, New Originators may accede to the Guarantee Support Agreement. The Issuer is obliged, and the CBC will use reasonable efforts, to ensure, among other things, that the Asset Cover Test is satisfied as at the end of each calendar month, as calculated on the immediately succeeding Calculation Date.

**THE MORTGAGE
RECEIVABLES:**

Mortgage Receivables:

Under the Guarantee Support Agreement, the Originators may assign any and all rights against a Borrower under Mortgage Loans ("**Mortgage Receivables**") of the relevant Originator against certain borrowers (the "**Borrowers**") and all claims which the Originators have or will have as beneficiary vis-à-vis an Insurance Company in respect of the relevant Insurance Policy under which the relevant Originators have been appointed as first beneficiary ("*begunstigde*") in connection with a Mortgage Receivable (the "**Beneficiary Rights**"), subject to the fulfilment of certain conditions. The "**Mortgage Loans**" shall, after assignment of Eligible Receivables having taken place and to the extent not redeemed, retransferred, sold or otherwise disposed of, be the loans entered into by the relevant Originator and the relevant Borrowers set out in the relevant deed of assignment and pledge and will result from loans secured by a first-ranking Mortgage over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*"), (together with real property and apartment rights, the "**Mortgaged Assets**"), situated in the Netherlands and entered into by the relevant Originator and the relevant Borrowers. See *Guarantee Support Agreement* below.

The Mortgage Loans have the characteristics that demonstrate the capacity to produce funds to service payments by the CBC under the Guarantee under the Covered Bonds.

Sub-Participation Agreement:

The CBC has entered into a sub-participation agreement (the "**Sub-Participation Agreement**") with the Savings Insurance Company under which the Savings Insurance Company will acquire participations under the condition

precedent of an Assignment Notification Event in the relevant Savings Mortgage Receivables equal to amounts of Savings Premium paid by the relevant Borrower to the Savings Insurance Company in respect of a Savings Insurance Policy, with respect to SNS Bank, with the Savings Alternative. In the Sub-Participation Agreement the Savings Insurance Company will undertake to pay to the CBC amounts equal to all amounts received as Savings Premium on the Savings Insurance Policies, with respect to SNS Bank, with the Savings Alternative. In return, the Savings Insurance Company is entitled to receive the Participation Redemption Available Amount from the CBC. The CBC will have the right, but not the obligation, to enter into a Sub-Participation Agreement with any other Insurance Company which offers a Savings Insurance Policy connected to a Savings Mortgage Receivable which has been transferred to the CBC. See further *Sub-Participation Agreement* below.

Administration Agreement:

Under the terms of the Administration Agreement entered into on the Programme Date between the CBC, the Administrator and the Security Trustee, the Administrator will agree to provide certain administration, calculation and cash management services for the CBC on a day-to-day basis, including without limitation, all calculations to be made pursuant to the Conditions in connection with the Covered Bonds. The Administrator is permitted to sub-contract its administration role to a third party administrator subject to any applicable conditions in the Administration Agreement.

Servicing Agreement:

Under the terms of a servicing agreement entered into on the Programme Date (the "**Servicing Agreement**") between the CBC, the Servicer and the Security Trustee, (a) the Servicer will agree (i) to provide administration and management services in relation to the relevant Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the relevant Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages; (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies. The Servicer is permitted to sub-contract its servicing role to members of the SNS REAAL Group and, subject to any applicable conditions in the relevant Servicing Agreement to another third party servicer. If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets.

GIC:

The CBC and the GIC Provider have entered into a floating rate guaranteed investment contract (the "**GIC**") on the Programme Date, under which the GIC Provider agrees to pay a guaranteed rate of interest determined by reference to EONIA less a margin of 0.15 per cent. (the "**GIC Margin**") on the balance standing to the credit of the GIC Accounts from time to time (the "**GIC Funds**") or such other interest rate as may be agreed between the GIC Provider and the

CBC.

"**EONIA**" means for any day, the reference rate equal to the overnight rate as calculated by the Banking Federation of the European Union, if such day is a Business Day, on such Business Day or, if such day is not a Business Day, on the first Business Day following that day, at or about 7 p.m. Brussels time on such Business Day and which appears for information purposes on the Reuters Screen EONIA (or its successor sources)(or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the EONIA rate selected by the Administrator).

GIC Account:

The CBC shall maintain with the GIC Provider an account, or such replacement account with the consent of the Security Trustee (the "**GIC Account**" and together with any foreign currency account and any additional or replacement accounts, the **GIC Accounts**")) to which all amounts to be received in respect of the Transferred Asset and other amounts by the CBC are to be paid.

Swaps:

There will be certain mismatches between the interest and principal and the currency thereof to be received on the Transferred Assets, Authorised Investments and the GIC Accounts and the amounts payable under the Covered Bonds. In order to mitigate these mismatches, the CBC will be required to enter into appropriate hedging arrangements. The CBC will swap the interest received on the Transferred Assets, Authorised Investments and the GIC Accounts to EURIBOR under the Total Return Swap.

In order to avoid any adverse rating action in relation to the Covered Bonds, the Issuer and the CBC entered into the Novation Agreements with each Standby Total Return Swap Provider to establish certain standby swap arrangements in relation to the Total Return Swap Agreement. Pursuant to the terms of the Novation Agreement, with effect from and including the Novation Trigger Date, the Total Return Swap Counterparty will transfer by novation to each Total Return Standby Swap Provider all of its rights and obligations under and in respect of a portion of the Total Return Swap Agreement, with the effect that the CBC, each Standby Total Return Swap Provider and the Security Trustee shall be deemed to enter into a new transaction and the rights and obligations of the CBC and the Total Return Swap Provider under the Total Return Swap Agreement will be released and discharged to the extent that the CBC and the relevant Standby Total Return Swap Provider have undertaken corresponding obligations to each other pursuant to the terms of the Standby Total Return Swap Agreements.

Payments under the Total Return Swap Agreement will be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served. If

Portfolio Tests are implemented as an alternative to the Total Return Swap Agreement or any Standby Total Return Swap Agreement, then the Total Return Swap Agreement and the relevant Standby Total Return Swap Agreement may be terminated and, in the case of such an alternative hedging methodology, the CBC will be required to enter into such derivative transactions as are required to comply with such alternative hedging methodology. To enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro or (b) denominated in euro but bearing non-EURIBOR interest SNS Bank will pursuant to the Swap Undertaking letter be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Interest Rate Swaps and Structured Swaps with the CBC in respect of such Series of Covered Bonds and the CBC has in relation to Series of Covered Bonds issued entered into Interest Rate Swap Agreements.

Management Agreements:

Each of the CBC, the Security Trustee and the Stichting Holding have entered into a management agreement (together the "**Management Agreements**") with the relevant Director, under which the relevant Director will undertake to act as director of the CBC, the Security Trustee or the Stichting Holding, respectively, and to perform certain services in connection therewith.

OTHER:

Listing:

Application has been made for the Covered Bonds to be issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange. The Covered Bonds may also be listed, quoted and/or traded on or by such other or further competent listing authority(ies), stock exchange(s) and/or quoted system(s) as set forth in the applicable Final Terms in relation to each Series. Unlisted Covered Bonds may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed, quoted and/or traded and, if so, on or by which competent listing authority(ies) or stock exchange(s) and/or quotation system(s).

Ratings:

It is expected for each issue of a Series of Covered Bonds that the Covered Bonds, on issue, are assigned an "Aa1" rating by Moody's and an "AAA" (and not on rating watch negative) rating by Fitch.

Relevant Documents

"**Relevant Documents**" means the Programme Agreement, the Master Definitions Agreement, the Pledge Agreements, the Swap Agreements, the Administration Agreement, the Servicing Agreement, the GIC, the Trust Deed, the Parallel Debt Agreement, the Agency Agreement, the Guarantee Support Agreement, any Beneficiary Waiver Agreement, any Sub-Participation Agreement, the Asset Monitoring Agreement, any Calculation Agency Agreement, any Asset Monitor Appointment Agreement, the Management

Agreements and any other documents relating to the SNS Covered Bond Programme.

Governing Law:

The Covered Bonds and the Relevant Documents (other than the Swap Agreements) will be governed by and construed in accordance with the laws of the Netherlands. The Swap Agreements will be governed by English law.

5. IMPORTANT INFORMATION

The Issuer and the CBC accept responsibility for the information contained in this Base Prospectus. To the best of their knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Base 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 identified in this Base Prospectus as such has been accurately reproduced and as far as the Issuer and the CBC are aware and are able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading. The Issuer and the CBC accept responsibility accordingly.

Each Standby Total Return Swap Provider has accepted responsibility for the information regarding itself in chapter 18 under the section *Standby Total Return Swap Providers* contained in this Base Prospectus. To the best of the knowledge of each Standby Total Return Swap Provider (having taken all reasonable care to ensure that such is the case) the information contained in chapter 18 under the section *Standby Total Return Swap Providers* is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Arranger, the Dealers (other than the Issuer) nor the Security Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers (other than the Issuer) or the Security Trustee as to the accuracy or completeness of the information contained or referred to in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme. Neither the Arranger, the Dealers (other than the Issuer) nor the Security Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer and the CBC in connection with the Programme.

The Issuer will furnish a supplement to this Base Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Covered Bonds and which arises or is noticed between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, in respect of Covered Bonds issued on the basis of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the offering of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CBC, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds should be considered as a recommendation by the Issuer or the CBC that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and the CBC. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Covered Bonds.

The distribution of this Base Prospectus and the offering, sale and delivery of the Covered Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Covered Bonds comes must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on distribution of this Base Prospectus and other offering material relating to the Covered Bonds, see *Subscription and Sale* below.

The Covered Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and include Covered Bonds in bearer form that are subject to United States tax law requirements. The Covered Bonds 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 *Subscription and Sale* below.

The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by Fitch Ratings Ltd. and Moody's Investors Services Limited upon registration pursuant to the CRA Regulation. The entities of each of Fitch and Moody's established in the European Union have been registered by the European Securities and Markets Authority as credit rating agencies in accordance with the CRA Regulation.

Whether or not a rating in relation to any Series of Covered Bonds will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

In connection with each issue of Covered Bonds a stabilising manager (each a "**Stabilising Manager**") may be appointed. If a Stabilising Manager is appointed, the relevant Stabilising Manager will be set out in the applicable Final Terms. The Stabilising Manager or any duly appointed person acting for the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the relevant Series of Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series or Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules as amended from time to time.

All references in this document to '**€**', '**EUR**' and '**euro**' refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended, references to **Sterling** and **£** refer to pounds sterling, references to **U.S. Dollars** and **\$** refer to United States dollars and references to **JPY** and **¥** refer to Japanese Yen.

6. SNS BANK N.V.

Incorporation

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

Ownership

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

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

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

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

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

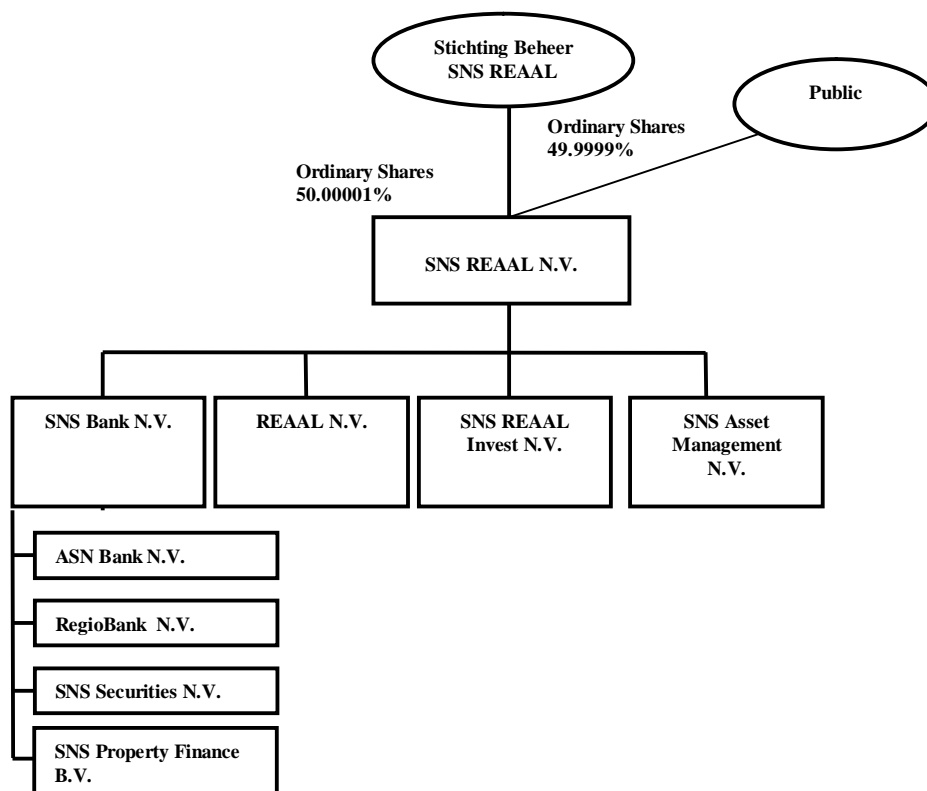
Securities and EUR 189,050,000 in aggregate principal amount of the SNS Bank Notes were validly offered for exchange for New Notes. Subject to the terms and conditions of the Exchange Offer, SNS Bank accepted EUR 100,000,000 in aggregate principal amount of the SNS REAAL Securities and all SNS Bank Notes validly offered. As a result, the SNS REAAL Securities were accepted on a pro rata basis using a pro rata factor of approximately 0.34809. Pursuant to the Exchange Offer, SNS Bank issued EUR 220,866,000 in aggregate principal amount of the New Notes. In addition, on the Settlement Date, SNS Bank issued EUR 99,134,000 in aggregate principal amount of the Additional Notes which will be fungible with the New Notes, taking the aggregate principal amount of New Notes being issued to EUR 320,000,000.

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

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

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

SNS Bank was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Dutch Central Bank (DNB), the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB). SNS Bank met the 5% core tier 1 capital benchmark set out for the EU-wide stress test as the core tier 1 ratio for SNS Bank in an adverse scenario was 7.0% in 2012.



Board of Directors of SNS Bank

The names and major functions outside SNS Bank of the members of the Board are as follows:

Mr. W.H. Steenpoorte, as well as member of the Board of SNS REAAL.

Mr. H.K. Kroeze, CFO

Mr. F. Lamp, as well as member of the Board of SNS REAAL.

Mr. D. Okhuijsen, as well as member of the Board of SNS REAAL

All members of the Board are full-time employees of SNS Bank and have elected domicile at the registered office of SNS Bank.

On 3 December 2009, the extraordinary general meeting of shareholders of SNS REAAL N.V. adopted the proposal to amend the policy on remuneration of the members of the Executive Board, the new policy to be implemented on 1 January 2010. The new remuneration policy is in line with social developments, the Dutch Banking Code and the gentlemen's agreement of 30 March 2009 between the then Minister of finance, W. Bos, and banking and insurance companies on remuneration policy.

Supervisory Board of SNS Bank

The names and major functions outside SNS Bank of the members of the Supervisory Board are as follows:

Mr. R. Zwartendijk, chairman, former chairman of Stichting Beheer SNS REAAL and former member of the Executive Board of Ahold N.V

Mrs. C.M. Insinger, former member of the Executive Board of the Erasmus MC

Mr. R.J. van de Kraats, Chief Financial Officer and deputy-chairman of Randstad Holding N.V.

Mr. J. Lagerweij, former general managing director of Sperwer Groep

Mr. P.S Overmars, vice chairman, former member of the Executive Board of ABN AMRO Bank N.V., president of the Nyenrode Foundation

Mr. J.A. Nijhuis, President and Chief Executive Officer of the Schiphol Group

Mrs. H. Verhagen, Managing Director Group Human Resources TNT
Mr. L. Wijngaarden, formerly the Chairman of the ING Intermediary Division and a member of the Management Board of ING Netherlands
Mr. J. Nijssen, partner and shareholder of Montae and chairman of the Supervisory Board of Envin.

The members of the Supervisory Board of SNS REAAL N.V. are also member of the Supervisory Board of SNS Bank and REAAL. All members of the Supervisory Board of SNS Bank have elected domicile at the registered office of SNS Bank.

General Meeting of Shareholders

The annual general meeting of shareholders is held within six months after the end of the financial year. The general meeting of shareholders appoints the members of the Board of Directors, adopts the annual accounts and any amendments to the Articles of Association, determines the allocation of the profits and appoints the auditors of SNS Bank. The general meeting of shareholders has to approve, *inter alia*, any major investments (outside the group formed by SNS Bank and its subsidiaries), the entering into or cancellation of a durable and important cooperation with an entity which is not part of the group formed by SNS Bank and its subsidiaries, as well as the issue and listing of shares and debt instruments; the latter only for as far as the issue or listing does not take place in the context of normal business activities.

Audit Committee

The Audit Committee of SNS Bank currently consists of 5 members, all members of the Supervisory Board of SNS Bank:

Mr. P.S. Overmars (chairman)
Mr. R.J. van de Kraats
Mrs. C.M. Insinger
Mr. J.A. Nijhuis
Mr. L.J. Wijngaarden

The Audit Committee has obtained a mandate from the Supervisory Board to prepare in collaboration with the Board of Directors the meetings of the Supervisory Board. In addition, the Audit Committee has the mandate to supervise the main developments in the field of financial reporting, tax, funding and finance, risk management and to monitor the relationship with the external accountants of SNS Bank.

Corporate Governance

The most recent version of the Dutch Corporate Governance Code (*Code Tabaksblat*) applies to companies of which the shares are listed on a recognized stock exchange. Although the Code Tabaksblat does not apply to SNS Bank, SNS Bank endorses most principles of the Code Tabaksblat. The Code Tabaksblat does apply to SNS REAAL.

Independent Auditors

KPMG ACCOUNTANTS N.V., with registered offices in Amstelveen, has been appointed as from 21 August 2003 as independent auditor to SNS Bank. KPMG ACCOUNTANTS N.V., has audited, and rendered unqualified audit reports on, SNS Bank's financial statements for each of the financial years ended 31 December 2009 and 31 December 2010. Each partner of KPMG ACCOUNTANTS N.V. is a member of the Dutch Institute for Chartered Accountants (*NIVRA*).

Rating Agencies

SNS Bank has been rated by independent rating agencies Moody's, Standard & Poors and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to SNS Bank, will be made available on www.snsreaal.com under the heading "Investor relations".

SNS REAAL

With a balance sheet total of almost €128 billion as of the end of December 2010, SNS REAAL is one of the major financial bank-insurance companies in the Netherlands. As a bank and insurer, SNS

REAAL holds a distinct position in its market by quickly and effectively translating client needs into accessible and transparent products. In-depth knowledge of products and efficient processes lead to effective standardisations and combination options within product and client groups. SNS REAAL is a decisive and flexible organisation that through its core brands SNS Bank and REAAL Verzekeringen and specialised sales labels enjoy strong positions in the Dutch market. Furthermore the combination has involved the following:

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

Company Structure and Profile

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

SNS Retail Bank

This segment offers banking products in the field of mortgages, asset growth and asset protection for both the retail and SME markets. In addition to SNS Bank, this segment also comprises the units ASN Bank, BLG Hypotheken, RegioBank and SNS Securities. As per 1 December 2010, SNS RegioBank changed its trade name back into RegioBank. With this change SNS REAAL aims to position this distribution channel more distinct from SNS Bank. On 11 October 2010 a legal merger took place between SNS Bank NV and its 100% subsidiary BLG Hypotheekbank N.V. With this legal merger BLG Hypotheekbank NV ceased to exist. The activities of BLG Hypotheekbank NV are continued by SNS Bank under the trade name BLG Hypotheken.

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

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

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

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

distribution between the banking labels and with the other business units are expected to create synergies in terms of costs and revenues.

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

Recent developments SNS Bank

SNS Bank has obtained approval from the Dutch Ministry of Finance to participate in the credit guarantee scheme of the State of the Netherlands. The Dutch State has guaranteed six issues of medium term notes issued by SNS Bank, an issue of €2 billion, issued on 30 January 2009, an issue of €1.6 billion, issued on 10 March 2009, an issue of €230 million, issued on 15 April 2009, an issue of €50 million, issued on 17 April 2009, an issue of \$ 900 million, issued on 24 April 2009 and an issue of £500 million on 27 April 2009.

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

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

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

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

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

On 9 November 2010 SNS REAAL N.V. announced a net profit of €63 million for the third quarter of 2010. In the third quarter, SNS REAAL posted a net profit of €63 million, a sharp increase compared to the level of last year, helped by financial markets. Excluding the international portfolio of SNS Property Finance, the core activities of SNS REAAL made a net profit of €163 million. The net profit of SNS Retail Bank increased sharply and was also significantly higher compared to the average of the first half of 2010. Net interest margins on mortgages improved on a slightly higher mortgage portfolio, in a still contracting market. At the end of the third quarter, SNS REAAL's market share in new mortgages was 6.5%, compared to 6.7% over the first half year. Net interest income from savings deposits was sharply higher, mainly due to the combination of high retention rates and lower interest rates offered on savings products. Savings balances grew by €0.3 billion compared to the end of June 2010, to €26.9 billion. Market share of total Dutch retail savings improved to 9.3% at the end of September (9.0% at the end of June 2010). At the end of the third quarter, bank savings, which are included in the total savings balances, amounted to €554 million, up €300 million compared to year end 2009 and up €132 million in the third quarter. The net loss of SNS Property Finance was higher than in the second half of 2009 and in line with the average for the first half of 2010. Interest income at SNS Property Finance was under further pressure in the third quarter, impacted by the continued decline of the loan portfolio and higher funding costs. Total commitments SNS Property Finance have been declined by €0.5 billion in the third quarter and the international commitments have been reduced by 32% whereby the net international loan portfolio has fallen below €3.0 billion. For SNS REAAL as a whole, turning around the situation at SNS Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to our customers, our key priorities. At the end of the third quarter, the Tier 1 ratio of SNS Bank stood at 11.0% (end of June 2010: 11.1%) and the Core Tier 1 ratio was 8.5% (end of June 2010: 8.6%). The decline in risk-weighted assets at SNS Property Finance largely compensated for the negative impact of the loss at SNS Property Finance.

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

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

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

Retail Bank mortgages covered by the Dutch Mortgage Guarantee scheme. Organically, SNS Retail Bank's residential mortgage portfolio grew by €0.9 billion, supported by high retention rates.

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

On 27 October 2011, SNS Bank published a press release regarding the new European Banking Authority (EBA) solvency threshold, pursuant to which European banks must meet a 9% threshold for their core Tier 1 ratios, in accordance with the current EBA definition, after revaluing sovereign bond holdings at market rates. Based on the preliminary insights of EBA as published in this EBA press release, SNS Bank NV (SNS Bank) meets this 9% core Tier 1 ratio threshold. SNS Bank announced that it will continue its policy focused on the further strengthening of its core Tier 1 ratio.

On 10 November 2011 SNS REAAL published its trading update for the third quarter of 2011, which press release is incorporated by reference into this Base Prospectus.

Supervision

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

Conflicts of interest

There are no potential conflicts of interest between any duties to SNS Bank and the private interests and/or other duties of members of the Board of Directors and/or the Supervisory Board of SNS Bank. These members may obtain financial services of SNS Bank.

Business unit	Label	Product groups	Clients	Distribution channels
SNS Bank	SNS Bank	Mortgages, savings, investments, payments, loans, insurance, commercial credit	Retail, SME	SNS shops, internet, intermediaries, telephone
	ASN Bank	Savings, investments, payments	Retail	Internet
	RegioBank	Mortgages, savings, investments	Retail, SME	Franchise offices
	BLG Hypotheken	Mortgages	Retail, SME	Intermediaries, distribution partners
	SNS Securities	Securities research, institutional brokerage, corporate finance, asset management	Financial Institutions (international), wealthy individuals	Accountmanagement
SNS Property Finance	SNS Property Finance	Property finance (investments, projects, participations)	Companies, professional investors, project developers, housing corporations	Offices

7. SELECTED FINANCIAL INFORMATION

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

Key Financial Information

<i>(amounts in millions of EUR)</i>	31 December 2010 (audited)	31 December 2009 (audited)
Total assets	78,918	80,251*
Loans and advances to the private sector	65,013	67,479
of which mortgage loans	50,767	50,878
Amounts due to customers	37,880	34,270
of which savings	27,398	24,435
Equity distributable to Shareholders	1,580	2,165
Capital base	3,694	3,590
Tier 1 ratio¹	10.7%	10.7%
BIS ratio¹	16.7%	13.9%
Net interest income	871	672
Other income	114	426
of which net commission and management fees	92	99
Net profit	(431)	(99)
(in numbers)		
Branches (unaudited)	143	133
Cash dispensers (unaudited)	490	516
Employees (fte's, average) (unaudited)	2,639	3,270

* SNS Bank has recognised a provision of €8 million (2009: €8 million) in relation to its share in the deposit guarantee scheme related to DSB Bank. This amount represents the expected uncollectability on the claim in the assets available for distribution of DSB Bank. In 2009 this amount was presented in the balance sheet item 'other liabilities'. In 2010 the compensation to customers of DSB Bank has been partially contributed to the Dutch Central Bank. As a result, SNS Bank has offset the provision with its contribution in the assets available for distribution of DSB. The net amount is presented under other assets.

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

Capitalisation of SNS Bank

The table below sets forth the capitalization and long-term indebtedness of SNS Bank on a consolidated basis:

<i>(amounts in millions of EUR)</i>	31 December 2010 (audited)	31 December 2009 (audited)
Short-term debt (remaining terms to maturity up to and including five years)		
- Savings	26,890	23,977
- Other amounts due to customers	7,653	7,557
- Derivatives	1,207	1,290
- Debt certificates	14,918	18,426
- Amounts to banks	2,908	6,486
- Participation cert. and subordinated debts	425	426
- Non interest-bearing liabilities	1,678	1,882
	55,679	60,044
Long-term debt (remaining terms to maturity over five years)		
- Savings	508	458
- Other amounts due to customers	2,829	2,278
- Derivatives	1,673	958
- Debt certificates	14,605	12,313
- Amounts due to banks	189	633
- Participation cert. and subordinated debts	1,597	1,133
- Non interest-bearing liabilities	2	-
	21,403	17,773
Share Capital*	381	381
Revaluation Reserve	2	3
Cash Flow Hedge Reserve	27	25
Fair Value reserve	(145)	12
Other Reserves	1,315	1,744
Securities capital	256	260
Third party interests	--	9
Total	1,836	2,434
Total		
- Savings	27,398	24,435
- Other amounts due to customers	10,482	9,835
- Derivatives	2,880	2,248
- Debt certificates	29,523	30,739
- Amounts due to banks	3,097	7,119
- Participation cert. and subordinated debts	2,022	1,559
- Non interest-bearing liabilities	1,680	1,882
	78,918	80,251

* The authorised capital consists of 4,200,040 shares with a nominal value of €453.79 each, which amounts to €1,905,936,151. The issued and paid-up share capital consists of 840,008 shares with a nominal value of €453.79 each.

Financial Year

The financial year of SNS Bank is the calendar year.

Auditors

The consolidated financial statements for 2009 and 2010 have been audited by KPMG ACCOUNTANTS N.V., Laan van Langerhuize 1, 1186 DS Amstelveen. The auditors have given an unqualified opinion for each of these years.

Legal proceedings

In July 2009, a group of execution-only clients of SNS Bank have held SNS Bank and certain of its group companies liable for alleged losses suffered on investments in non-Dutch (regulated) investment funds (including Madoff-feeder funds). These clients have invested in these investment funds on the advice of external financial advisors. SNS Bank executed the orders given by these clients for these funds and acted as custodian. The clients claim they should not have been facilitated to invest in these funds pursuant to their terms and conditions.

Although SNS Bank continues to believe that given its role as an execution-only party, it would not be obliged to compensate for any and all losses, given the costs and risks of defending any legal actions, it has taken the opportunity to resolve this matter by offering payment of a compensation amount. A majority of the clients has accepted this offer. SNS Bank has taken provisions for this offer. At the end of 2009 the mentioned clients organised themselves within the foundation Stichting Claim SNS/Bos & Partners and repeated the liability claim. On 1 April 2010 the foundation initiated legal proceedings against SNS Bank and SNS Global Custody, the custody entity of SNS Bank, despite attempts of SNS Bank to settle this matter out of court. The foundation allegedly acts in the interest of a larger group of execution-only clients than the above mentioned clients which organised themselves in the Stichting Claim SNS/Bos & Partners. Pursuant to the Dutch Civil Code the proceedings initiated by the foundation do not include a claim for monetary damages. Instead, declaratory relief is sought, with which monetary damages could be claimed in subsequent proceedings.

In 2010, the liquidators of three Fairfield funds (all Madoff-feeder funds) having their statutory seat in the British Virgin Islands ("BVI") have initiated legal proceedings in New York against, amongst others, SNS Global Custody, and its clients as former beneficial owners of investments in these funds. Similar proceedings have been initiated by the liquidators of one of these funds against SNS Global Custody in the BVI. The liquidators claim repayment of payments made by the funds for redemptions of investments received by these beneficial owners through SNS Global Custody for an aggregate amount of approximately USD 65 million. The proceedings in New York and the BVI are still in their early stages. Both cases are complicated and many financial institutions worldwide have been summoned in similar proceedings. In view hereof and considering the early stage of these proceedings, SNS Bank is currently not able to make a reliable estimate for a provision for these cases, if any. SNS Bank is defending itself against all of the abovementioned claims. In turn, all three Fairfield funds are defendants in similar clawback procedures initiated by the trustee of the estate of Bernard L. Madoff Investment Securities ("BLMIS"). The funds have also submitted claims in the bankruptcy of BLMIS. In May 2011 the liquidators of the Fairfield funds and the trustee of the estate of BLMIS announced that they had reached a settlement of their respective claims, which settlement is subject to court approval.

SNS Bank and its affiliates are and may become from time-to-time involved in governmental, legal and arbitration proceedings that relate to claims by and against the respective company which ensue from its normal business operations (including any such proceedings which are pending or threatened of which SNS Bank is aware). Although it is impossible to predict the result of any pending or threatened governmental, legal and arbitration proceedings, based on the information currently available and after consulting legal advisors, SNS Bank is, apart from the above, not aware of any

governmental, legal and arbitration proceedings the result of which may have or has had a significant effect on the financial position or results of SNS Bank and its affiliates, and, to our knowledge no such governmental, legal or arbitration proceedings are currently threatened or pending.

No significant change

At the date of this Base Prospectus there has been no significant change in the (financial) position of SNS Bank or its subsidiaries since 31 December 2010, the last day of the financial period in respect of which Audited Financial Statements of SNS Bank have been prepared.

Financial Information

SNS Bank's publicly available Audited Financial Statements are incorporated by reference into this Base Prospectus.

Summary Consolidated Accounts

The 2010 and 2009 financial statements of SNS Bank have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("EU").

Consolidated Balance Sheet

In €millions	31-12-2010	31-12-2009
Assets		
Cash and cash equivalents	3,833	2,554
Loans and advances to banks	1,681	2,715
Loans and advances to customers	65,013	67,479
Derivatives	2,317	1,169
Investments	4,249	4,517
Investment properties	1	1
Property projects	467	599
Investments in associates	6	33
Property and equipment	110	114
Intangible assets	164	243
Deferred tax assets	267	297
Corporate income tax	102	2
Other assets	587	528
Assets held for sale	121	--
Total assets	78,918	80,251
Equity and liabilities		
Savings	27,398	24,435
Other amounts due to customers	10,482	9,835
Amounts due to banks	3,096	7,119
Debt certificates	29,523	30,739
Derivatives	2,880	2,247
Deferred tax liabilities	323	320
Corporate income tax	--	90
Other liabilities	1,317	1,420
Other provisions	41	53
Participation certificates and subordinated debt	2,022	1,559
Share capital	381	381
Other reserves	1,630	1,883
Retained earnings	(431)	(99)
Shareholders' equity	1,580	2,165

Equity attributable to securityholders	256	260
Minority interest	--	9
Total equity	1,836	2,434
Total equity and liabilities	78,918	80,251
Consolidated Profit And Loss Account		
In €millions	2010	2009
Income		
Interest income	2,489	2,773
Interest expense	1,618	2,101
Net interest income	871	672
Fee and commission income	138	136
Fee and commission expense	46	37
Net fee and commission income	92	99
Share in the result of associates	(9)	(4)
Investment income	47	161
Result on financial instruments	(20)	169
Other operating income	4	1
Total income	985	1,098
Expenses		
Impairment charges	941	571
Staff costs	256	342
Depreciation and amortisation of fixed assets	35	34
Other operating expenses	285	250
Total expenses	1,517	1,197
Result before taxation	(532)	(99)
Taxation	(101)	(1)
Net result for the financial year	(431)	(98)
Attribution:		
Net result attributable to shareholders	(410)	(95)
Net result attributable to securityholders	(21)	(4)
Net result attributable to shareholders and securityholders	(431)	(99)
Net profit attributable to minority interests	--	1
Net profit for the year	(431)	(98)
Earnings per share (in €)	(488.44)	(112.75)
Diluted earnings per share (in €)	(488.44)	(112.75)
Net result per security 'State-like' (in €)	--	--
Net result per security 'Foundation-like' (in €)	(19.55)	(4.19)
Weighted average number of shares outstanding	840,008	840,008

Consolidated cash flow statement

In €millions	2010	2009
Cash flow from operating activities		
Result before taxation	(532)	(99)
Adjustments for:		
Depreciation and amortisation of fixed assets	20	21
Changes in other provisions	21	(12)
Impairment charges / reversals	941	571
Unrealised results on investments through profit and loss	(165)	(91)
Retained share in the result of associates	9	4
Tax paid	--	3
Change in operating assets and liabilities		
Change in loans and advances to customers	3,113	(2,034)
Change in loans and advances to banks	(2,989)	696
Change in savings	2,963	2,576
Change in trading portfolio	41	83
Change in other operating activities	(1,113)	36
Net cash flow from operating activities	2,309	1,754
Cash flow from investing activities		
Proceeds from the sale of intangible assets	16	12
Proceeds from the sale of property and equipment	4	1
Proceeds from the sale of subsidiaries	--	1
Proceeds from the sale and redemption of investments and derivatives	1,618	3,562
Purchase of intangible fixed assets	(9)	(18)
Purchase of property and equipment	(17)	(27)
Purchase of subsidiaries	(10)	(21)
Purchase of investment property	(58)	(519)
Purchase of investments and derivatives	(1,582)	(4,232)
Net cash flow from investing activities	(38)	(1,241)
Cash flow from financing activities		
Proceeds from issue of shares	--	150
Proceeds from issue of subordinated loans	635	416
Proceeds from issue of debt certificates	6,207	12,424
Redemption of subordinated loans	(205)	(586)
Redemption of debt certificates	(7,634)	(12,055)
Net cash flow from financing activities	(997)	349
Cash and cash equivalents as at 1 January	2,554	1,692
Effect of exchange rate fluctuations on cash held	5	--
Change in cash and cash equivalents	1,274	862

Cash and cash equivalents as at 31 December	3,833	2,554
Additional disclosure with regards to cash flows from operating activities		
Interest income received	2,445	2,828
Dividends received	--	--
Interest paid	1,471	1,973

Outlook

The outlook for SNS Bank is included in the chapter 'Outlook 2011' on pages 16 and 17 of the annual report of SNS Bank for the year ended 31 December 2010, which chapter is included by reference in this Prospectus.

8. COVERED BONDS

FORM OF COVERED BONDS

Each Tranche of Covered Bonds will (as specified in the applicable final terms (each the "**Final Terms**") be in bearer or in registered form. Bearer Covered Bonds will initially be issued in the form of a temporary global covered bond without interest coupons attached (a "**Temporary Global Covered Bond**"). Each Temporary Global Covered Bond which is intended to be issued in new global note ("NGN") form, as specified in the applicable Final Terms, will be deposited on or prior to the issue date of a Tranche with a common safekeeper for Euroclear and/or Clearstream. Each Temporary Global Covered Bond which is not intended to be issued in NGN form, as specified in the applicable Final Terms, will on or prior to the original issue date of the Tranche be deposited with the *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Nederland**") or with (a depository for) any other agreed clearing system. Registered Covered Bonds, will be issued to each holder by a Registered Covered Bonds Deed.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee, but shall not include Euroclear Nederland.

Whilst any Covered Bond is represented by a Temporary Global Covered Bond payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date will be made against presentation of the Temporary Global Covered Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland and Euroclear and/or Clearstream, Luxembourg and/or Euroclear Nederland, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 days (nor (if the Temporary Global Covered Bond has been deposited with Euroclear Nederland) more than 90 days) after the date on which the Temporary Global Covered Bond is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global covered bond without interest coupons attached (a "**Permanent Global Covered Bond**" and, together with any Temporary Global Covered Bond, each a "**Global Covered Bond**") of the same Series, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond is improperly withheld or refused. Payments of principal, interest (if any) and any other amounts on a Permanent Global Covered Bond will be made without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will only be exchangeable (free of charge), in whole but not in part, for definitive Covered Bonds (each a "**Definitive Covered Bond**") with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an "**Exchange Event**". For these purposes, Exchange Event means that (i) the Covered Bonds become immediately due and repayable by reason of an Issuer Event of Default or (ii) the Issuer has been notified that Euroclear and Clearstream, Luxembourg or, if applicable in respect of the relevant Series, Euroclear Nederland have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to cease business permanently or have in fact done so and no successor clearing system is available or (iii) the Issuer or the CBC has or will become subject to adverse tax consequences which would not be suffered if the Covered Bonds represented by the Permanent Global Covered Bond, were

in definitive form. The Issuer will promptly give notice to Covered Bondholders of each Series in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or, if applicable, Euroclear Nederland (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Security Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer or the CBC may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Definitive Covered Bonds will be in the standard euromarket form (unless otherwise indicated in the applicable Final Terms). Definitive Covered Bonds and Global Covered Bonds will be in bearer form.

In case of Covered Bonds represented by a Permanent Global Covered Bond deposited with Euroclear Nederland, a Covered Bondholder shall not have the right to request delivery ("*uitlevering*") of his Covered Bonds under the Wge other than on the occurrence of an Exchange Event as described above.

Global Covered Bonds, Definitive Covered Bonds and Registered Covered Bonds will be issued in accordance with and subject to the terms of the Agency Agreement and the Trust Deed.

The following legend will appear on all Covered Bonds which have an original maturity of more than one year and on all receipts and interest coupons relating to such Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Covered Bonds, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Covered Bonds, receipts or interest coupons.

The following legend will appear on all Global Covered Bonds held through Euroclear Nederland:

"NOTICE: THIS COVERED BOND IS ISSUED FOR DEPOSIT WITH *NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER B.V.* ("*EUROCLEAR NEDERLAND*") AT AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS COVERED BOND FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED."

Covered Bonds which are represented by a Global Covered Bond and are held through Euroclear or Clearstream, Luxembourg, will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. In case of a Global Covered Bond deposited with Euroclear Nederland, the rights of Covered Bondholders will be exercised in accordance with and are subject to the Dutch Securities Giro Transfer Act ("*Wet Giraal Effectenverkeer*").

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a temporary common code and ISIN Code by Euroclear and Clearstream, Luxembourg and/or any other relevant security code which are different from the common code, ISIN Code and other relevant security code assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Covered Bonds of such Tranche.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the CBC unless the Security Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

Copies of the Final Terms will be provided upon request by the Issuer. [In addition, in case of Covered Bonds listed on NYSE Euronext in Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (_____) and in case of Covered Bonds listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (_____)].

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme.

Final Terms

Dated []

SNS Bank N.V.

(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in Utrecht)

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]
(the "**Covered Bonds**")

Guaranteed as to payment of principal and interest by

SNS Covered Bond Company B.V.

under SNS Bank N.V.'s €15,000,000,000 Covered Bond Programme

[This document constitutes the Final Terms of the issue of Covered Bonds under the € [15,000,000,000] Covered Bond Programme (the "**Programme**") of SNS Bank N.V. (the "**Issuer**") guaranteed by SNS Covered Bond Company B.V. (the "**CBC**"), described herein for the purposes of article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). This document must be read in conjunction with the base prospectus pertaining to the Programme, dated 25 November 2011 [as amended by [...]] and any further amendments and supplements thereto (the "**Base Prospectus**"), which constitute a base prospectus for the purposes of the Prospectus Directive [*include the following language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date*], refer to the relevant Terms and Conditions];, save in respect of the Terms and Conditions (as defined below) which are replaced by the terms and conditions [...]. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus and any amendments or supplements thereto. The Base Prospectus (and any amendments thereto) is/are available for viewing at www.snsreaal.com as well as at the Amsterdam office of the Issuer at Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, the Netherlands, where copies may also be obtained (free of charge). Any supplements to the Base Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there.]

These Final Terms are to be read in conjunction with the Terms and Conditions (the "**Terms and Conditions**") set forth in Chapter 8 of the Base Prospectus. The Terms and Conditions as supplemented, amended and/or disappplied by these Final Terms constitute the conditions (the "**Conditions**") of the Covered Bonds. Capitalised terms not defined herein have the same meaning as in the Terms and Conditions. Certain capitalised terms in the Conditions which are not defined therein have the meaning set forth in a master definitions agreement (the "**Master Definitions Agreement**") dated 13 December 2007, as amended, and signed by the Issuer, the CBC, the Security Trustee, the Originators and certain other parties. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in Chapter 8 of the Base Prospectus.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information at, for example, items 9, 10, 15, 16, 17, 18 or 34

or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of 2 business days.]

1. (i) Issuer: SNS Bank N.V.
- (ii) CBC: SNS Covered Bond Company B.V.
2. [(i)] Series Number: [...]
- [(ii)] Tranche Number: [...]

(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)
3. Specified Currency or Currencies: [...]
4. Aggregate Nominal Amount [of Covered Bonds admitted to trading]:
- [(i)] Tranche: [...]
- [(ii)] Series: [...]
5. Issue Price of Tranche: [...] per cent. of the Aggregate Nominal Amount
[plus accrued interest from *[insert date]* *(in the case of fungible issues only, if applicable)*]
6. (i) Specified Denominations: [...]
- (ii) Calculation Amount [...]

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations).

- (iii) Form of Definitive Covered Bonds [Standard Euromarket][*other*]
7. [(i)] Issue Date: [...]
- [(ii)] Interest Commencement Date
(if different from the Issue Date): [...]
8. Maturity Date: [*specify date or* Floating rate – Interest Payment Date falling in or nearest to [*specify month and year*]]
- Extended Due for Payment Date: [*specify date or* Floating rate – Interest Payment Date falling in or nearest to [*specify month and year*] after Maturity Date and in respect of Zero Coupon or if otherwise applicable – *specify interest basis as referred to in Condition 5(b)*][*other, specify*]]
9. Interest Basis: [...] per cent. Fixed Rate
[[LIBOR/EURIBOR/other] +/- [...] per cent. Floating Rate]
[Zero Coupon]

[specify other (NB: no Derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)]
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Partly Paid]
[specify other amount or percentage] (NB: no Derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis included in these final terms] (NB: no Derivatives within the meaning of the Commission Regulation (EC) 809/2004 will be issued, unless a Supplemental Prospectus is issued in this respect)]
12. Put/Call Options: [[Investor Put]]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Covered Bonds: Unsubordinated, unsecured, guaranteed
14. Status of the Guarantee Unsubordinated, secured (indirectly, through a parallel debt), unguaranteed
15. Method of distribution: [Syndicated/Non-syndicated/Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Covered Bond Provisions** [Applicable/Not Applicable/(specify other)]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [...] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] (If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [...] in each year up to and including the Extended Due for Payment Date, if applicable [other, give details]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Interest Period: [Please specify (in case of step-up Covered Bond)/Not Applicable]
- (iv) Fixed Coupon Amount(s): [...] per Calculation Amount
- (v) Broken Amount(s): [...] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [...]]

- (vi) Business Day Convention
 - Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/Unadjusted/Preceding Business Day Convention/[*specify other*]]
 - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (vii) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *specify other*]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [None/give details]
17. **Floating Rate Covered Bond Provisions** [Applicable/Not Applicable/(*specify other*)]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s): [...] [only applicable if no Specified Interest Payment Dates are set out]
- (ii) Specified Interest Payment Dates: [...]
- (iii) Business Day Convention:
 - Business Day Convention [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Unadjusted/ Preceding Business Day Convention/ [*specify other*]]
 - Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (iv) Additional Business Centre(s): [...]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (vi) Party responsible for calculating the Rate of Interest and interest Amount (if not the Principal Paying Agent): [...]
- (vii) Screen Rate Determination: [Yes/No]
 - Reference Rate: [...] (*Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
 - Interest Determination Date(s): [...] (*Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 is open prior to the start of each Interest*)

*Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country in which the TARGET2 does not apply)
(specify up to and including Extended Due for Payment Date)*

- Relevant Screen Page: [...]

(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
 - Relevant Time: [...]

(For example, 11.00 a.m. London time/Brussels time)
 - (viii) ISDA Determination: [Yes/No]
 - Floating Rate Option: [...]
 - Designated Maturity: [...]
 - Reset Date: [...]
 - (ix) Margin(s): [+/-] [...] per cent. per annum
 - (x) Minimum Rate of Interest: [...] per cent. per annum
 - (xi) Maximum Rate of Interest: [...] per cent. per annum
 - (xii) Floating Day Count Fraction: [[Actual/365
Actual/365 (Fixed)
Actual/360
or 360/360 or Bond Basis
30E/360 or Eurobond Basis
30E/360 (ISDA)
Other]
[(See Condition [5] for alternatives)]
 - (xiii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions: [...]
 - (xiv) Description of any market disruption or settlement disruption events that affect the underlying: [...]
18. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable/(specify other)]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [...] per cent. per annum
 - (ii) Reference Price: [...]
 - (iii) Any other formula/basis of determining amount payable: [...]

- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payments: [[Conditions [7(e)(iii)] and [(j)] apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)]

PROVISIONS RELATING TO REDEMPTION

19. **Issuer Call:** [Applicable/Not Applicable]
If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [...]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [...] per Calculation Amount
- (iii) If redeemable in part:
 (a) Minimum Redemption Amount: [...] per Calculation Amount
 (b) Higher Redemption Amount: [...] per Calculation Amount
- (iv) Notice period (if other than as set out in the Terms and Conditions): [...]
-(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
- (v) Extended Due for Payment Date (if other than as set out in the Terms and Conditions): [...] / [Not Applicable]
-(N.B. Only include an Extended Due for Payment Date if this is different to that provided in the Terms and Conditions)
20. **Investor Put:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [...]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [...] per Calculation Amount
- (iii) Notice period (if other than as set out in the Terms and Conditions): [...]
(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the

Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

21. **Final Redemption Amount** [...] [per Calculation Amount]
22. Early Redemption Amount(s) per Calculation
Amount of each Covered Bond payable on redemption for taxation reasons, or on acceleration following an Issuer Event of Default as against the Issuer or a CBC Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Terms and Conditions): [...]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23. Form of Covered Bonds: [Bearer form/registered form (*Include for Registered Covered Bonds*)]

[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event.]

[Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date.]

[Permanent Global Covered Bond exchangeable for Definitive Covered Bonds only upon the occurrence of an Exchange Event.]

[Permanent Global Covered Bond not exchangeable for Definitive Covered Bonds]

[other]
24. New Global Note form: [Applicable/Not Applicable]
[Please refer to item 44(vi), if applicable]
25. Exclusion of set-off: [Not applicable/give details]
[See Condition 6(g). If set-off is excluded for the purpose of Registered Covered Bonds to be issued to German insurers, insert: "The Issuer and the CBC each hereby waive, for the benefit of all present and future holders of the Registered Covered Bonds, any right to set-off ("*verrekenen*", in German: "*aufrechnen*") any amount against, any right to retain ("*inhouden*", in German: "*zurückbehalten*") any amount from, and any right of pledge ("*pandrecht*", in German: "*Pfandrecht*"), including

but not limited to any right of pledge created under the Issuer's General Banking Conditions with regard to, any amount it owes under or in respect of the Registered Covered Bonds.

This waiver (i) applies as far as and as long as the Registered Covered Bonds are part of the security funds ("*Sicherungsvermögen*") and the other restricted assets ("*sonstiges gebundenes Vermögen*") within the meaning of section 54 of the German Insurance Supervisory Act ("*Versicherungsaufsichtsgesetz*") in connection with the German Regulation on the Investment of the Restricted Assets of Insurance Companies ("*Verordnung über die Anlage des gebundenen Vermögen von Versicherungsunternehmen*") also in case of an insolvency and (ii) prevails over any present or future agreement with a conflicting content, save in the case of future agreements only, where such future agreement has a conflicting content which explicitly refers to this specific waiver."

- | | | |
|-----|---|---|
| 26. | Additional Financial Centre(s) or other special provisions relating to payment Dates: | [Not Applicable/give details]
Note that this item relates to the date and place of payment and not Interest Period end dates to which item 17 (iv) relates |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature): | [Yes/No. If yes, give details] |
| 28. | Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: | [Not Applicable/give details. <i>NB: a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly Paid issues</i>] |
| 29. | Details relating to Instalment Covered Bonds; amount of each instalment, date on which each payment is to be made: | [Not Applicable/give details] |
| 30. | Redenomination: | [Redenomination [not] applicable
(if Redenomination is applicable, include
(i) either the applicable Fixed Day Count Fraction or any provisions necessary to deal with floating rate interest (including alternative reference rates) and
(ii) the New Currency] |
| 31. | Other terms or special conditions: | [Not Applicable/give details] |

(when adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

DISTRIBUTION

32. (i) [If syndicated, names of Managers]: [Not Applicable/give names/ give legal names]
- [Please note that the process for notification to potential investors of the amount allotted and an indication whether dealing may begin before notification is made will be provided for by the Manager(s) and notified by the Manager(s) to potential investors]*
- (ii) Stabilising Manager (if any): [Not Applicable/give legal name]
33. If non-syndicated, name and address of relevant Dealer: [specify name of Dealer/Not applicable. The Covered Bonds are not being underwritten by any Dealer(s).]
34. [Total commission and concession]/ [Not Applicable] [[...] per cent. of the Aggregate Nominal Amount/[...]]

OTHER PROVISIONS

35. Whether TEFRA D or TEFRA C rules applicable [TEFRA D/TEFRA C/Not applicable]
36. Additional selling restrictions: [Not Applicable/give details]
37. Listing
- (i) Listing [Luxembourg Stock Exchange/other (specify)/ None]
- Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on the regulated market on the official list of the Luxembourg Stock Exchange with effect from [...], [Not Applicable]. [...]]
- (ii) Estimate of total expenses related to admission to trading: [...]
38. Ratings: The Covered Bonds to be issued are rated:
- [Moody's: Aa1]
[Fitch: AAA]
[Other]: [...]
[Registration of Rating Agency: [...]/[The entities of Moody's and Fitch established in the European Union have been registered under the CRA Regulation]

39. [Notification]
The Dutch Authority for the Financial Markets ("Autoriteit Financiële Markten") ("AFM") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]
40. Interests of Natural and Legal Persons Involved in the Issue
[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. – Amend as appropriate if there are other interests]
41. [Reasons for the Offer (*if different from making a profit and/or hedging certain risks*)]
(Also see "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
42. [Estimated net proceeds and total expenses]
- (i) Estimated net proceeds [...]
- (ii) Estimated total expenses: [...] [Include breakdown of expenses]]
43. Yield (Fixed Rate Covered Bonds only)
- Indication of yield: [...]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
44. Operational Information
- (i) ISIN Code: [...]
- (ii) Common Code: [...]
- (iv) WKN Code: [...] [Not Applicable]
- (v) [Other relevant code:] [...] [Not Applicable/give name(s) and numbers(s)]
- (vi) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]
- [Note that the designation "Yes" simply means that the Covered Bonds are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [Include this text if "Yes" selected in which

case the Covered Bonds must be issued in NGN form]

- (vii) Offer Period: [The offer of the Covered Bonds is expected to open at [...] hours ([...] time) on [...] and close at [...] hours ([...] time) on [...] or such earlier or later date or time as the Issuer may determine, following consultation with the relevant Dealer where practical,] (and announce))] [Not Applicable]
- (viii) Delivery: Delivery [against/free of] payment
- (ix) Payment: Method and time limits of paying up the Covered Bonds – *to be included if any agreement in this respect is entered into between Issuer and Manager(s)*
- (x) Settlement Procedure: [Method of settlement procedure]
- (xi) Clearing System: [Euroclear/Clearstream Luxembourg/Euroclear Nederland/other agreed clearing system]
45. Additional paying agent (if any) [Name:][Address:] / Not Applicable]
46. Additional information [...] *[The following information should be consulted in connection with the offer of the Covered Bonds:
- insert relevant information which does not necessitate a Supplement to the Base Prospectus / Not Applicable].*
47. Listing Application
[These Final Terms comprise the final terms required to list and have admitted to trading on *[specify the relevant regulated market]* the issue of Covered Bonds described herein pursuant to the Programme for the issuance of Covered Bonds of SNS Bank N.V./ Not Applicable]

Responsibility

The Issuer and the CBC declare that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer and the CBC accept responsibility for the information contained in these Final Terms. [...] has been extracted from [...]. The Issuer and the CBC confirm that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [...], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

Signed on behalf of the CBC:

By:
Duly authorised

By:
Duly authorised

By:
Duly authorised

By:
Duly authorised

TERMS AND CONDITIONS OF COVERED BONDS

*The following are the terms and conditions of Covered Bonds (the "**Terms and Conditions**") to be issued by the Issuer which will be incorporated by reference into each global Covered Bonds, registered Covered Bonds Deed and each definitive Covered Bonds in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Covered Bonds. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Covered Bonds, registered Covered Bonds Deed and definitive Covered Bonds in the standard euromarket form. Reference should be made to "Form of the Covered Bonds" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by SNS Bank N.V. (the "**Issuer**") which expression shall include any Substitute Debtor pursuant to Condition 17) pursuant to a trust deed (as amended from time to time, the "**Trust Deed**") dated 13 December 2007 (the "**Programme Date**") made between the Issuer, SNS Covered Bond Company B.V. (the "**CBC**") and Stichting Security Trustee SNS Covered Bond Company (the "**Security Trustee**") and Stichting Holding SNS Covered Bond Company (the "**Stichting Holding**").

Save as provided for in Conditions 10 (*Events of Default and Enforcement*) and 15 (*Meetings of Covered Bondholders, Modification and Waiver*) or where the context otherwise requires, references herein to the Covered Bonds shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a global covered bond, units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Temporary Global Covered Bond, any Permanent Global Covered Bond and any Registered Covered Bonds, as the case may be; and
- (iii) any Definitive Covered Bonds issued in exchange for a Permanent Global Covered Bond upon the occurrence of an Exchange Event.

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended, supplemented, restated or otherwise modified from time to time, the "**Agency Agreement**") entered into on the Programme Date between the Issuer, the CBC, the Security Trustee, Dexia Banque Internationale à Luxembourg as issuing and principal paying agent (the "**Principal Paying Agent**") and SNS Bank as registrar (the "**Registrar**"), and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agent).

Interest bearing Definitive Covered Bonds in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Covered Bonds in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) are (i) in the case of a Bearer Covered Bond, attached to or endorsed on this Covered Bond or (ii) in the case of a Registered Covered Bond, attached to the relevant Registered Covered Bonds Deed, and supplement these Terms and Conditions (together in respect of the relevant Covered Bond the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond. References to the applicable Final Terms are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or the relevant Registered Covered Bonds Deed.

The Security Trustee acts for the benefit of the holders for the time being of the Covered Bonds (the "**Covered Bondholders**" or "**Bondholders**"), which expression shall, in relation to (i) any Bearer Covered Bonds represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond, and (ii) any Registered Covered Bond, be construed as provided below) and the holders of the Coupons (the "**Couponholders**"), which expression shall, unless the context otherwise requires, include the holders of the Talons) and the holders of the Receipt (the "**Receiptholders**"), and for holders of each other Series in accordance with the provisions of the Trust Deed. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Nederland or one of its participants.

As used herein, "**Tranche**" means Covered Bonds which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

These Terms and Conditions include summaries of, and are subject to, the provisions of the Trust Deed, the Pledge Agreements and the Agency Agreement.

Copies of the Trust Deed, the Pledge Agreements, the Master Definitions Agreement and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Security Trustee being at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands and at the specified office of each of the Paying Agents. Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of each of the Paying Agents and any Covered Bondholder must produce evidence satisfactory to the Issuer and the Security Trustee or, as the case may be, the relevant Paying Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Trust Deed, the Pledge Agreements, the Master Definitions Agreement, the Agency Agreement, each of the other Relevant Documents and the applicable Final Terms which are applicable to them and to have notice of each Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Terms and Conditions shall bear the meaning given to them in the applicable Final Terms and/or the master definitions agreement dated the Programme Date, as amended from time to time (the "**Master Definitions Agreement**"), a copy of each of which may be obtained as described above.

1. FORM, DENOMINATION AND TITLE

The Covered Bonds are either in bearer form ("**Bearer Covered Bonds**") or registered form ("**Registered Covered Bonds**") issued pursuant to the terms and conditions of a registered covered bonds deed ("**Registered Covered Bonds Deed**"), as set out in the applicable Final Terms, and, in the case of Definitive Covered Bonds, serially numbered, and in the case of Definitive Covered Bonds or Registered Covered Bonds in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Covered Bond may be a Partly Paid Covered Bond, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in these Terms and

Conditions are not applicable.

Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery (*levering*) thereof.

For Bearer Covered Bonds held by Euroclear Nederland deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (as amended) (*Wet giraal effectenverkeer*, "Wge").

The Issuer, the CBC, the Paying Agents and the Security Trustee may (except as otherwise required by law) deem and treat the holder of any Bearer Covered Bond or Coupon as the absolute owner thereof, whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such bearer for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the first succeeding paragraph. The signatures on this Covered Bond or the relevant Registered Covered Bonds Deed, as applicable, are manual and/or in facsimile.

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") by a common safekeeper, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to such nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CBC, the Paying Agents and the Security Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Global Covered Bond shall be treated by the Issuer, the CBC, any Paying Agent and the Security Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions "**Covered Bondholder**" and "**holder of Covered Bonds**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Covered Bonds as aforesaid, the Security Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error or an error established as such to the satisfaction of the Security Trustee, be conclusive and binding on all concerned. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, and/or Euroclear Nederland, as the case may be.

Where Covered Bonds represented by a Permanent Global Covered Bond are deposited with Euroclear Nederland, a Covered Bondholder shall not have the right to request delivery ("*uitlevering*") of his Covered Bonds under the Wge other than as set out in accordance with the rules and procedures of Euroclear Nederland.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Security Trustee but shall not include Euroclear Nederland.

2. STATUS OF THE COVERED BONDS

The Covered Bonds and any relative Coupons constitute unsubordinated and unsecured obligations of the Issuer, guaranteed by the Guarantee and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, present and future, other than any obligations preferred by mandatory provisions of applicable law.

3. THE GUARANTEE

Pursuant to a guarantee issued under the Trust Deed, the CBC has as an independent obligation irrevocably undertaken to pay the Guaranteed Amounts when the same shall become Due for Payment (the "**Guarantee**"). However, the CBC shall have no such obligation under the Guarantee until (i) the occurrence of an Issuer Event of Default, service by the Security Trustee on the Issuer of an Issuer Acceleration Notice and service by the Security Trustee on the CBC of a Notice to Pay or (ii) the occurrence of a CBC Event of Default and the service by the Security Trustee of a CBC Acceleration Notice on the Issuer and the CBC. In addition, if the CBC is obliged under the Guarantee to pay a Guaranteed Amount relating to Scheduled Principal payable on the Maturity Date (the "**Guaranteed Final Redemption Amount**"), then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the date when the Guaranteed Final Redemption Amount is Due for Payment (the "**Extension Date**") or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the date on which such notice was given by the CBC and/or was given to the relevant clearing system) or at least two Business Days prior to such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and
- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 5 to the Maturity Date are deemed to be references to the Extended Due for Payment Date, *mutatis mutandis*,

all without prejudice to the CBC's obligation to pay any other Guaranteed Amount (i.e. other than the Guaranteed Final Redemption Amount) when Due for Payment.

The rights under the Guarantee (a) form an integral part of the Covered Bonds, (b) are of interest to a holder of Covered Bonds only if, to the extent that, and for so long as, it holds Covered Bonds and (c) can only be transferred together with all other rights under the relevant Covered Bond. The obligations of the CBC under the Guarantee are unsubordinated and unguaranteed obligations of the CBC, which are secured (indirectly, through a parallel debt) as set out below.

As security for a parallel debt corresponding to the CBC's obligations under the Guarantee and the other Relevant Documents to which it is a party, the CBC has granted the following security rights to the Security Trustee:

- (i) a first ranking right of pledge (or such other security right as may be applicable) over the Transferred Assets;

- (ii) a first ranking right of pledge over the CBC's rights under or in connection with the CBC Relevant Documents.

The holders of the Covered Bonds of each Series will, through the Security Trustee, benefit from the security rights and are deemed to have acknowledged, and are bound by the Trust Deed.

For the purposes of these Terms and Conditions:

"Extended Due for Payment Date" means, subject to Condition 7(c), the date falling one year after the Maturity Date, as specified as such in the applicable Final Terms.

4. **REDENOMINATION**

(a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds, the Receipts and the Coupons denominated in the Specified Currency (or Specified Currencies) (each the **"Old Currency"**) shall be redenominated in another currency (the **"New Currency"**) being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, a currency other than euro, as the case may be.

The election will have effect as follows:

- (i) the Covered Bonds, the Receipts and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of euro 0.01, or its equivalent in another currency, with a principal amount for each Covered Bond and Receipt equal to the principal amount of that Covered Bond or Receipt in the Specified Currency, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice at the time of redenomination in respect of the redenomination into the New Currency of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the stock exchange (if any) on which the Covered Bonds may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice (as defined below) has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate principal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01 or its equivalent in another currency;
- (iii) if definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 100,000 or such other amount as may be allowed pursuant to the relevant laws which are applicable to (the offering of) such Covered Bonds and notified to the Covered Bondholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **"Exchange Notice"**) to the Covered Bondholders in accordance with Condition 14 that replacement of Old

Currency denominated Covered Bonds, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds, Coupons and Receipts so issued will also become void on that date although those Covered Bonds, Coupons and Receipts will continue to constitute valid exchange obligations of the Issuer. New Currency denominated Covered Bonds, Receipts and Coupons will be issued in exchange for Covered Bonds, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent, in consultation with the Issuer, may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

- (v) on or after the Redenomination Date, all payments in respect of the Covered Bonds, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in the New Currency as though references in the Covered Bonds to the Specified Currency were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;
- (vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 5(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Covered Bonds shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) the applicable Final Terms will specify the exact date on which the redenomination will occur in case the Covered Bonds were issued in a currency other than euro and in a country in which the TARGET2 does not apply.

(b) *Definitions*

In these Terms and Conditions, the following expressions have the following meanings:

"Convertibility Event" means the determination by the national government of the country in the currency of which the Covered Bonds were issued, that such currency is substituted by another currency;

"Established Rate" means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Union regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty;

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Calculation Amount" has the meaning ascribed to in the applicable Final Terms;

"Redenomination Date" means (in the case of interest bearing Covered Bonds) any date for

payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to paragraph (a) above and which in case of (i) the New Currency being euro, falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender; and

"**Treaty**" means the treaty on the functioning of the European Union, as amended.

5. **INTEREST**

(a) *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding (or, if it is a Partly Paid Covered Bond, the amount paid up) from (and including) the interest commencement date as specified in the applicable Final Terms ("**Interest Commencement Date**") (or, if not specified in the applicable Final Terms, the Issue Date) at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date (if that date does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Interest Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or

otherwise in accordance with applicable market convention and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount.

For the purposes of these Terms and Conditions, "**Fixed Day Count Fraction**" means:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, it means:
 - (a) where the Interest Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Interest Calculation Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (b) where the Interest Calculation Period is longer than one Determination Period, the sum of:
 - (A) the actual number of days in such Interest Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the actual number of days in such Interest Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including an Interest Payment Date in any year up to but excluding the next Interest Payment Date;

if "**30/360**" is specified in the applicable Final Terms, the number of days in the Interest Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Interest Calculation Period is the 31st day of a month but the first day of the Interest Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Interest Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

"**Fixed Interest Period**" means the period from and including an Interest Payment Date (or in the case of a first interest period, the Interest Commencement Date, or if such is not specified in the applicable Final Terms, the Issue Date) to but excluding the next or first Interest Payment Date;

"**Maturity Date**" means, subject to Condition 7(c), in respect of a Series of Covered Bonds, the relevant Interest Payment Date which falls no more than 40 years after the Issue Date of such Series and on which the Covered Bonds of such Series are expected to be redeemed at their Principal Amount Outstanding in accordance with these Conditions, as specified in the relevant Final Terms; and

"**Principal Amount Outstanding**" means, on any date, the principal amount of a Covered Bond on the relevant Issue Date, less the aggregate amount of any principal payments in respect of such Covered Bond which have been paid to the relevant Covered Bondholder on or prior to that date.

"**Calculation Amount**" has the meaning ascribed to it in the applicable Final Terms;

The applicable Final Terms shall contain provisions (if necessary) relating to the calculation of interest in respect of Interest Payment Dates that fall in the interval between the Issue Date and the First Interest Payment Date or the interval between the Maturity Date and the immediately preceding Interest Payment Date.

(b) *Interest on Floating Rate Covered Bonds*

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention is specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5 (b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediate preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) 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 any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET2 is open. In these Terms and Conditions, "**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.

(ii) *Rate of Interest*

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination for Floating Rate Covered Bonds*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words "are open for" in the second line before the word "general" and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Principal Paying Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

(b) *Screen Rate Determination for Floating Rate Covered Bonds*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (b) in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

(iii) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate Covered Bonds will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Covered Bonds, in respect of each Calculation Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"Floating Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/365**" or "**Actual/Actual ISDA**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (v) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 14. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of the Covered Bond having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, if applicable, the other Paying Agents and all Covered Bondholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Partly Paid Covered Bonds*

In the case of Partly Paid Covered Bonds (other than Partly Paid Covered Bonds which are Zero Coupon Covered Bonds) interest will accrue on the paid-up nominal amount of such Covered Bonds and otherwise as specified in the applicable Final Terms.

(d) *Accrual of interest*

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

6. **PAYMENTS**

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro and U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. Dollars will be made by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, means the United States of America, including the State and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment in these Terms and Conditions, the Trust Deed, the Agency Agreement and the Final Terms, but without prejudice to the provisions of Condition 8 (*Taxation*). References to Specified Currency will include any successor currency under applicable law.

(b) *Presentation of Definitive Covered Bonds and Coupons*

Payments of principal in respect of Definitive Covered Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Covered Bonds, and payments of interest in respect of Definitive Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Payments of instalments of principal (if any) on the Covered Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Covered Bonds. Each Receipt must be presented for payment of the relevant instalment together with the definitive Covered Bond to which it appertains. Receipts presented without the definitive Covered Bonds to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Covered Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Covered Bonds in definitive form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five (5) years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive form becomes due and repayable in whole, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Covered Bond is presented for redemption without all unmatured Receipts, Coupons or Talons

relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Covered Bond**" is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond.

If the due date for redemption of any Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Covered Bond.

(c) *Payments in respect of Global Covered Bonds*

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond against presentation or surrender (as the case may be) of such Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global Covered Bond by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made and in respect of a Global Covered Bond in NGN-form the payment is entered *pro rata* in the record of Euroclear and Clearstream, Luxembourg.

(d) *General provisions applicable to payments*

The holder of a Global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or the CBC and the Security Trustee will be discharged by payment to, or to the order of, the holder of such Global Covered Bond in respect of each amount so paid.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Euroclear Nederland as the beneficial holder of a particular nominal amount of Covered Bonds represented by a Global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or Euroclear Nederland, as the case may be, for his share of each payment so made by the Issuer or the CBC or the Security Trustee to, or to the order of, the holder of such Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Covered Bonds is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the CBC, adverse tax consequences to the Issuer or the CBC.

(e) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:

- (i) 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:
 - (A) the relevant place of presentation; and
 - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the optional redemption amount(s) (if any) of the Covered Bonds as specified in the applicable Final Terms ("**Optional Redemption Amount**");
- (v) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 7(d) (*Redemption and Purchase - Early Redemption Amounts*));
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds; and
- (vii) any Excess Proceeds which may be payable by the Security Trustee to either the CBC or the Covered Bondholders under or in respect of the Covered Bond.

Any reference in these Terms and Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

(g) *Set-off*

Any payments under or pursuant to the Covered Bonds shall be made by the Issuer free of set-off and withholding if and to the extent so specified in the applicable Final Terms.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date (the "**Final Redemption Amount**").

(b) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7, the Issuer shall deliver to the Security Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Security Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

Covered Bonds redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in Condition 7(d) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms, the Issuer may, subject as provided in paragraph (e) below and having given:

- (i) not less than 15 nor more than 30 days' notice, or such other period of notice as specified in the applicable Final Terms, to the Covered Bondholders in accordance with Condition 14 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the CBC and the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional

Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, provided that no Issuer Event of Default has occurred and is continuing.

If the Issuer is specified as having the option to redeem the Covered Bonds in the applicable Final Terms and it cannot exercise its option because an Issuer Event of Default has occurred and is continuing, then the CBC may declare with:

- (i) not less than 5 (or if the notice period of the Issuer has been shortened to 5 days' or less, the notice period will be 1 day less than the minimum notice period for the Issuer) nor more than 30 days' notice, or such other period of notice as specified in the applicable Final Terms, to the Covered Bondholders in accordance with Condition 14 (Notices); and
- (ii) not less than 5 days (or if the notice period of the Issuer has been shortened to 5 days' or less, the notice period will be 1 day less than the minimum notice period for the Issuer) before the giving of the notice referred to in (i), notice to the Security Trustee, the Principal Paying Agent, the Issuer and the Registrar;

that all of the Covered Bonds then outstanding of such Series will mature on the optional redemption date as specified in the applicable Final Terms ("**Optional Redemption Date**") and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms, and that the Maturity Date will be such Optional Redemption Date.

Any redemption pursuant to this Condition 7(c) must be of a nominal amount not less than the minimum redemption amount as specified in the applicable Final Terms ("**Minimum Redemption Amount**") and not more than the maximum redemption amount as specified in the applicable Final Terms ("**Maximum Redemption Amount**"), in each case as may be specified in the applicable Final Terms (and subject to Condition 3). In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the "**Redeemed Covered Bonds**") will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and where applicable in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or Euroclear Nederland, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in each case, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds (i) represented by Definitive Covered Bonds, a list of the serial numbers and (ii) in the case of Registered Covered Bonds, the nominal amount drawn and the holders thereof, of such Redeemed Covered Bonds will be published in accordance with Condition 14 (Notices) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds shall bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond shall be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 (Notices) at least five days prior to the Selection Date.

If the option to redeem the Covered Bonds is exercised by the Issuer or the CBC has given a declaration that the Covered Bonds will mature on the Optional Redemption Date (each in

accordance with this Condition 7(c)), then the Optional Redemption Date will for all purposes in all Relevant Documents be deemed to be the Maturity Date in respect of the Covered Bonds to which it applies instead of the Maturity Date specified as such in the applicable Final Terms. The Extended Due for Payment Date in respect of such Covered Bonds will for all purposes in all Relevant Documents be deemed to be one year after such new Maturity Date instead of the date included in the applicable Final Terms (unless in the section Issuer Call in the applicable Final Terms a specific date is included, in which case such date will apply).

If in the applicable Final Terms is specified that the manner of determining the interest on some or all Covered Bonds of a Series switches to another manner of determining the interest as of the Maturity Date, such switch will occur on the Maturity Date as determined pursuant to the previous paragraph.

(d) *Redemption of Covered Bonds at the Option of the Covered Bondholders*

Subject as provided in paragraph (e) below, if the Covered Bondholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Covered Bond is in definitive form, to exercise the right to require redemption of this Covered Bond its holder must deliver such Covered Bond at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows (each, the relevant "**Early Redemption Amount**"):

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond but including a Partly Paid Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the "**Amortised Face Amount**") equal to the product of:
 - (A) the Reference Price; and
 - (B) the sum of the figure "1" and the Accrual Yield, raised to the power of x, where "x" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of

30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bonds become due and repayable and the denominator of which is 360, or (in either case) such other calculation basis as may be specified in the applicable Final Terms.

(f) *Partly Paid Covered Bonds*

Partly Paid Covered Bonds will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the applicable Final Terms.

(g) *Purchases*

The Issuer, the CBC and/or any member of the group formed by SNS REAAL and its subsidiaries ("*dochtermaatschappijen*") (the "**SNS REAAL Group**") may at any time purchase Covered Bonds (provided that, in the case of Definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Covered Bondholders alike. Covered Bonds purchased in accordance with this Condition 7(g) may be held, reissued, resold or, at the option of the Issuer or the CBC and/or such member of the SNS REAAL Group, surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Bearer Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Bearer Covered Bonds so cancelled and any Bearer Covered Bonds purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(i) *Late payment on Zero Coupon Covered Bonds*

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent or the Security Trustee and notice to that effect has been given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

(j) *Redemption due to illegality*

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Security Trustee and the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), all Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Security Trustee immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make any payments under the Covered Bonds as a result of any change in, or amendment to,

the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 7(j) will be redeemed at their Early Redemption Amount referred to in Condition 7(e) (*Redemption and Purchase - Early Redemption Amounts*) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(k) *Certificate*

Prior to the publication of any notice of redemption pursuant to this Condition 7 (*Redemption and Purchase*), the Issuer shall deliver to the Security Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Security Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Covered Bondholders.

8. **TAXATION**

All payments of principal and interest in respect of the Covered Bonds and Coupons by the Issuer or the CBC, as the case may be, will be made without withholding or deduction of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In the event of a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond or Coupon:

- (i) presented for payment outside the Netherlands; or
- (ii) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or
- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Covered Bond, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

Should any payments made by the CBC under the Guarantee be made subject to any withholding or deduction on account of taxes or duties of whatever nature imposed or levied by or on account of any Tax Jurisdiction the CBC will not be obliged to pay any additional amounts as a consequence.

As used herein:

"Relevant Date" in relation to a payment means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Security Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14 (*Notices*); and

"Tax Jurisdiction" means the Netherlands or any political subdivision or any authority thereof or therein having power to tax.

9. **PRESCRIPTION**

The Covered Bonds and Coupons will become void unless presented for payment within a period of five years after the Relevant Date therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. **EVENTS OF DEFAULT AND ENFORCEMENT**

(a) *Issuer Events of Default*

An **"Issuer Acceleration Notice"** means a notice from the Security Trustee in writing to the Issuer that each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable as against the Issuer (but not against the CBC) at its Early Redemption Amount together with accrued interest as provided in the Trust Deed.

Pursuant to the Trust Deed the Security Trustee at its discretion may, and in relation to the defaults set out in subparagraphs (i) and (v) below or if so directed by a Programme Resolution of the Covered Bonds shall, give an Issuer Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each an **"Issuer Event of Default"**) shall occur and be continuing:

- (i) default is made by the Issuer for a period of 7 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest of the Covered Bonds of any Series when due; or
- (ii) a default is made in the performance by the Issuer of any material obligation (other than any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds of any Series) under the provisions of the Covered Bonds of any Series or the Trust Deed or any other Relevant Document to which the Issuer is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of remedy) shall continue for more than 30 calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied, shall have been given to the Issuer by the Security Trustee in accordance with the Trust Deed; or
- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the Issuer (except a dissolution or winding up for the purpose of a reconstruction, amalgamation, merger or following the transfer of all or substantially all of the assets of the Issuer, the terms of which have previously been approved by an Extraordinary Resolution (as defined below) of the holders of the Covered Bonds or which has been effected in compliance with the terms of Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*)); or
- (iv) a liquidator, receiver or other similar officer is appointed in relation to the Issuer or in relation to the whole of its assets; or the Issuer initiates or consents to judicial

proceedings relating to its bankruptcy ("*faillissement*") or equivalent or analogous proceedings under any applicable law, or shall make a conveyance, assignment or assignation for the benefit of, or shall enter into any composition ("*akkoord*") with, its creditors generally; or

- (v) the Issuer is adjudged or found bankrupt ("*failliet*") or emergency regulations ("*noodregeling*") in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the Issuer,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver an Issuer Acceleration Notice if it shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Upon delivery of an Issuer Acceleration Notice pursuant to this Condition 10(a), the Security Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the CBC pursuant to the Guarantee and the CBC shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Security Trustee may or shall take such proceedings against the Issuer in accordance with the first paragraph of Condition 10(c) (*Events of Default and Enforcement*).

The Trust Deed provides that all moneys received by the Security Trustee from the Issuer or any administrator, liquidator, trustee or other similar official appointed in relation to the Issuer following the service of an Issuer Acceleration Notice and a Notice to Pay but prior to a CBC Acceleration Notice (the "**Excess Proceeds**"), may be paid by the Security Trustee to the CBC and shall be held by the CBC in the GIC Accounts and shall be used by the CBC in the same manner as all other moneys from time to time standing to the credit of the GIC Accounts. Any Excess Proceeds received by the Security Trustee shall discharge the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons for an amount equal to such Excess Proceeds. The Security Trustee shall not be required to pay such amounts to the CBC. However, the receipt by the Security Trustee of any Excess Proceeds shall not reduce or discharge any of the obligations of the CBC under the Guarantee.

(b) *CBC Events of Default*

A "**CBC Acceleration Notice**" means a notice from the Security Trustee in writing to the CBC, copied to the Issuer, that each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and, through the Guarantee, as against the CBC, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed and after delivery of such CBC Acceleration Notice, the Security shall become enforceable.

The Security Trustee at its discretion may, and, if so directed by a Programme Resolution, shall give a CBC Acceleration Notice (subject in each case to being indemnified and/or secured to its satisfaction), if any of the following events (each a "**CBC Event of Default**") shall occur and be continuing:

- (i) default is made by the CBC under the Guarantee for a period of 7 calendar days or more in the payment of any principal or redemption amount, or for a period of 14 calendar days or more in the payment of any interest when due; or
- (ii) a default is made in the performance or observance by the CBC of any material obligation binding upon it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Trust Deed, the Pledge Agreements or any other Relevant Document to which the CBC is a party which (unless certified by the Security Trustee, in its opinion, to be incapable of

remedy) shall continue for more than 30 calendar days after written notification requiring such default to be remedied and indicating that this provision may be invoked if it is not so remedied shall have been given to the CBC by the Security Trustee in accordance with the Trust Deed; or

- (iii) an order is made or an effective resolution passed for the dissolution or winding up of the CBC; or
- (iv) the CBC ceases to carry on its business or substantially all its business; or
- (v) a liquidator, receiver or other similar officer is appointed in relation to the CBC or in relation to the whole or any major part of its assets or a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") or other process is levied or enforced upon or sued out against the whole or any major part of its assets or the CBC initiates or consents to judicial proceedings relating to its bankruptcy ("*faillissement*") or (preliminary) suspension of payments ("*voorlopige surseance van betaling*"), or equivalent or analogous proceedings under any applicable law, or makes a conveyance, assignment or equivalent or assignation for the benefit of, or shall enter into any composition ("*akkoord*") with, its creditors generally; or
- (vi) the CBC is adjudged or found bankrupt ("*failliet*") or, if applicable, emergency regulations ("*noodregeling*") in the interest of all creditors as referred to in Chapter 3 of the Wft, or equivalent or analogous judgments or measures under any applicable law, are imposed on the CBC,
- (vii) the Guarantee is not, or is claimed by the CBC not to be, in full force and effect; or
- (viii) the Amortisation Test (as set out in the Asset Monitoring Agreement) is not satisfied on any Calculation Date following the service of a Notice to Pay on the CBC,

provided that in case an event described in paragraph (ii) above shall occur, the Security Trustee shall only deliver a CBC Acceleration Notice if it shall have certified in writing to the CBC that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following the occurrence of a CBC Event of Default which is continuing and service of a CBC Acceleration Notice, the Security Trustee may or shall take proceedings or steps against the Issuer and the CBC in accordance with Condition 10(c) (*Events of Default and Enforcement - Enforcement*) and the Covered Bondholders shall have a claim against the CBC, under the Guarantee, for the Early Redemption Amount together with accrued interest as provided in the Trust Deed in respect of each Covered Bond.

In these Terms and Conditions:

"Calculation Date" means the date falling two business days before each CBC Payment Date. The "relevant" Calculation Date in respect of any Calculation Period will be the first Calculation Date falling after the end of that period and the "relevant" Calculation Date in respect of any CBC Payment Date will be the last Calculation Date prior to that CBC Payment Date.

"Calculation Period" means the period from the Programme Date to the last day of December 2007 and thereafter, each period from (and including) the first day of each month to the last day of that same month.

"CBC Payment Date" means the 28th day of each month or, if such day is not a business day, the next following business day unless it would thereby fall into the next calendar month, in which event such CBC Payment Date shall be brought forward to the immediately preceding business day.

"**Distribution Compliance Period**" has the meaning given to that term in Regulation S under the Securities Act;

(c) *Enforcement*

The Security Trustee may at any time after service of an Issuer Acceleration Notice (in the case of the Issuer) or a CBC Acceleration Notice (in the case of both the Issuer and the CBC), at its discretion and without further notice, take such proceedings in accordance with the relevant provisions under Netherlands law against the Issuer and/or the CBC, as the case may be, to enforce the provisions of the Trust Deed, the Covered Bonds, Receipts and the Coupons, the Pledge Agreements and any other security rights of the Security Trustee on the Transferred Assets (if any) (the "**Security**") and the other Relevant Documents, but it shall not be bound to take any such enforcement proceedings in relation to the Trust Deed, the Covered Bonds, Receipts or the Coupons, the Security or any other Relevant Document unless (i) it shall have been so directed by a Programme Resolution and (ii) it shall have been indemnified and/or secured to its satisfaction.

(d) *No action by Covered Bondholders or Couponholders*

Subject to the provisions of the Trust Deed, only the Security Trustee may enforce the provisions of the Covered Bonds and the Relevant Documents. Neither the Covered Bondholders nor any other person shall be entitled to proceed directly against the Issuer or the CBC to enforce any provision of the Covered Bonds and/or the Relevant Documents, unless the Security Trustee fails to take any steps to enforce the Security in accordance with the Trust Deed within a reasonable time and such failure is continuing. All limitations and restrictions imposed under or by virtue of the Trust Deed, the Covered Bonds or any other Relevant Document on the Security Trustee in relation to the enforcement of rights and the availability of remedies, shall *mutatis mutandis* also fully apply to such Secured Parties.

Neither the Covered Bondholders nor the Security Trustee may institute against, or join any person in instituting any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding against the CBC until the expiry of a period of at least one (1) year after the latest maturing Covered Bond is paid in full. The only remedy of the Security Trustee against the CBC after a CBC Acceleration Notice has been given pursuant to this Condition 10 is to enforce the Security.

(e) *Limited Recourse*

The recourse of the Covered Bondholders and the Couponholders against the CBC pursuant to the Guarantee is limited. Covered Bondholder will have a right of recourse ("*verhaalsrecht*") only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to any of the CBC's other assets.

No amounts under the Covered Bonds and the Relevant Documents shall be due and payable by the CBC or, as the case may be, the Security Trustee, except (i) in accordance with the Trust Deed and (ii) unless and until all amounts thereby required to be paid in priority thereto have been paid or discharged in full.

In the event that the Security has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all claims ranking in priority to any Covered Bonds, Receipts or Coupons of any Series in accordance with the Trust Deed, are insufficient to pay in full all amounts outstanding in respect of the Covered Bonds, Receipts or Coupons, then the Covered Bondholders, Receiptholders or Couponholders shall have no further claim against the CBC or the Security Trustee in respect of such unpaid amount.

11. **REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS**

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon

payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

12. **PAYING AGENTS AND REGISTRAR**

The names of the initial Paying Agents and the Registrar and their initial specified offices are set out in the Base Prospectus.

The Issuer or the CBC, as the case may be, is entitled, with the prior written approval of the Security Trustee (such approval not to be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying Agent and the Registrar and/or appoint additional or other Paying Agents or Registrars and/or approve any change in the specified office through which any Paying Agent or Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) as long as any Registered Covered Bonds are outstanding, there will at all times be a Registrar;
- (c) so long as the Covered Bonds are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange; and
- (d) it will ensure that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(d) (*Payments - General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of a bankruptcy, an insolvency or any equivalent or analogous proceeding, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Paying Agents and the Registrar act solely as agents of the Issuer and the CBC and, in certain circumstances specified therein, of the Security Trustee and do not assume any obligation to, or relationship of agency with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent or the Registrar is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent or registrar.

13. **EXCHANGE OF TALONS**

On and after the Interest Payment Date or the Specified Interest Payment Date or the Specified Period, as the case may be, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as

the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

14. NOTICES

All notices regarding the Covered Bonds shall be published (i) if and for so long as the Covered Bonds are listed on the Luxembourg Stock Exchange, in a leading daily newspaper having general circulation in Luxembourg, or the website of the Luxembourg Stock Exchange (www.bourse.lu) and (ii) as long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system, such notice shall be published in such other place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system. It is expected that such publication in a daily newspaper will be made in the *Luxemburger Wort* (in the case of (ii) above). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Covered Bonds are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the global Covered Bond(s) is or are held in its or their entirety with a depository or a common depository or a common safekeeper on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or with Euroclear Nederland, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system for communication by them to the holders of the Covered Bonds. Any such notice shall be deemed to have been given to the holders of the Covered Bonds on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or Euroclear Nederland and/or any other relevant clearing system, except that, for so long as such Covered Bonds are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Definitive Covered Bonds or Registered Covered Bonds) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent. Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or Euroclear Nederland, as the case may be, may approve for this purpose.

15. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds of such Series or the related Coupons or of any of the Relevant Documents (subject as provided below and in the Trust Deed). Such a meeting may be convened by the Issuer, the CBC or the Security Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders of a Series holding not less than fifteen (15) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being remaining outstanding. The quorum at any such meeting in respect of any Series for passing an Extraordinary Resolution is: (i) one or more persons holding or representing not less than fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented; (ii) at any meeting the business of which includes the modification of certain provisions of the Covered Bonds of a Series, the related Coupons or the

Trust Deed (including a reduction or cancellation of the amount payable in respect of such Covered Bonds, the alteration of the currency in which payments under such Covered Bonds are to be made, the alteration of the majority required to pass an Extraordinary Resolution, any amendment to the Guarantee or the Security (except in a manner determined by the Security Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series) or the sanction of any scheme or proposal for the exchange of such Covered Bonds in respect of such Series (each, a "**Series Reserved Matter**" all as more particularly set out in the Trust Deed)): one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series. Pursuant to the Trust Deed, the Security Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Security Trustee there is no conflict between the holders of such Covered Bonds, in which event the provisions of this paragraph shall apply thereto *mutatis mutandis*.

Notwithstanding the preceding paragraphs of this Condition 15 (*Meetings of Covered Bondholders, Modification and Waiver*), any resolution to direct the Security Trustee (i) to accelerate the Covered Bonds pursuant to Condition 10 (*Events of Default and Enforcement*); (ii) to take any enforcement action, or (iii) to remove or replace the Security Trustee's Director shall only be capable of being passed by a Programme Resolution. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBC or the Security Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders in respect of such Series.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in euro, the aggregate Principal Amount Outstanding of the Covered Bonds of any Series not denominated in euro shall be converted into euro at the relevant Structured Swap Rate.

The Security Trustee, the Issuer and the CBC may also agree, without the consent of the Covered Bondholders or Couponholders of any Series (and for this purpose the Security Trustee may disregard whether any such modification relates to a Series Reserved Matter), to:

- (a) any modification of the Covered Bonds of one or more Series, the related Coupons or any Relevant Document provided that (i) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Covered Bondholders of any Series or any of the other Secured Parties (other than the CBC) (in which respect the Security Trustee may rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party) and (ii) it has not been informed in writing by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid); or
- (b) any modification of the Covered Bonds of any one or more Series, the related Coupons or any Relevant Document which is of a formal, minor or technical nature

or is made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee or to comply with mandatory provisions of law;

provided that any modification pursuant to paragraph (a) is notified to the Rating Agencies.

The Security Trustee may also agree, without the consent of the Covered Bondholders of any Series, and/or Couponholders or any other Secured Party, to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Covered Bonds of any Series or the Relevant Documents, or determine, without any such consent as aforesaid, that any Issuer Event of Default or CBC Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Security Trustee, materially prejudicial to the interests of any of the Secured Parties (in which respect the Security Trustee may (without further enquiry) rely upon the consent in writing of any other Secured Party as to the absence of material prejudice to the interests of such Secured Party) provided that the Security Trustee has not been informed by any Secured Party (other than any Covered Bondholder(s)) that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid).

Any such modification, waiver, authorisation or determination shall be binding on all Covered Bondholders of all Series for the time being outstanding, the related Couponholders and the other Secured Parties, and unless the Security Trustee otherwise agrees, any such modification will be notified by the Issuer to the Covered Bondholders of all Series for the time being outstanding, the other Secured Parties and the Rating Agencies in accordance with the relevant terms and conditions as soon as practicable thereafter.

In connection with the exercise by it of any of its powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Security Trustee shall have regard to the general interests of the Covered Bondholders of each Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the CBC, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 8 (*Taxation*) and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Security Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by the Covered Bonds or the other Relevant Documents or, except where expressly provided otherwise, have regard to the interests of both the Covered Bondholders and the other Secured Parties.

The Issuer may, without the consent of the holders of the Covered Bonds of any Series or any Coupons relating thereto, or any other Secured Party consolidate with, merge or amalgamate into or transfer their respective assets substantially as an entirety to, any corporation organised under the laws of the Netherlands, or any political subdivision thereof, provided that (i) a certificate of two authorised signatories of the Issuer and the CBC is delivered to the Security Trustee to the effect that immediately after giving effect to such transaction no Issuer Event of Default and no CBC Event of Default, respectively, will have happened and be continuing and (ii) unless the Issuer is the surviving entity, the Issuer shall procure that the surviving or transferee company assumes its obligations as Issuer under the Trust Deed, each other Relevant Document and all of the outstanding Covered Bonds of all Series, in place of the Issuer and (iii) in the case of an assumption of the obligations of the Issuer by a successor or transferee company, the Guarantee of the CBC is fully effective on the same basis in relation

to the obligations of such successor or transferee company and (iv) certain other conditions set out in the Trust Deed are met. Upon the assumption of the obligations of the Issuer by such surviving or transferee company, the predecessor Issuer shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the outstanding Covered Bonds of each Series then outstanding or any Coupons appertaining thereto and the other Relevant Documents. Any such assumption shall be subject to the relevant provisions of the Trust Deed. The Trust Deed provides that any such assumption shall be notified to the holders of all Series in accordance with the relevant terms and conditions of such Covered Bonds and the other Secured Parties.

For the purposes hereof:

"Extraordinary Resolution" means a resolution at a meeting duly convened and held in accordance with the provisions for meetings of covered bondholders as set out in the Trust Deed, by not less than two-thirds of the votes cast.

"Programme Resolution" means either:

- (a) a written resolution of the holders of not less than twenty-five per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding as if they were a single Series; or
- (b) an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series),

in each case with the aggregate Principal Amount Outstanding of Covered Bonds not denominated in euro being converted into euro at the relevant Structured Swap Rate.

"Security Trustee's Director" means ANT Trust and Corporate Services N.V. and/or such other person(s) who may be appointed as director(s) ("*bestuurder*") of the Security Trustee from time to time.

16. SECURITY TRUSTEE

The Trust Deed contains provisions for the indemnification of the Security Trustee and for the Security Trustee's relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured to its satisfaction.

The Security Trustee will not be responsible for any loss, expense or liability, which may be suffered as a result of any Transferred Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Trustee. The Security Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Relevant Documents of their respective obligations under the Relevant Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Relevant Documents under the Relevant Documents; (iii) monitoring the Transferred Assets, including, without limitation, whether the Transferred Assets are in compliance with the Asset Cover Test, any Portfolio Test or the Amortisation Test; or (iv) monitoring whether Mortgage Receivables satisfy the applicable Eligibility Criteria or such other criteria as may be agreed with the CBC and subject Rating Agency Confirmation in relation to other Transferred Assets. The Security Trustee will not be liable to any Covered Bondholder or other Secured Party for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the security rights and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the security rights and the Relevant Documents.

17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, with the consent of the Covered Bondholders or Couponholders which will be deemed to have been given in respect of each issue of Covered Bonds on which no payment of principal of or interest on any of the Covered Bonds is in default and after written approval of DNB (*De Nederlandsche Bank N.V.*), be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Covered Bonds and the relative Receipts and Coupons provided that:
- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Covered Bondholder and Couponholder to be bound by the Terms and Conditions of the Covered Bonds and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Covered Bonds, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Covered Bonds and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Covered Bondholder and each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8 (Taxation)) payable in respect of the Covered Bonds and the relative Receipts and Coupons;
 - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Covered Bondholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Covered Bondholder and Couponholder against all liabilities, costs, charges and expenses, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Covered Bondholder or Couponholder by any political subdivision or taxing authority of any country in which such Covered Bondholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
 - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Covered Bondholder;
 - (iv) each stock exchange which has Covered Bonds listed thereon shall have confirmed that following the proposed substitution of the Substituted

Debtor such Covered Bonds would continue to be listed on such stock exchange;

- (v) the Substituted Debtor shall have delivered to the Principal Paying Agent or procured the delivery to the Principal Paying Agent of a legal opinion from a leading law firm in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Covered Bonds, Receipts and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three (3) days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent;
 - (vi) the Issuer shall have delivered to the Principal Paying Agent or procured the delivery to the Principal Paying Agent of a legal opinion from a Dutch law firm to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent; and
 - (vii) the Issuer shall have delivered to the Principal Paying Agent or procured the delivery to the Principal Paying Agent of a legal opinion from a Dutch law firm to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Covered Bondholders and Couponholders at the specified office of the Principal Paying Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Covered Bondholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Covered Bondholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Covered Bonds and the relative Receipts and Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Covered Bonds and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Covered Bonds and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Covered Bonds and the relative Receipts and Coupons save that any claims under the Covered Bonds and the relative Receipts and Coupons prior to release shall ensure for the benefit of Covered Bondholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Principal Paying Agent for so long as any Covered Bonds or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Covered Bondholder or Couponholder in relation to the Covered Bonds or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Covered Bondholder and Couponholder to the

production of the Documents for the enforcement of any of the Covered Bonds or the relative Receipts and Coupons or the Documents.

- (e) Not later than fifteen (15) business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Covered Bondholders in accordance with Condition 14 (Notices).

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Covered Bonds and the Relevant Documents (except for the Swap Agreements) are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer and the CBC submit for the exclusive benefit of the Covered Bondholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer and the CBC further irrevocably agree that any suit, action or proceedings arising out of or in connection with the Covered Bonds and the Relevant Documents may be brought in any other court of competent jurisdiction.

20. TERMS AND CONDITIONS OF REGISTERED COVERED BONDS

- 20.1 If the applicable Final Terms specify that Registered Covered Bonds are issued, then the following terms and conditions shall apply in addition to the terms and conditions set out in Conditions 1 to and including 19 above. In the event of any inconsistency between Conditions 1 to and including 19 and this Condition 20, this Condition 20 will prevail with regard to Registered Covered Bonds.
- 20.2 Registered Covered Bonds are registered claims ("*vorderingen op naam*") which will be issued to each holder by a Registered Covered Bonds Deed. The holder of a Registered Covered Bond is the creditor of the relevant registered claim and "**Covered Bondholder**" shall be construed accordingly, provided that if the provision at the end of Condition 20.3 applies, the transferee shall, from the moment the transfer takes effect be treated as a Covered Bondholder for all purposes, without prejudice to any entitlement of the transferor pursuant to Condition 20.5.
- 20.3 Under Dutch law, the valid transfer of Covered Bonds requires, among other things, delivery ("*levering*") thereof, which in the case of Registered Covered Bonds is effected by assignment ("*cessie*") of both the rights under the Registered Covered Bonds and the corresponding rights under the Guarantee by execution of a deed of assignment ("*akte*") between the transferor and the transferee and notification ("*mededeling*") thereof to the Issuer and the CBC. A form of deed of assignment and notification is attached to each Registered Covered Bonds Deed. Registered Covered Bonds may be transferred in whole, but not in part, provided that the relevant transferor and transferee may otherwise agree in the relevant assignment deed in respect of amounts that have accrued but not yet been paid in respect of the period up to the relevant transfer.
- 20.4 The Issuer shall procure that a register be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). The Registrar shall register details of any holder of Registered Covered Bonds in the Register and amend the Register to reflect any transfer and/or redemption of Registered Covered Bonds.

- 20.5 Payments of principal, interest (if any) and any other amounts in respect of Registered Covered Bonds will be made to the person shown on the Register as being entitled to the relevant amount of principal or interest or other amount at the opening of business on the second business day falling prior to the due date of such payments. If any Registered Covered Bond holder transfers any Registered Covered Bonds in accordance with Condition 20.3 and the Trust Deed and such transfer is notified to the Issuer and the CBC prior to the close of business on the fifteenth business day before the due date for payment (the "**Record Date**"), the Issuer, the CBC and the Security Trustee will in respect of the Registered Covered Bond so transferred, be discharged from their respective payment obligations only by payment to or to the order of the transferee. If the notification of transfer of the relevant Registered Covered Bond is made after the close of business on the Record Date, (i) the risk that the transfer is not timely recorded in the Register is borne by the transferee and (ii) the Issuer, the CBC, the Security Trustee, the Registrar and the relevant Paying Agent shall not be liable as a result of any payment being made to the person shown in the Register in accordance with this Condition.
- 20.6 Notices to holders of Registered Covered Bonds shall be mailed or faxed to them at their respective addresses as recorded in the Register and shall be deemed to have been given on the fourth business day (being a day other than a Saturday or a Sunday) following the date of mailing or faxing.

TAXATION IN THE NETHERLANDS

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

The summary provided below is based on the information provided in this Base Prospectus and on the Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Base 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 Covered Bonds by the Issuer or in respect of the signing and delivery of the Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest under the Covered Bonds.
3. A Covered Bondholder will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Covered Bonds or any payment under the Covered Bonds or in respect of any gain realised on the disposal or redemption of the Covered Bonds, provided that:
 - (i) such Covered Bondholder 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 Covered Bondholder 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 Covered Bonds are attributable;

and, if the Covered Bondholder is a legal person, an open limited partnership ("*open commanditaire vennootschap*"), another company with a capital divided into shares or a special purpose fund ("*doelvermogen*"),

- (iii) such Covered Bondholder does not have a substantial interest* in the share capital of the Issuer or in the event that such Covered Bondholder does have such an interest, such interest forms part of the assets of an enterprise; and
 - (iv) such Covered Bondholder does not have a deemed Netherlands enterprise to which enterprise the Covered Bonds are attributable;

and, if the Covered Bondholder is a natural person,

- (v) such Covered Bondholder does not derive income and/or capital gains from activities in the Netherlands other than business income (as described under 3.(ii)) to which activities the Covered Bonds are attributable; and
 - (vi) such Covered Bondholder or a person related to the Covered Bondholder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest* in the share capital of the Issuer.

4. No Netherlands gift or inheritance taxes will arise on the transfer of the Notes by way of a gift by, or on the death of, a Holder 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 fulfilment 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 fulfilment 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 fulfilment of the condition, while being resident or deemed to be resident in the Netherlands.

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

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement, agreed with the Issuer, the CBC and the Originators a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement will extend to those matters stated in the Terms and Conditions and under *Form of the Covered Bonds*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Covered Bonds under the Programme.

European Economic Area

In relation to each Relevant Member State, the Dealers have represented and agreed, and each further Dealer appointed will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Covered Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Covered Bonds, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Covered Bonds to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers 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 Covered Bonds referred to in (i) to (iii) above shall require the Issuer or any Dealer 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 Covered Bonds to the public' in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression 'Prospectus Directive' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '2010 PD Amending Directive' means Directive 2010/73/EC.

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors ("*investisseurs qualifiés*"), other than individuals all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 of the French *Code monétaire et financier*.

Italy

No action has or will be taken by the each of the Dealers, which would allow an offering (or a "*sollecitazione all'investimento*") of the Covered Bonds to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and the Covered Bonds have not been registered pursuant to Italian securities legislation with the Commissione Nazionale per le Società e la Borsa ("*Consob*") for the public offering of the Covered Bonds in the Republic of Italy ("*Italy*").

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

- (i) to qualified investors ("*investitori qualificati*") as defined in article 100 of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Financial Act"), which refers to the definition of "*operatori qualificati*" as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as subsequently amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of the Consolidated Financial Act and article 33, first paragraph, of Consob Regulation No. 11971 of 14 May, 1999, as amended.

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

- (a) by an investment firm, bank or financial intermediary enrolled in the special register provided for in Article 107 of the Legislative Decree No. 385 of 1 September 1993, as amended (the "Consolidated Banking Act"), to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act;
- (b) in compliance with Article 129 of the Consolidated 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 and other possible requirements or limitations which may be imposed by Italian authorities.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed will be required to represent and agree that:

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

United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Covered Bonds 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.

Each Dealer has represented and agreed, and each further Dealer appointed will be required to represent and agree, that it will not offer, sell or deliver the Covered Bonds (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering on the Issue Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration to which it sells Covered Bonds during the distribution compliance period (as defined in

Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Covered Bonds within the United States by any Dealer (whether or not participating in the purchase) may violate the registration requirements of the 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 Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands/All issues

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (A) as long as it does not have the benefit of a licence or exemption as an investment firm of the relevant type pursuant to the Wft, it shall not offer any Covered Bonds or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Covered Bonds in the Netherlands; and
- (B) Zero Coupon Covered Bonds (as defined below) 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 a Zero Coupon Covered Bond in global form, or (b) in respect of the initial issue of Zero Coupon Covered Bonds in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Covered Bonds 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 such Zero Coupon Covered Bonds within, from or into the Netherlands if all Zero Coupon Covered Bonds (either in definitive form or as rights representing an interest in a Zero Coupon Covered Bond in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Covered Bonds**" are Bearer Covered Bonds and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

General

Each Dealer has agreed and each further Dealer appointed will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds 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 neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any Dealer shall represent, nor any further Dealer appointed will be required to represent, that Covered Bonds 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.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the applicable Final Terms.

COMPLIANCE WITH UCITS- AND/OR CAPITAL REQUIREMENTS DIRECTIVE

The Issuer has applied under the relevant Dutch covered bond regulations (in the Wft and the Decree on the prudential rules for Financial Undertakings) for all Covered Bonds to be issued to obtain the Regulated Status. The Covered Bonds issued by the Issuer and the Programme have obtained the Regulated Status and have been registered as such on 13 October 2009.

In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds that have obtained the Regulated Status, will keep the Regulated Status until the Maturity Date.

It is the intention of the Issuer that the Covered Bonds have the CRD Status. The criteria for Eligible Assets and the limitations as a result of the LTV Cut-Off Percentage in the Asset Cover Test procure that the Covered Bonds issued have the CRD Status, when these have the Regulated Status.

In the Trust Deed the Issuer has undertaken to utilise its best efforts to procure that the Covered Bonds with the Regulated Status will be collateralised by assets that are eligible to collateralise covered bonds under the Capital Requirements Directive.

The "best efforts" undertakings set out in this section will no longer apply if, as a result of a change of law or regulations, Dutch residential mortgage receivables are insufficient for collateralisation of the Covered Bonds to keep the Regulated Status or are no longer eligible to collateralise covered bonds under the Capital Requirements Directive.

9. ASSET BACKED GUARANTEE

GUARANTEE

Pursuant to the Guarantee, if (i) an Issuer Acceleration Notice and a Notice to Pay are served or (ii) a CBC Acceleration Notice is served, the CBC will be liable to pay Guaranteed Amounts when the same become Due for Payment.

Following (i) the service of an Issuer Acceleration Notice on the Issuer, (ii) a Breach of the Asset Cover Test or (iii) a Breach of any Portfolio Test (if implemented), the Security Trustee shall serve a Notice to Pay on the CBC. However, service of a Notice to Pay under (ii) or (iii) above will not require the CBC to pay under the Guarantee, until an Issuer Acceleration Notice or a CBC Acceleration Notice has been served.

All payments of Guaranteed Amounts by or on behalf of the CBC will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless the withholding or deduction of such taxes, assessments or other governmental charges are required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the CBC will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBC will not be obliged to pay any additional amount to the Security Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction.

An Extended Due for Payment Date will apply to each Series of Covered Bonds to be issued under the Programme. However the Issuer may at any time decide to issue Covered Bonds to which no Extended Due for Payment Date shall apply, provided that the Security Trustee consents thereto in writing. The Security Trustee is not required to consult with the Covered Bondholders prior to giving its approval. The Base Prospectus and the Relevant Documents will be amended accordingly, subject to Rating Agency Confirmation. A pre-maturity test may be included to ensure that sufficient liquidity is provided for the Covered Bonds if the Issuer's credit rating falls below a certain level.

In respect of each Series, if the CBC is obliged under the Guarantee to pay a Guaranteed Final Redemption Amount, then:

- (a) the obligation of the CBC to pay the Guaranteed Final Redemption Amount shall be deferred to, and shall under the Guarantee be due on, the Extended Due for Payment Date, unless on the Extension Date or any subsequent Interest Payment Date which applies pursuant to paragraph (b) below and which falls prior to the Extended Due for Payment Date, any moneys are available to the CBC after the CBC shall under the relevant Priority of Payments have paid or provided for (1) all higher ranking amounts and (2) all Guaranteed Final Redemption Amounts pertaining to any Series with an Extended Due for Payment Date falling prior to the CBC Payment Period in which the Extended Due for Payment Date for this Series falls, in which case the CBC shall (i) give notice thereof to the relevant holders of the Covered Bonds (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Security Trustee, the Principal Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event on the Extension Date (whereby such notice shall be deemed to have been given on the date on which the notice was given by the CBC and/or was given to the relevant clearing system) or at least two Business Days prior to such Interest Payment Date, respectively, and (ii) apply such remaining available moneys in payment, in whole or in part, of the Guaranteed Final Redemption Amount, if applicable *pro rata* with any Guaranteed Final Redemption Amount pertaining to a Series with an Extended Due for Payment Date falling in the same CBC Payment Period in which the Extended Due for Payment Date for this Series falls (and to such extent the Guaranteed Final Redemption Amount shall for the purpose of the relevant Priority of Payments and all other purposes be due) on the Extension Date and/or such Interest Payment Date, respectively; and

- (b) the CBC shall under the Guarantee owe interest over the unpaid portion of the Guaranteed Final Redemption Amount, which shall accrue and be payable on the basis set out in the applicable Final Terms or, if not set out therein, Condition 5 (*Interest*), provided that for this purpose all references in Condition 4 to the Maturity Date are deemed to be to references the Extended Due for Payment Date, *mutatis mutandis*,

all without prejudice to the CBC's obligation to pay any other Guaranteed Amount (i.e. other than the Guaranteed Final Redemption Amount) when Due for Payment.

Failure by the CBC to pay Guaranteed Final Redemption Amounts or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay the other Guaranteed Amounts on any Scheduled Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBC Event of Default.

For the purposes hereof:

"Due for Payment" means, with respect to a Guaranteed Amount, (i) prior to the service of a CBC Acceleration Notice, the Scheduled Payment Date in respect of such Guaranteed Amount or, if later, the day which is two Business Days after service of an Issuer Acceleration Notice and a Notice to Pay on the CBC or (ii) after the service of a CBC Acceleration Notice, the date on which the CBC Acceleration Notice is served (or, in either case, if such day is not a Business Day, the first following Business Day).

"Guaranteed Amounts" means, in respect of a Series:

- (a) with respect to any Scheduled Payment Date falling prior to the service of a CBC Acceleration Notice, the sum of the Scheduled Interest and Scheduled Principal payable on such Scheduled Payment Date; or
- (b) with respect to any date after the service of a CBC Acceleration Notice, an amount equal to the aggregate of (i) the relevant Early Redemption Amount specified in the Terms and Conditions as being payable on that date and (ii) all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds and all amounts payable by the CBC under the Trust Deed, provided that any Guaranteed Amounts representing interest paid after the Maturity Date shall be paid on such dates and at such rates as specified in the applicable Final Terms.

"Scheduled Interest" means, in respect of a Series, any amount of scheduled interest payable (i) under the Covered Bonds as specified in Condition 5 (*Interest*) (but excluding (a) any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled interest and on-paid to the CBC in accordance with the Trust Deed, or (ii) under the Guarantee as specified in Condition 3(b) (*The Guarantee*).

"Scheduled Payment Dates" means, in respect of a Series, each Interest Payment Date and the Maturity Date as specified in (i) in the case of Scheduled Interest, Condition 5 (*Interest*) or Condition 3(b) (*The Guarantee*), as the case may be, or (ii) in the case of Scheduled Principal, Condition 7(a) (*Redemption at Maturity*).

"Scheduled Principal" means, in respect of a Series, any amount of scheduled principal payable under the Covered Bonds as specified in Condition 7(a) (*Redemption at Maturity*) (but excluding (a) any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer following an Issuer Event of Default and (b) any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*)), for this purpose disregarding any Excess Proceeds received by the Security Trustee on account of scheduled principal and on-paid to the CBC in accordance with the Trust Deed.

SECURITY

In the Parallel Debt Agreement the CBC has irrevocably and unconditionally undertaken to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due ("*verschuldigd*") by it (i) to the Covered Bondholders under the Covered Bonds, (ii) as fees or other remuneration to the Directors under the Management Agreements, (iii) as fees and expenses to the Servicer under the Servicing Agreement, (iv) as fees and expenses to the Administrator under the Administration Agreement, (v) as fees and expenses to the Paying Agents and the Registrar under the Agency Agreement, (vi) as fees and expenses to the Calculation Agents under the Calculation Agent Agreements, (vii) to the Swap Counterparties under the Swap Agreements, (viii) to any Savings Insurance Company under a Sub-Participation Agreements and (ix) as fees and expenses to the Asset Monitor under the Asset Monitor Appointment Agreement (the parties referred to in items (i) through (ix) together the "**Secured Parties**"). The Parallel Debt constitutes a separate and independent obligation of the CBC and constitutes the Security Trustee's own separate and independent claims ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the CBC. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the CBC to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debts, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Post CBC Acceleration Notice Priority of Payments, save for amounts due to the Savings Insurance Company in connection with the Participations. The amounts due to the Secured Parties, other than the Savings Insurance Company, will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables which are subject to a Participation) and other assets pledged to the Security Trustee under any Security Trustee Receivables Pledge Agreement, any Security Trustee Rights Pledge Agreement and any other Pledge Agreements and (ii) on each of the Savings Mortgage Receivables which are subject to a Participation to the extent the amount exceeds the Participation in the relevant Savings Mortgage Receivables. The amounts due to the Savings Insurance Company will be equal to the Participation in each of the Savings Mortgage Receivables or if the amount recovered is less than the Participation in such Savings Mortgage Receivable the amount equal to the amount actually recovered.

Pursuant to a receivables pledge agreement (the "**Security Trustee Receivables Pledge Agreement**") the CBC has undertaken to vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights immediately following the transfer thereof to the CBC, which will secure the payment obligations of the CBC to the Security Trustee under the Parallel Debt Agreement and any other Relevant Documents. The pledge on the Mortgage Receivables will not be notified to the Borrowers and the Insurance Companies, respectively, except in the event that certain notification events occur relating to the CBC, including the occurrence of a CBC Event of Default, by the Security Trustee (the "**Security Trustee Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be an "undisclosed" right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Dutch Civil Code.

The CBC has also undertaken to vest a first ranking right of pledge or such other appropriate first ranking security interest in favour of the Security Trustee on any other Transferred Assets transferred to the CBC on the relevant Transfer Date.

In addition, a right of pledge (the "**Security Trustee Rights Pledge Agreement**", and together with the Security Trustee Receivables Pledge Agreement and any other agreement pursuant to which security is granted to the Security Trustee on any Transferred Asset other than the Mortgage Receivables and the Beneficiary Rights relating thereto entered into with the Security Trustee, the "**Pledge Agreements**") was vested by the CBC in favour of the Security Trustee on the Programme Date over all rights of the CBC under or in connection with (i) the Guarantee Support Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) any Sub-Participation Agreement, (v) any Swap Agreement, (vi) the Asset Monitor Appointment Agreement; (vii) the GIC and (viii) in respect of the GIC Accounts (the "**CBC Relevant Documents**"). This right of pledge has been

notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*").

THE CBC

SNS Covered Bond Company B.V. (the "**CBC**") was incorporated with limited liability under the laws of the Netherlands on 7 November 2007 under number B.V. 1461439. The corporate seat ("*statutaire zetel*") of the CBC is in Amsterdam, the Netherlands. The registered office of the CBC is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The CBC is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34286571.

The CBC is a special purpose vehicle, which objectives are, in the framework of a covered bond programme of the Issuer, (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 other goods and to exercise any rights connected to such receivables and other goods, (b) to issue a guarantee in favour of holders of covered bonds issued by the Issuer, (c) to on-lend and invest any funds held by the CBC, (d) to hedge interest rate and other financial risks, amongst others by entering into derivatives agreements, such as swaps, (e) incidental to the foregoing: (i) to borrow funds; and (ii) to grant security rights to third parties or to release security rights and (f) to perform all activities which are, in the widest sense of the word, incidental to or which may be conducive to any of the foregoing.

The CBC has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holding SNS Covered Bond Company.

Stichting Holding SNS Covered Bond Company is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 31 October 2007 (the "**Stichting Holding**"). The objects of Stichting Holding SNS Covered Bond Company are to incorporate, to acquire and to hold shares in the capital of the CBC, to conduct the management of and to administer shares in the CBC, to exercise any rights connected to shares in the CBC, to grant loans to the CBC and to alienate and to encumber shares in this company and furthermore, to perform any acts which are related or conducive to the above. The sole managing director of Stichting Holding is ATC Corporate Services (Nederland) B.V.

Statement by managing director of the CBC

Since 31 December 2010, the date of its last published audited financial statements, there has been no significant or material adverse change in the financial position or prospects of the CBC. There are no legal, arbitration or governmental proceedings which may have, or have had in the recent past, a significant effect on the CBC's financial position or profitability nor, so far as the CBC is aware, are any such proceedings pending or threatened.

Since its incorporation, the CBC has participated in the SNS Covered Bonds Programme as covered bond company and guarantor of the Covered Bonds as described in this Base Prospectus and the Relevant Documents to which it is a party, and therefore, inter alia, Mortgage Receivables have been transferred to it and it has guaranteed the Covered Bonds, each pursuant to the Relevant Documents and in the manner as described in this Base Prospectus.

The CBC has the corporate power and capacity to issue the Guarantee, to acquire the Transferred Assets and to enter into and perform its obligations under the Relevant Documents (see further *Terms and Conditions of the Covered Bonds*).

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

ATC Management B.V. belongs to the same group of companies as ATC Corporate Services (Netherlands) B.V. The sole shareholder of ATC Management B.V. and ATC Corporate Services (Netherlands) B.V. is ATC Group B.V. The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company, and (c) management of legal entities. The objectives of ATC Corporate Services (Netherlands) B.V. are (a) to represent

financial, economic and administrative interests (b) to act as trust office (c) to participate in, to finance, to collaborate with, to conduct the management of companies and other enterprises and provide advice and other services (d) to acquire and use property and property rights (e) to invest funds (f) to provide security for debts of legal entities.

Each of the managing directors of Stichting Holding SNS Covered Bond Company and the CBC has entered into a management agreement with the entity of which it has been appointed managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Covered Bonds outstanding. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the CBC other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee and subject to Rating Agency Confirmation.

There are no potential conflicts of interest between any duties to the CBC of its managing director and private interests or other duties of the managing director.

The financial year of the CBC coincides with the calendar year.

The CBC's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2010 (set forth on pages 5 up to and including 17 and page 20 and 21 of its 2010 annual report) audited by KPMG ACCOUNTANTS N.V. are incorporated by reference in this Base Prospectus (see chapter 20).

10. THE SECURITY TRUSTEE

Stichting Security Trustee SNS Covered Bond Company (the "**Security Trustee**") is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 13 November 2007. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as security trustee for the benefit of holders of covered bonds issued by the Issuer or one of its legal successors and for the benefit of other creditors of the Issuer and of the CBC, insofar they are a Secured Party, (b) to acquire, hold and administer security rights in its own name and/or as agent and/or as trustee, and if necessary to enforce such security rights, for the benefit of the creditors of the CBC, including the beneficiaries of a guarantee to be issued by the CBC, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the CBC, which is conducive to the holding of the above mentioned 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 Security Trustee does not have the intent to make profits.

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

The Security Trustee has agreed to act as security trustee for the holders of the Covered Bonds and to pay any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to the Covered Bondholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or the CBC or amounts collected by the Security Trustee under the Security to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Post CBC Acceleration Notice Priority of Payments.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Relevant Document to which it is a party, except in the event of its wilful misconduct ("*opzet*") or negligence ("*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.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed, the Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer or the CBC to the Secured Parties have been paid in full.

However, the Covered Bondholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an Programme Resolution, on the basis of Clause 23 of the Trust Deed. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer and the CBC, after having consulted the Secured Parties, other than the Covered Bondholders, and subject to Rating Agency Confirmation, has been contracted to act as director of the Security Trustee.

11. GUARANTEE SUPPORT

TRANSFERS

As consideration for the CBC issuing the Guarantee, and so as to enable the CBC to meet its obligations under the Guarantee, the Originators have agreed in the guarantee support agreement originally dated the Programme Date between the Issuer, the Originators, the CBC and the Security Trustee, as the same may be amended and restated from time to time (the "**Guarantee Support Agreement**") to transfer Eligible Assets to the CBC. The transfers are effectuated as follows:

- (a) in the case of Eligible Receivables, by way of undisclosed assignment ("*stille cessie*"). This takes place through due execution by the relevant Originator and the CBC of a deed of assignment in the form attached to the Guarantee Support Agreement and offering the same for registration to the Dutch tax authorities ("*Belastingdienst*") or by way of a notarial deed incorporating such deed of assignment. Notification ("*mededeling*") of the assignment to the Borrowers will only take place if an Assignment Notification Event occurs in respect of the relevant Originator. Following receipt of notification by the relevant Borrowers, in principle, only payment to the CBC will be capable of discharging a Borrower's obligations under the relevant Mortgage Receivable;
- (b) in the case of Eligible Collateral, other than Non-Dutch Assets, by way of book-entry transfer ("*girale overboeking*"); and/or
- (c) in the case of Non-Dutch Assets:
 - (i) if and to the extent possible and desirable in the opinion of the CBC and the Security Trustee and only upon Rating Agency Confirmation, in the manner as described above under (a) if it concerns receivables or (b) if it concerns Eligible Collateral; and
 - (ii) if and to the extent not so possible or desirable, in such manner as may be required by the CBC, the Security Trustee and the Rating Agencies.

If in the opinion of the Issuer amendments are necessary to the Relevant Documents in relation to such transfer of Non Dutch Assets and Rating Agency Confirmation is obtained for such amendments, the Security Trustee will consent thereto without consultation of the Covered Bondholders.

On the first Transfer Date, the Originators will transfer to the CBC the respective Eligible Receivables. Thereafter:

- (i) each Originator may at any time offer to transfer further Eligible Assets to the CBC; and
- (ii) the Issuer undertakes, upon request of the CBC, to offer to transfer further Eligible Assets to the CBC. The CBC will only make such a request if it (or the Administrator on its behalf) determines that the Asset Cover Test or any Portfolio Test (if implemented) has been breached under the Asset Monitoring Agreement. The Issuer will have the right to comply with this undertaking by the other Originators offering to transfer (part of) such Eligible Assets to the CBC.

The CBC shall accept each such offer if the relevant conditions precedent set out in the Guarantee Support Agreement have been met, including in the case of transfer of mortgage receivables (the "**New Mortgage Receivables**") receipt of a confirmation that the Mortgage Receivables Warranties are true and correct in all material respects and not misleading in any material respect as at the relevant Transfer Date.

If in respect of an Originator an Assignment Notification Event has occurred, the Issuer or, at its option, the relevant Originator shall notify or ensure that the relevant Borrowers and, solely in relation to the Beneficiary Rights, the Insurance Companies are forthwith notified of:

- (a) the partial termination of any Bank Security Rights jointly-held by the CBC and/or the Security

Trustee and this Originator to the extent that such Bank Security Rights secure other debts than the relevant Mortgage Receivables; and

- (b) the assignment of the relevant Mortgage Receivables and the Beneficiary Rights relating thereto.

The CBC has the right to make these notifications itself. No notification is required if the Security Trustee instructs the Issuer otherwise subject to Rating Agency Confirmation.

For as long as no Assignment Notification Event has occurred and no Notice to Pay and no CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the Originators for their own benefit. If an Assignment Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event or service of such Notice to Pay or CBC Acceleration Notice.

In the Guarantee Support Agreement each Originator covenants, among other things, that if (i) it makes any Further Advance under any mortgage loan agreement, (ii) such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and (iii) (a) such Further Advance results in an Eligible Receivable, then it will transfer such further Eligible Receivable to the CBC as soon as reasonably practicable and, if possible, prior to the following Calculation Date, or (b) such Further Advance does not result in an Eligible Receivable, then it will request a retransfer of the relevant Mortgage Receivable in accordance with the Guarantee Support Agreement.

Neither the CBC, the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Transferred Assets. Instead, each is relying entirely on the Representations and Warranties by the relevant Originator contained in the Guarantee Support Agreement. The parties to the Guarantee Support Agreement may, with the prior written consent of the Security Trustee and subject to Rating Agency Confirmation, amend the Representations and Warranties. The mortgage receivables warranties, (the "**Mortgage Receivables Warranties**") are as follows and are given on the relevant Transfer Date by the relevant Originator in respect of the New Mortgage Receivables to be transferred by it to the CBC:

- (i) each New Mortgage Receivable is an Eligible Receivable; and
- (ii) the particulars of the Eligible Receivables set out in Annex 1 to the relevant deed of assignment and pledge, are true, complete and accurate in all material respects and the Outstanding Principal Amount in respect of each Eligible Receivable as at the relevant Transfer Date and the aggregate Outstanding Principal Amount of the Eligible Receivables is correctly stated in the relevant deed of assignment.

The Programme Agreement provides a mechanism for (i) at the option of the Issuer, members of SNS REAAL Group wishing to transfer Eligible Assets to the CBC, to accede to the Relevant Documents as a New Originator, subject always to Rating Agency Confirmation and (ii) Originators that have not originated any of the CBC's Transferred Assets held by the CBC at such time, to withdraw from the Relevant Documents as an Originator.

In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that an Assignment Notification Event has occurred.

For the purpose hereof:

"**Assignment Notification Event**" means in respect of an Originator the earliest to occur of the following:

- (i) a default is made by such Originator in the payment on the due date of any amount due and payable by it under any Relevant Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the relevant Originator;
- (ii) such Originator fails duly to perform or comply with any of its obligations under any Relevant Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within ten (10) Business Days after notice thereof has been given by the CBC or the Security Trustee to the relevant Originator or such other party;
- (iii) such Originator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*"), liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the relevant Originator or for its being converted in a foreign entity, or its assets are placed under administration ("*onder bewind gesteld*");
- (iv) such Originator takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (i) its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Wft or suspension of payments ("*surseance van betaling*"), as the case may be, (ii) its bankruptcy, (iii) any analogous insolvency proceedings under any applicable law or (vii) the appointment of a liquidator, administrator or a similar officer of it or of any or all of its assets;
- (v) a Notice to Pay is served on the Issuer and the CBC (but for the avoidance of doubt, not a Notice to Pay on the Issuer following a Breach of Asset Cover Test);
- (vi) a CBC Event of Default occurs;
- (vii) a Security Trustee Pledge Notification Event occurs;
- (viii) the credit rating of SNS Bank's long term unsecured, unsubordinated and unguaranteed debt obligations falls below Baa1 by Moody's or such rating is withdrawn and/or falls below BBB+ by Fitch or such rating is withdrawn;
- (ix) the relevant Originator ceases to be a subsidiary of SNS Bank within the meaning of section 2:24a of the Dutch Civil Code; or
- (x) SNS REAAL or, as the case may be, SNS Bank withdraws its 403-declaration issued in respect of any of the Originators, other than SNS Bank.

"Further Advance" means, in relation to a Mortgage Receivable, a new mortgage loan or a further advance to be made to a Borrower by the relevant Originator, whether or not under the relevant Mortgage Loan, which is only secured by the Mortgage which also secures the Mortgage Receivable.

"Net Outstanding Principal Amount" means in relation to a Mortgage Receivable, at any date, the Outstanding Principal Amount of such Mortgage Receivable less, if it is a Savings Mortgage Receivable subject to a Participation, an amount equal to the Participation on such date.

"Outstanding Principal Amount" in respect of a Mortgage Receivable, on any date the (then remaining) aggregate principal sum ("*hoofdsom*") due by the relevant Borrower under the relevant Mortgage Receivable, including any Further Advance, and after the foreclosure of the relevant Mortgage Receivable resulting in a loss being realised, zero.

"Representations and Warranties" means the representations and warranties given by each of the Originators as set out in Schedule 1 (*Representations and Warranties*) to the Guarantee Support Agreement.

"Transfer Date" means the date of transfer of any Eligible Assets to the CBC in accordance with the Guarantee Support Agreement.

"Transferred Assets" means the Mortgage Receivables, the Transferred Collateral and the Transferred Non-Dutch Assets.

"Transferred Collateral" means any Eligible Collateral transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed of by the CBC.

"Transferred Non-Dutch Assets" means any Non-Dutch Assets transferred or purported to be transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not retransferred, sold or otherwise disposed of by the CBC.

"Rating Agency Confirmation" means (i) with respect to Moody's, a confirmation in writing by Moody's that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter and (ii) with respect to Fitch, a prior notification to Fitch of the relevant event or matter.

RETRANSFERS

Pursuant to the Guarantee Support Agreement:

1. Prior to the service of a Notice to Pay and provided that the Asset Cover Test shall not be breached upon such retransfer, the CBC will retransfer a Mortgage Receivable to the relevant Originator if (i) a material breach of the Mortgage Receivables Warranties occurs as of the relevant Transfer Date in respect of such Mortgage Receivable or (ii) if the Administrator identifies a Defaulted Receivable, subject to applicable grace periods.
2. Prior to the occurrence of a CBC Event of Default (1) the Issuer may from time to time request a retransfer from the CBC to an Originator of any Transferred Asset, and (2) the Issuer may from time to time request a retransfer from the CBC to the relevant Originator of other assets that did not comply with the definition of Eligible Assets, but were transferred as Eligible Assets and (3) the Issuer shall request a retransfer of a Mortgage Receivable from the CBC to an Originator if (i) such Originator makes a Further Advance, such Further Advance is secured by the same Mortgage that secures the Mortgage Receivable and such Further Advance does not result in an Eligible Receivable, and/or (ii) a Mortgage Receivable transferred by such Originator to the CBC no longer has the benefit of an NHG Guarantee as a result of any action taken or omitted to be taken by the relevant Originator, the Administrator or the Servicer and, as a consequence thereof, such Mortgage Receivable would not qualify as an Eligible Receivable if it were tested against the Eligibility Criteria at that time. The CBC shall comply with such request so long as the Asset Cover Test is not breached upon such retransfer.
3. If the CBC intends to sell Mortgage Receivables on terms permitted or required by the Asset Monitoring Agreement, it shall first offer such Mortgage Receivables for sale on the same terms to the Originators (or any party appointed by such Originator) in accordance with the Guarantee Support Agreement.

A retransfer of a Mortgage Receivable will take place in accordance with the Guarantee Support Agreement. A retransfer by the CBC as abovementioned will be effectuated in substantially the same manner as the transfers to the CBC described above, *mutatis mutandis*. If the retransfer concerns Mortgage Receivables which are transferred to an Originator further to the relevant Originator's right of pre-emption ("*voorkeursrecht*"), the underlying sale and purchase will be concluded through execution and registration of a deed of sale and assignment.

"Accrued Interest" means in relation to any Mortgage Receivable and as at any date interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Loan immediately prior to the relevant date up to and including that date;

"Arrears of Interest" means in relation to any Mortgage Receivable and as at any date, interest which is due and payable and unpaid up to and including that date;

"Defaulted Receivable" means any Mortgage Receivable (other than any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower owing such Mortgage Receivable or any Mortgage Receivable which has been written off by the relevant Originator as irrecoverable for accounting purposes in accordance with that Originator's general accounting practices) in respect of which:

- (i) a declaration has been made by the Originator that such Mortgage Receivable is irrecoverable;
- (ii) legal proceedings have been commenced for its recovery;
- (iii) the related Borrower is declared bankrupt ("*failliet verklaard*") or has been granted a suspension of payments ("*surseance van betaling*") or debt rescheduling arrangement

("schuldsanierungsregelung") or equivalent or analogous events or proceedings have occurred in relation to the relevant Borrower; or

- (iv) the relevant Borrower has not paid (including, without limitation, payments made by third parties on behalf of the Borrower) by the end of the Calculation Period during which such Mortgage Receivable becomes more than 180 days overdue for payment from the original date on which such Mortgage Receivable is due and payable.

ELIGIBLE ASSETS

The following assets are eligible to be transferred to the CBC by the Originators pursuant to the Guarantee Support Agreement:

- Eligible Receivables;
- Eligible Collateral; and
- Non-Dutch Assets (together with the Eligible Receivables and the Eligible Collateral; the "**Eligible Assets**").

For the purpose hereof:

"Capital Adequacy Directive" means Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions (recast).

"Consolidated Banking Directive" means Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions (recast).

"Eligible Collateral" means euro denominated cash and/or Substitution Assets.

"Eligible Receivable" means a mortgage receivable or a mortgage loan to which it relates which complies with the following criteria, which are all subject to amendment from time to time, provided that Rating Agency Confirmation is obtained in respect of such amendment (as amended from time to time, the "**Eligibility Criteria**") as at the relevant Transfer Date:

General

- (a) the mortgage loans are denominated in euro and either:
 - a. Interest-only mortgage loans ("*aflossingsvrije hypotheken*");
 - b. Linear mortgage loans ("*lineaire hypotheken*");
 - c. Annuity mortgage loans ("*annuïteitenhypotheken*");
 - d. Investment-based mortgage loans ("*beleggingshypotheken*");
 - e. Savings mortgage loans ("*spaarhypotheken*") to the extent originated by SNS Bank or RegioBank, but for RegioBank only with SRLEV N.V. as Savings Insurance Company;
 - f. Life mortgage loans ("*levenhypotheken*"); or
 - g. Mortgage loans which combine any of the above mentioned types of mortgage loans ("*combinatiehypotheken*");
- (b) the mortgage receivable and the Beneficiary Rights relating thereto are duly and validly existing;
- (c) each mortgage receivable and the Mortgage and the right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the relevant Originator, 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;
- (d) the mortgage loans and, if offered by the relevant Originator, the Insurance Policy connected thereto, has been granted, in all material respects, in accordance with all applicable legal requirements prevailing at the time of origination, and the Code of Conduct on mortgage loans ("*Gedragcode Hypothecaire Financieringen*") and the relevant Originator'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;

- (e) the interest of each mortgage receivable is either (i) fixed rate whereby the interest rates can be fixed for a specific period between 1 to 30 years; (ii) floating rate, or (iii) any other type of interest alternatives offered by the relevant Originator;
- (f) the Outstanding Principal Amount of the mortgage loan from which it results does not exceed:
 - (i) if it does not have the benefit of an NHG Guarantee ("*Nationale Hypotheek Garantie*"):
 - if originated prior to 1 August 2011*
 - (a) 125% of the foreclosure value of the related Mortgaged Asset at the time of origination; or
 - (b) in relation to no more than 5% of the aggregate Current Balance of all Mortgage Receivables at any time, an amount in between 125% and 130% of the foreclosure value of the related Mortgaged Asset at the time of origination;
 - if originated after 1 August 2011*
 - (a) 110% of the market value of the related Mortgaged Asset at the time of origination;
 - (ii) if it does have the benefit of an NHG Guarantee, the maximum amount as may be set under the NHG requirements, as the case may be, at the time of origination.
- (g) each mortgage loan has an original principal amount of not more than euro 1,500,000;
- (h) all mortgage loans are fully disbursed (no "*bouwhypotheeken*");
- (i) with respect to mortgage receivables secured by a Mortgage on a long lease, the 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 mortgage loan falls after the maturity date of the long lease, the acceptance conditions used by the Originator provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (j) each Borrower is a private individual and a resident of the Netherlands and not an employee of any Originator;
- (k) in the mortgage loans, other than the mortgage loans originated by former BLG Hypotheekbank N.V., it is stipulated that all payments by the Borrowers should be made without any deduction or set-off;
- (l) each mortgage loan has been entered into after 1 January 1999, save for mortgage loans originated by RegioBank which have been entered into after September 2002;
- (m) each mortgage loan is governed by Dutch law;
- (n) to the best knowledge of the relevant Originator, the Borrowers are not in material breach of their mortgage loans;

Transfer

- (o) the relevant Originator has full right and title to the mortgage receivable and the Beneficiary Rights relating thereto and no restrictions on the assignment of the mortgage receivable and the Beneficiary Rights relating thereto are in effect and the mortgage receivable and the Beneficiary Rights relating thereto are capable of being assigned, save that for assignment and pledge of a Savings Mortgage Receivable the consent of the Savings Insurance Company is required;
- (p) the relevant Originator has power ("*is beschikkingsbevoegd*") to assign the mortgage receivable and the Beneficiary Rights relating thereto;
- (q) the mortgage receivable and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments and no option rights to acquire the mortgage receivable and the Beneficiary Rights relating thereto have been granted by the relevant Originator in favour of any third party with regard to the mortgage receivable and the Beneficiary Rights relating thereto;
- (r) (i) all mortgage loans entered into by former BLG Hypotheekbank N.V. and all mortgage loans entered into by SNS Bank before the end of 2005 provide that in case of assignment or pledge of the mortgage 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 no longer secures the other claims of the relevant Originator, and (ii) all mortgage loans entered into by SNS Bank 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* of) the Mortgages and rights of pledge securing such receivable, unless SNS Bank determines otherwise prior to the assignment or pledge; SNS Bank has not determined otherwise in respect of the relevant mortgage receivable prior to the assignment or pledge thereof;

Security

- (s) each mortgage receivable is secured by a Mortgage on a Mortgaged Asset which is located in the Netherlands and is used for a residential purpose in the Netherlands;
- (t) all Mortgages and rights of pledge granted to secure the mortgage receivable (i) constitute valid Mortgages ("*hypotheekrechten*") 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 Mortgages, 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 mortgage loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Originator on behalf of the Borrower;
- (u) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
- (v) each Mortgaged Asset concerned was valued according to the then prevailing guidelines of the relevant Originator, 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 Programme;
- (w) in case of a mortgage loan that has the benefit of an NHG Guarantee (i) each NHG Guarantee connected to the relevant Mortgage Loan was granted for the full amount of the relevant mortgage loan at origination and constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (ii) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the mortgage loan were complied with and (iii) the relevant Originator is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any mortgage loan should not be met in full and in a timely manner;
- (x) upon creation of each Mortgage and Borrower Pledge the power to unilaterally terminate the Mortgage and Borrower Pledge was granted to the relevant Originator and such power has not been amended, revoked or terminated;

Insurance

- (y) with respect to mortgage loans, whereby it is a condition for the granting of the 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 Originator (see Eligibility Criteria below), (ii) the mortgage loan and the Life Insurance Policy are not offered as one combined mortgage and life insurance product or offered under one name and (iii) the Borrowers are free to choose the relevant Life Insurance Company;
- (z) where compulsory under the acceptance conditions used by the relevant Originator, in respect of each mortgage loan the relevant Originator has the benefit of a valid right of pledge on the rights under a Life Insurance Policy or Risk Insurance Policy and either (i) the relevant Originator has been validly appointed as beneficiary under such policy or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

Savings Mortgage Loans

- (aa) with respect to Savings Mortgage Loans the relevant Originator has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Originator has been validly appointed as beneficiary under such policy or (ii) the Savings

Insurance Company is irrevocable authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivables;

Investment-based Mortgage Loans

- (bb) with respect to Investment-based Mortgage Loans, (i) the relevant securities held in the name of the relevant Borrowers have been validly pledged to the relevant Originator and (ii) these securities are purchased by a bankruptcy remote securities giro ("*effectengiro*"), a bank or an investment firm ("*beleggingsonderneming*") for the account of the relevant Borrowers and these securities are held in custody by an admitted institution for Euroclear Netherlands if these securities qualify as securities as defined in the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") or, if they do not qualify as such, by a separate depository vehicle;

Entire Loan

- (cc) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage is assigned to the CBC pursuant to the Guarantee Support Agreement;
- (dd) each mortgage loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");

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

"Mortgaged Assets" means (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*"), (iii) a long lease ("*erfpacht*"), which is subject to a Mortgage.

"Non-Dutch Assets" means:

- (i) euro denominated residential mortgage-backed receivables and/or related security originated in jurisdictions outside the Netherlands and governed by the laws of a member state of the European Union (other than The Netherlands), the United States of America, Canada, Japan, the Republic of Korea, Hong Kong, Singapore, Australia, New Zealand or Switzerland and/or the laws of any such other jurisdiction as designated in or pursuant to the Decree on prudential rules Wft ("*Besluit prudentiële regels*") (as amended and supplemented from time to time), provided that such receivables or related security are eligible under the Capital Requirements Directive to collateralise covered bonds; and/or
- (ii) euro denominated assets that meet all requirements set out in the definition of Substitution Assets other than those set out in paragraph (iii) of such definition,

provided that (i) Rating Agency Confirmation is obtained in respect of the relevant transfer of such assets by the relevant Originator to the CBC and (ii) the Security Trustee is satisfied that pursuant to such transfer the CBC will receive assets of equivalent credit and security status and ranking as the other Eligible Assets (supported by a legal opinion in form and substance satisfactory to the Security Trustee).

"Standardised Approach" means Annex VI (Standardised Approach) to the Capital Requirements Directive (or, after any amendment, variation, enactment or implementation of such Directive, the corresponding Annex).

"Substitution Assets" means the classes of assets denominated in euro from time to time eligible under the Capital Requirements Directive to collateralise covered bonds including (on the date of this Base Prospectus):

- (a) exposures to or guaranteed by central governments, central banks or international organisations that are 0% risk weighted under the Standardised Approach;
- (b) exposures to or guaranteed by public sector entities, regional governments or local authorities that qualify for 0% risk weighting under the Standardised Approach;

- (c) exposures to institutions that qualify for a 10% risk weighting under the Standardised Approach;
- (d) exposures to institutions that qualify for a 20% risk weighting under the Standardised Approach; and
- (e) euro denominated residential mortgage backed securities provided that such investments are actively traded in a continuous, liquid market on a recognised stock exchange, are held widely across the financial system, are available in an adequate supply and which are rated the highest rating by the Rating Agencies,

in each case being an exposure denominated in euro, provided that:

- (i) such exposures will have certain minimum long term and short term ratings, which will be at least: (a) insofar as Moody's is concerned: A2 or P-1 for exposures maturing within thirty (30) days, A1 and P-1 for exposures maturing within one to three months, Aa3 and P-1 for exposures maturing within three to six months and Aaa and P-1 for exposures maturing over six months and (b) insofar as Fitch is concerned: A (and not on rating watch negative) and F1 (and not on rating watch negative) for exposures maturing within thirty (30) days, AA- (and not on rating watch negative) and F1+ (and not on rating watch negative) for exposures maturing within thirty days to one year and AAA (and not on rating watch negative) for exposures maturing over one year;
- (ii) insofar as Moody's is concerned: the maximum aggregate total exposures in general shall not exceed 20% of the aggregate Principal Amount Outstanding of the Covered Bonds; and
- (iii) such exposures consist of securities (a) which are either deposited with Euroclear or the transfer of which is subject to the Wge and (b) which are credited to a securities account in the relevant Originator's name administered in the Netherlands or Belgium, as the case may be; and
- (iv) each such Substitution Asset is governed by the laws of a member state of the European Union, the United States of America, Canada, Japan, the Republic of Korea, Hong Kong, Singapore, Australia, New Zealand or Switzerland or the laws of any such other jurisdiction as designated in or pursuant to the Decree on prudential rules Wft (*Besluit prudentiële regels*) (as amended and supplemented from time to time).

12. OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

Market

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

Lenders

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

Mortgage products

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

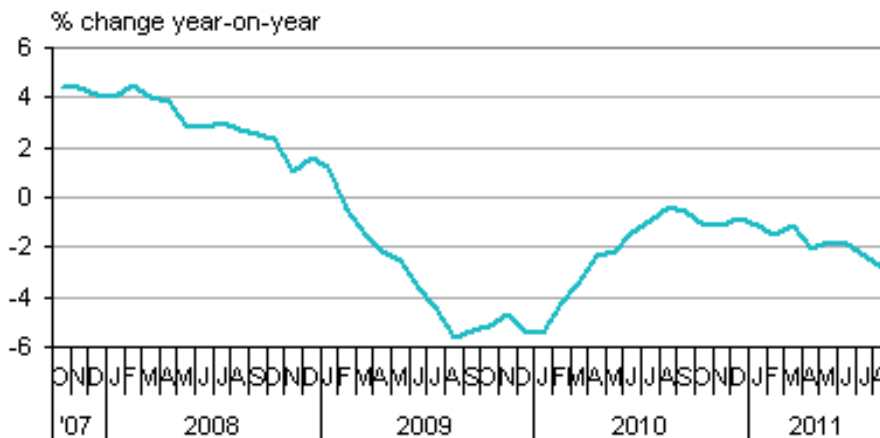
Interest type

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

House price developments

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

House Price Development



Source: CBS, Kadaster.

Prepayment

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

Default losses have been relatively low

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

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

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

Tax deductibility of mortgage interest payments

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

Bureau for credit registration (BKR)

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

13. NHG GUARANTEE PROGRAMME

NHG Guarantee

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

Since 1 January 1995 '*Stichting Waarborgfonds Eigen Woningen*' (the "**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 reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan (see *Risk Factors*).

Financing of the WEW

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.55% (as of 1 January 2008) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities.

Should WEW not have sufficient funds to be able to meet its obligations under guarantees issued, then:

- for 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 WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to WEW of the other 50 per cent. of the difference;
- for all loans issued on or 1 January 2011 the Dutch State will provide subordinated interest free loans to 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 the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy ("*faillissement*"), suspension of payments ("*surseance van betaling*") or liquidation ("*ontbinding*") of the WEW) to meet its obligations under guarantees issued.

Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, the mortgage is registered and the guarantee established by entering the application in the NHG application RADAR. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

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

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

Hypotheeken; "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 (or a second ranking Mortgage 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 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.

A NHG Guarantee relating to the purchase of a property can be issued up to a maximum of EUR 365,000 (as of 1 January 2010).

A NHG Guarantee relating to improvement of existing property can be issued up to a maximum of EUR 265,000 (as of 1 January 2010)

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under the mortgage loan for a period of 4 months, a lender informs the WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. Permission of the WEW is required in case of a private sale unless sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

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

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

Additional loans

Furthermore, on 1 July 2005 provisions were added to the NHG Conditions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may

have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The moneys 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 July 2011

As from January 2007 an NHG loan must also meet with the criteria of The Code of Conduct on Mortgaged Credits ("*Gedragcode Hypothecaire Financieringen*") monitored by the Mortgage Lenders Contact Organisation ("*Contactorgaan Hypothecaire Financiers*" or '*CHF*') for example with respect to the maximum loan to income (www.nvb.nl).

As from April 2007, the interest rate used to calculate the maximum loan to income is also prescribed by the CHF for fixed interest periods of less than 10 years.

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

The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.

The lender has to perform a SFH check. No form of registration of the applicant with the SFH is allowed.

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 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 interest rate to be used is tested for the test rate of the Code of Conduct on mortgage loans for loans with a fixed interest rate period less than or equal to 10 years and the actual interest rate for loans with a fixed interest rate period equal to or in excess of 10 years.

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

- The absolute maximum loan amount is €365,000 when relating to the purchase of a property and €265,000 when relating to the improvement of an existing property (as of 1 January 2010). The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
 - * For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 8 per cent of the amount under (i) plus (ii). In case an existing property can be bought without paying stamp duty ("*vrij op naam*"), the purchase amount under (i) is multiplied by 97 per cent.
 - * For the purchase of a properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 8 per cent of the amount under (i).
- The maximum loan amount that is interest only is 50 per cent. of the original value of the property.

- The Risk Insurance Policy should at a minimum cover the loan amount in excess of 80 per cent. of the market value.

14. ORIGINATORS AND RESIDENTIAL MORTGAGE BUSINESS

The entities that intend to transfer Eligible Assets to the CBC under the Guarantee Support Agreement are: SNS Bank and RegioBank (the "**Originators**").

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

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.

Borrower Income Requirements

The maximum amount that can be borrowed depends on, *inter alia*, the Borrower's income. The relevant Originator calculates the maximum proportion of a Borrower's income that may be applied to service principal and interest on the mortgage loan and the entire Borrower's other financial commitments.

Other Conditions

The following general conditions also apply to mortgage loans offered:

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

B. Residential Mortgage Products

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

Legal Form

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

Mortgaged Assets

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

Repayment Mechanism

Apart from Interest-Only mortgage loans ("*aflossingsvrije hypotheek*" herein "**Interest-only Mortgage Loans**") whereby principal is repaid at final maturity of the mortgage loan (which to the extent compulsory under the relevant acceptance conditions, have the benefit of combined risk and

capital life insurance policies taken out by Borrowers with an insurance company), the following repayment mechanisms are offered by all or some Originators:

Savings Mortgage Loans ("spaarhypotheek")

A Savings Mortgage Loan (the "**Savings Mortgage Loan**" and the Mortgage Receivable relating thereto, the "**Savings Mortgage Receivable**") consists of a Mortgage Loan entered into by the relevant Originator and the relevant Borrower, which has the benefit of a Savings Insurance Policy taken out by the Borrower with an insurance company.

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

Investment-based Mortgage Loans ("beleggingshypotheek")

In case of SNS Bank the Borrower undertakes to invest, whether on a lump sum basis or on an instalment basis, by applying his own funds or (part of) the proceeds of the Investment-based Mortgage Loan by means of an 'SNS Rendementrekening', an investment account held with SNS Bank (the "**Investment Account**") in certain investment funds of SNS Beleggingsfondsen N.V. (the "**Investment Funds**"). The investments in Investment Funds are effectuated by the Borrowers paying the relevant amount from the Investment Account to an account held with SNS Bank, designated by SNS Bank for the purchasing of securities of Investment Funds by Stichting SNS Beleggersgiro ("**SNS Beleggersgiro**"). The securities purchased by SNS Beleggersgiro, will be in the form of "*Wge-effecten*" (securities regulated under the Wge and will be administrated on the Investment Account.

With respect to the Investment-based Mortgage Loans originated by former BLG Hypotheekbank N.V., the Borrower has undertaken to invest, whether on a lump sum basis or on an instalment basis, by applying an agreed amount in certain investment funds or certain other securities selected by the Borrower out of a range of investment funds and/or securities offered by the bank or investment firm ("*beleggingsonderneming*") (the "**Investment Firm**"). The Investment Firm has been notified of the fact that the Borrower is only allowed to purchase investment funds and/or securities selected by former BLG Hypotheekbank N.V. (now part of SNS Bank). The securities purchased will be administered on an investment account held with a bank or a beleggersgiro in the Netherlands.

Life Mortgage Loans ("levenhypotheek")

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

Linear Mortgage Loans ("lineaire hypotheek")

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

Annuity Mortgage Loans ("annuïteitenhypotheek")

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

Combined Mortgage Loans ("combinatiehypotheek")

In order to tailor a Mortgage Loan to meet as closely as possible the specific fiscal and economic needs of a Borrower, it is common for a Mortgage Loan to be constructed from a combination of mortgage types.

Interest Rate

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

- fixed rate, whereby the interest rates can be fixed for a specific period between 1 to 30 years;
- floating rate; or
- any other type of interest alternatives offered, including:
 - Stable Interest ("*Stabiel Rente*"). In such case, 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*"). The interest rate 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*"). The interest rate 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 SNS Bank 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.
 - Ceiling Interest ("*Plafond Rente*"). The interest 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 Dampner ("*Rente Demper*"). The interest payable by the Borrower equals the interest as described under Stable Interest with the difference that the bandwidth is not fixed for 30 years but, at the option of the Borrower, for 5, 10 or 15 years.

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 and Interest Dampner 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.

Other mortgage products

The Banks may originate, offer and assign to the CBC other products than described herein, provided that these comply with the Eligibility Criteria at the time.

C. Mortgage Administration

Collection Procedures

Interest payments and repayments due will be debited directly from the account of the client.

The loan administration 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 Borrower receives the offered interest rate.

15. SUB-PARTICIPATION AGREEMENT

Under each Sub-Participation Agreement entered into between the CBC, the relevant Savings Insurance Company and the Security Trustee, the CBC grants the relevant Savings Insurance Company a sub-participation in the Savings Mortgage Receivables, originated by SNS Bank and RegioBank, provided that, to the extent Savings Plus Mortgage Loans originated by SNS Bank are involved, this will only apply to Savings Plus Mortgage Loans to which a Savings Insurance Policy with the Savings Alternative is connected.

Savings Premium

The conditions applicable to the Savings Mortgage Loans originated by SNS Bank and RegioBank to which a Savings Insurance Policy is connected, stipulate that the Savings Premiums paid by the Borrowers/insured will be deposited by the Savings Insurance Company on a savings account held with SNS Bank or RegioBank, as the case may be.

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

Participation

Subject to the condition precedent of the occurrence of an Assignment Notification Event, in a Sub-Participation Agreement the relevant Savings Insurance Company will undertake to pay to the CBC:

- (i) at the CBC Payment Date immediately succeeding the fulfilment of the condition precedent to the Sub-Participation Agreement, or if such date is a later date (a) in respect of Savings Mortgage Receivables the CBC Payment Date immediately succeeding the relevant Transfer Date or (b) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan, the next succeeding CBC Payment Date, an amount equal to the sum of the Savings Premiums received by the Savings Insurance Company with accrued interest up to the first day of the month in which such date falls, respectively, the relevant CBC Payment Date, respectively, the relevant Payment Date (the "**Initial Participation**") in relation to each of the Savings Mortgage Receivables;
- (ii) on each CBC Payment Date falling after the CBC Payment Date set out under (i) above an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the previous month in respect of the relevant Savings Insurance Policies, provided that in respect of each relevant Savings Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Savings Mortgage Receivable would exceed the Outstanding Principal Amount of the relevant Savings Mortgage Receivable.

If and when such payment has been made, as a consequence of such payments the Savings Insurance Company will acquire a participation (the "**Participation**") in each of the relevant Savings Mortgage Receivables, which is equal to the Initial Participation in respect of the relevant Savings Mortgage Receivables increased during each month on the basis of the following formula (the "**Participation Increase**"):

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

P = the Participation on the first day of the relevant month in the relevant Savings Mortgage Receivable;

S = the amount received by the CBC from the Savings Insurance Company in such month in respect of the relevant Savings Mortgage Receivable pursuant to the Sub-Participation Agreement;

H = the Outstanding Principal Amount of the relevant Savings Mortgage Receivable on the first day of the relevant month;

R = the amount of interest, due by the Borrower on the relevant Savings Mortgage Receivable and actually received by the CBC in such month.

In consideration for the undertakings of the Savings Insurance Company described above, the CBC will undertake to pay to the Savings Insurance Company on each CBC Payment Date an amount equal to the Participation in each of the Savings Mortgage Receivables which is subject to a Participation in respect of which amounts have been received during the relevant month or, in the case of a transfer during a month, which falls in the period which commences on the date on which the condition precedent is fulfilled or if later, the Transfer Date or the date of the Savings Switch and ends on the last day of such month (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivable which is subject to a Participation but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable which is subject to a Participation (ii) in connection with the retransfer of a Savings Mortgage Receivable which is subject to a Participation pursuant to the Guarantee Support Agreement to the extent such amounts relate to principal, (iii) in connection with the transfer of a Savings Mortgage Receivable which is subject to a Participation pursuant to the Asset Monitoring Agreement to the extent such amounts relate to principal and (iv) as Net Proceeds on any Savings Mortgage Receivable which is subject to a Participation to the extent such amounts relate to principal (the "**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 Savings Mortgage Receivable, which is subject to a Participation if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy, and, as a consequence thereof, the CBC will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable, the Participation of the Savings Insurance Company in respect of such Savings Mortgage Receivable, will be reduced by an amount equal to the amount which the CBC has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

Enforcement

If a CBC Acceleration Notice is served by the Security Trustee to the CBC, then and at any time thereafter the Security Trustee on behalf of the Savings Insurance Company may, and if so directed by the Savings Insurance Company shall, by notice to the CBC:

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

Termination

If one or more of the Savings Mortgage Receivables which are subject to a Participation are sold by the CBC to a third party pursuant to the Asset Monitoring Agreement or are retransferred to the relevant Originator, the Participation in such Savings Mortgage Receivables will terminate and the Participation Redemption Available Amount in respect of such Savings Mortgage Receivables will be paid by the CBC to the Savings Insurance Company. If so requested by the Savings Insurance Company, the CBC will use its best efforts to ensure that the acquirer of the Savings Mortgage Receivables which are subject to a Participation will enter into a Sub-Participation Agreement with the Savings Insurance Company in a form similar to the Sub-Participation Agreement. Furthermore, the Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business of any CBC Payment Date the Savings Insurance Company has received the Participation in respect of the relevant Savings Mortgage Receivable.

If, in case of a Savings Mortgage Loan with the Savings Alternative originated by SNS Bank, all or part of the premia accumulated in the relevant Savings Insurance Policy with the Savings Alternative are switched into the Investment Alternative, the sub-participation envisaged in the Sub-Participation Agreement shall terminate, in whole or in part, and the Participation Redemption Available Amount (or part thereof, if applicable) in respect of such Savings Mortgage Receivable will be paid by the CBC to the Savings Insurance Company, but only if and to the extent that on the relevant CBC

Payment Date or any later CBC Payment Date the amounts received by the CBC under the Sub-Participation Agreement are sufficient for this purpose on such date.

16. SERVICING, ADMINISTRATION AND CUSTODY

Servicing

In the Servicing Agreement SNS Bank agrees to act as servicer (in such capacity the "**Servicer**") in respect of the Mortgage Receivables and SNS Bank shall act as Servicer in respect of the Mortgage Receivables transferred by each New Originator, unless otherwise agreed between the parties. The Servicer will agree (i) to provide administration and management services to the CBC on a day-to-day basis in relation to the Mortgage Loans and the 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 Mortgages (see further *Residential Mortgage Business* above); (ii) to communicate with the Borrowers and (iii) to investigate payment delinquencies.

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

Administration

In the Administration Agreement the Administrator will agree to provide certain administration, calculation and cash management services to the CBC, including (i) all calculations to be made in respect of the Covered Bonds and the Relevant Documents and (ii) to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test.

Termination

The Servicing Agreement and the Administration Agreement may be terminated by the Security Trustee or the CBC (with the consent of the Security Trustee) in certain circumstances (in respect of the relevant party only), including (a) a default by the Servicer and/or the Administrator in the payment on the due date of any payment due and payable by it under the Servicing Agreement or, as the case may be, Administration Agreement, (b) a default is made by the Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or, as the case may be, Administration Agreement, (c) the Servicer and/or the Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Wft) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) the Servicer is no longer licensed to act as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Wft.

Upon termination of the Servicing Agreement or, as the case may be, Administration Agreement in respect of the Administrator or the Servicer, the Security Trustee and the CBC undertake to appoint a substitute servicer and/or administrator, as the case may be, and such substitute servicer and/or administrator, as the case may be, shall enter into an agreement with the CBC and the Security Trustee substantially on the terms of the Servicing Agreement or, as the case may be, Administration Agreement, provided that such substitute servicer and/or administrator 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 licence under the Wft. The CBC shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Security Trustee Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicing Agreement and the Administration Agreement may be terminated by the CBC or the Servicer or, as the case may be, the Administrator upon the expiry of not less than 12 months' notice of termination given by the Servicer or, as the case may be, the Administrator to each of the CBC and the Security Trustee or by the CBC to the Servicer or Administrator and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute servicer or administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Servicing Agreement or, as the case may be, the Administration Agreement and the Servicer or Administrator shall not be released from its

obligations under the Servicing Agreement or, as the case may be, the Administration Agreement until such substitute servicer or administrator has entered into such new agreement.

Custody

If Substitution Assets are transferred to the CBC, the CBC will appoint a custodian to provide custody services in relation to such Substitution Assets. The Substitution Assets will be serviced in accordance with a custody agreement to be entered into between the CBC and an eligible custodian (the "**Custody Agreement**") the terms and conditions of which will be agreed with the Security Trustee.

17. ASSET MONITORING

ASSET COVER TEST

Under the asset monitoring agreement entered into on the Programme Date between the Issuer, the CBC and the Security Trustee (the "**Asset Monitoring Agreement**") and the Guarantee Support Agreement, the CBC and the Issuer, respectively, must ensure that as at the end of each calendar month until the service of a Notice to Pay, Issuer Acceleration Notice or CBC Acceleration Notice, the Adjusted Aggregate Asset Amount is an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds at the end of such calendar month, all as calculated on the immediately succeeding Calculation Date (the "**Asset Cover Test**").

If at the end of a calendar month the Adjusted Aggregate Asset Amount is less than the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the immediately succeeding Calculation Date, then the Administrator will notify the CBC thereof under the Asset Monitoring Agreement, and the CBC will notify the Issuer thereof under the Guarantee Support Agreement, and the Issuer (or any other Originator) will transfer sufficient further Eligible Assets to the CBC in accordance with the Guarantee Support Agreement to ensure that the Asset Cover Test is met as at the end of the next succeeding calendar month.

Such a breach of the Asset Cover Test will not constitute an Issuer Event of Default. However, it will prevent the Issuer from issuing any further Series after such Calculation Date, until remedied and, if it is not remedied as calculated on the next Calculation Date (such failure to remedy the Asset Cover Test as calculated on the next succeeding Calculation Date being a "**Breach of the Asset Cover Test**") the Security Trustee will be entitled to serve a Notice to Pay on the Issuer.

As of the date of this Base Prospectus, the Asset Percentage is 72.5 %. The Issuer may request the CBC to increase or decrease the Asset Percentage. The CBC will accept any request for a decrease of the Asset Percentage and the Asset Percentage will be adjusted accordingly. The CBC will only accept any request for an increase of the Asset Percentage and the Asset Percentage will only be adjusted accordingly if (i) Fitch has been notified thereof and by the third calendar day after such notification, Fitch has not communicated that any such increase of the Asset Percentage will have a negative effect on the then current ratings assigned by it on the Covered Bonds and (ii) subject to confirmation in writing from Moody's that the new Asset Percentage is sufficient to maintain an Aaa rating by Moody's of the Covered Bonds on an expected loss basis (regardless of whether the actual rating of the Covered Bonds is Aa1 or otherwise).

The Asset Percentage will be included in the investor report, drawn up by the Administrator following the end of each Calculation Period in the form set out in a Schedule to the Administration Agreement and delivered to, *inter alia*, the CBC and the Security Trustee two business days prior to the immediately succeeding CBC Payment Date (the "**Investor Report**").

In the Administration Agreement entered into on the Programme Date between the CBC, SNS Bank as administrator (the "**Administrator**") and the Security Trustee, the Administrator agrees to prepare monthly asset cover reports for the CBC including the relevant calculations in respect of the Asset Cover Test (each an "**Asset Cover Report**"). Each Asset Cover Report will be included in the Investor Report. In the Trust Deed, the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether such Asset Cover Report states that the Asset Cover Test has been passed or failed and, if failed, whether the following Asset Cover Report states that the Asset Cover Test has been failed for the second time, meaning that a Breach of the Asset Cover Test shall have occurred.

For the purposes hereof:

"**Adjusted Aggregate Asset Amount**" means $A + B + C + D + E - X - Y - Z$.

"**A**" means the lower of:

- (a) the sum of all Adjusted Current Balances of all Mortgage Receivables. The "**Adjusted Current Balance**" of a Mortgage Receivable is the lower of:
 - (i) the Current Balance of such Mortgage Receivable minus α ; and
 - (ii) the LTV Cut-Off Percentage of the Indexed Valuation relating to such Mortgage Receivable, minus β ; and
- (b) the Asset Percentage of: the sum of the Current Balance minus α of all Mortgage Receivables.

" α " means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method notified to the Rating Agencies and subject to Rating Agency Confirmation from Moody's, related to the Savings and Accrued Savings Interest in connection with such Savings Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Sub-Participation Agreement is in place in relation to the relevant Mortgage Receivable;
- (ii) if it corresponds to a Construction Deposit: the amount of the Construction Deposit;
- (iii) if it was in breach of the Mortgage Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero;
- (iv) if it is 3 months or more in arrears and it is not a Defaulted Receivable: such amount as is necessary to arrive at 30% of its Current Balance; and/or
- (v) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

" β " means for each Mortgage Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L.

"L" means for each Mortgage Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α , L shall equal α .

"**Asset Percentage**" means 72.5 % or such percentage figure as is determined from time to time in accordance with the Asset Monitoring Agreement as described above.

"**Current Balance**" means in relation to an Eligible Receivable at any date, the aggregate (without double counting) of the Net Outstanding Principal Amount, Accrued Interest (unless it concerns calculations for either the Asset Cover Test or the Amortisation Test Aggregate Asset Amount, in which case Accrued Interest will not be included) and Arrears of Interest as at that date.

"**LTV Cut-Off Percentage**" means:

- (i) 100% for Mortgage Receivables that have an NHG Guarantee connected to it;
- (ii) a percentage which will be notified to the Rating Agencies from time to time for Mortgage Receivables that have the benefit of an insurance policy, insuring the credit risk under such Mortgage Receivables; and
- (iii) 80 % for all other Mortgage Receivables,

or such lower percentage as is (a) required from time to time for Covered Bonds to qualify as 'covered bonds' as defined in the Capital Requirements Directive or (b) otherwise determined from time to time in accordance with the Asset Monitoring Agreement.

"**B**" means the aggregate amount of all Principal Receipts on the Mortgage Receivables up to the end of the immediately preceding calendar month which have not been applied in accordance with the Trust Deed.

"**C**" means the aggregate amount of all Transferred Collateral in cash which has not been applied in accordance with the Trust Deed.

"**D**" means the aggregate outstanding principal amount of all Transferred Collateral in Substitution Assets and accrued interest thereon which has not been applied in accordance with the Trust Deed. Substitution Assets will be valued on a monthly basis and be taken into account for their mark-to-market value at a discount based on a methodology notified to the Rating Agencies.

"**E**" means the aggregate amount standing to the credit of the Supplemental Liquidity Reserve Ledger.

"**X**" means an amount equal to the Supplemental Liquidity Reserve Amount.

"**Y**" means, if the Issuer's credit rating from Moody's falls below P-1 (short-term) or if the issuer default rating falls below F1 (short term and not on rating watch negative) or A- (and not on rating watch negative) by Fitch, an additional amount calculated on the basis of a method notified to Fitch and in respect of Moody's, subject to Rating Agency Confirmation from Moody's, in connection with the possible set-off risk pertaining to deposits maintained, if any, by Borrowers with the Issuer or any other Originator to the extent such Originator engages in the business of, *inter alia*, attracting or accepting deposits (the "**Deposit Amount**"). The Deposit Amount will be adjusted as follows. If the outcome of A(a) is lower than A(b) as described above, the Deposit Amount will be reduced with an amount equal to A(b) minus A(a) provided that the Deposit Amount will always be at least 0. If the outcome of A(a) is higher than A(b) as described above, the Deposit Amount will be reduced with the amount of the Excess Credit Enhancement.

"**Excess Credit Enhancement**" means the amount (if any) by which the outcome of A(b) above undercuts the outcome that would have resulted from A(b) above if an Asset Percentage as notified to the Rating Agencies had been used.

"**Z**" means (i) zero as long as the Total Return Swap is, or, after the Novation Trigger Date, the Standby Total Return Swaps are, as the case may be, in place and (ii) if a Portfolio Test is implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in euro, converted into euro at the respective Structured Swap Rate) multiplied by P%, where "P" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the GIC Margin agreed in the GIC.

"**Index**" means the index of increases or decreases, as the case may be, of house prices issued by the Dutch land registry ("*kadaster*") in relation to residential properties in the Netherlands.

"**Original Market Value**" in relation to any Mortgaged Asset means the foreclosure value ("*executiewaarde*") given to that Mortgaged Asset by the most recent valuation addressed to the Originator that transferred the relevant Mortgage Receivable to the CBC, divided by 0.875.

"**Indexed Valuation**" in relation to any Mortgaged Asset at any date means the Original Market Value of that Mortgaged Asset increased or decreased as appropriate by the increase or decrease in the Index since the date of the Original Market Value (and if such is required for the Covered Bonds to maintain the CRD Status, as adjusted as required pursuant to the Capital Requirement Directive).

"**Selected Mortgage Receivables**" means Mortgage Receivables to be sold or refinanced by the CBC pursuant to the terms of the Asset Monitoring Agreement.

"**Supplemental Liquidity Reserve Amount**" means (i) prior to the service of a Notice to Pay, an

amount equal to 0% of the Adjusted Aggregate Asset Amount calculated without taking into account the factors E and X of the Asset Cover Test (or such higher or lower amount as calculated on the basis of a method notified to the Rating Agencies in connection with the funding of the Supplemental Liquidity Reserve Ledger), and (ii) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount immediately prior to the service of such Notice to Pay minus an amount equal to the aggregate Current Balance of Selected Mortgage Receivables sold or refinanced to fund or replenish the Supplemental Liquidity Reserve Ledger.

A ledger of the GIC Account (the "**Supplemental Liquidity Reserve Ledger**") to which shall be credited all proceeds of a sale or refinancing of Selected Mortgage Receivables with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger, in the case of Savings Mortgage Receivables to which a Participation applies after deduction of an amount equal to the relevant Participation.

Amounts that are credited to the Supplemental Liquidity Reserve Ledger will only be available:

- (a) Prior to the service of a Notice to Pay, if and to the extent the relevant sale or refinancing of Selected Mortgage Receivables relates to a Supplemental Liquidity Event which is continuing, to be reserved for payment of all Series of Covered Bonds of which the Extended Due for Payment Date falls within 18 months of such date, in an amount equal to the Principal Amount Outstanding of such Serie or Series, or if the Supplemental Liquidity Event is not continuing, to form part of the Principal Available Amount;
- (b) following the service of a Notice to Pay, but prior to the service of an Issuer Acceleration Notice and a CBC Acceleration Notice, for retention in the Supplemental Liquidity Reserve Ledger in order to provide liquidity for any Series of Covered Bonds outstanding or, if no Series of Covered Bonds is outstanding, to form part of the Principal Available Amount, and
- (c) following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, on the Extended Due for Payment Date of the Earliest Maturing Covered Bonds, for payment of principal then due and payable on the relevant Series of Covered Bonds, or, as applicable, the amount then due and payable in respect of principal under Structured Swap Agreement (if applicable) in respect of the relevant Series of Covered Bonds (in either case after taking account of any payment made by the Issuer in respect hereof or expected to be made by the CBC in respect thereof in accordance with the relevant Priority of Payment) or, if no Series of Covered Bonds is outstanding, to form part of the Principal Amount Outstanding.

PORTFOLIO TESTS

As an alternative or supplement to the Total Return Swap Agreement (and the Standby Total Return Swap Agreement) the Issuer will at any time be allowed to opt for (i) implementation of portfolio tests or (ii) an alternative hedging methodology, subject to Rating Agency Confirmation. If as a result of a rating downgrade a Swap Counterparty ceases to be an Eligible Swap Counterparty, then the CBC will be allowed to, instead of collateralisation or substitution of a Swap Counterparty, opt for implementation of portfolio tests.

If implemented, such portfolio tests (the "**Portfolio Tests**") will be carried out by the Administrator and will be required to be met by the CBC and the Issuer under the Asset Monitoring Agreement at the end of each calendar month, as calculated on the immediately succeeding Calculation Date. An example of a Portfolio Test is set out below, the final Portfolio Tests are subject to discussions with the Rating Agencies and may change:

- (a) the difference between the sum of $A + B + C + D + E + F + G$ and the net present value of the Covered Bonds ("**NPV**") is a certain amount, where:
- A = the NPV of any future cash flows (interest, principal and any other payments such as prepayment penalties) resulting from the Net Outstanding Principal Amount of the Mortgage Receivables;
 - B = the amount of any receipts (interest, principal and any other payments such as prepayment penalties) on the Net Outstanding Principal Amount of the Mortgage Receivables up to the end of the immediately preceding calendar month which have not been applied as at the relevant Calculation Date in accordance with the Trust Deed;
 - C = the outstanding principal amount of any Transferred Collateral other than Substitution Assets;
 - D = The NPV of any future cash flows (interest, principal and any other payments) resulting from the Substitution Assets (and any interest accrued thereon);
 - E = without double counting, any other cash or deposits held by the CBC;
 - F = the mark-to-market value of any Structured Swaps that are entered into by the CBC; and
 - G = the mark-to-market value of any Interest Rate Swaps that are entered into by the CBC;
- (b) the difference in Basis Point Duration between the sum of $A + B + C + D + E + F + G$ and the Covered Bonds is not more than a certain percentage to be agreed upon; and
- (c) the difference in Basis Point Duration between the sum of $A + B + C + D + E + F + G$ for that Term Point and the Covered Bonds is not more than a certain percentage to be agreed upon, where the following Term Points can be defined:
- 1 to 3, 4 to 6, 7 to 9 and 10 to 12 months
 - 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 15, 20, 25, 30 years.

A breach of a Portfolio Test will not constitute an Issuer Event of Default but will prevent the Issuer from issuing any further Series after such Calculation Date until remedied and, if not remedied by the next Calculation Date as calculated per such Calculation Date will constitute a "**Breach of Portfolio Test**" and will entitle the Security Trustee to serve a Notice to Pay on the Issuer.

For the purpose hereof:

"Basis Point Duration" means the percentage change in net present value of a financial asset due to the change of one basis point in the relevant interest rate.

AMORTISATION TEST

Under the Asset Monitoring Agreement and the Guarantee Support Agreement, the CBC must ensure that as at the end of each calendar month following service of a Notice to Pay (but prior to service of a CBC Acceleration Notice), the Amortisation Test Aggregate Asset Amount is in an amount at least equal to the euro equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as at the end of such calendar month, as calculated on the immediately succeeding Calculation Date (the "**Amortisation Test**").

If on any Calculation Date following the service of a Notice to Pay the Amortisation Test is not met per the end of the previous month, then that shall constitute a "**Breach of the Amortisation Test**" and the CBC (or the Administrator on its behalf) shall immediately notify the Security Trustee thereof, and the Security Trustee shall be entitled to serve a CBC Acceleration Notice under the Terms and Conditions.

For this purpose:

"**Amortisation Test Aggregate Asset Amount**" means $A + B + C - X - Z$.

"**A**" means the sum of all Amortisation Test Current Balances of all Mortgage Receivables. The "Amortisation Test Current Balance" of a Mortgage Receivable is the lower of:

- (i) the Current Balance of such Mortgage Receivable minus α ; and
- (ii) the LTV Cut-Off Percentage (relating to such Mortgage Receivable) times the Indexed Valuation, minus β .

" **α** " means for each Mortgage Receivable the lower of its Current Balance and the sum of the following elements, to the extent applicable to it:

- (i) if it is a Savings Mortgage Receivable an amount calculated on the basis of a method notified to the Rating Agencies and subject to Rating Agency Confirmation from Moody's, related to the Savings and Accrued Savings Interest in connection with such Mortgage Receivable, provided that no amount will be deducted if and to the extent that a Sub-Participation Agreement is in place in relation to the relevant Mortgage Receivable;
- (ii) if it corresponds to fund a Construction Deposit: the amount of the Construction Deposit;
- (iii) if it was in breach of the Receivable Warranties as of the relevant Transfer Date: such amount as is necessary to reduce its Adjusted Current Balance or Current Balance, as the case may be, to zero; and/or
- (iv) if it is 3 months or more in arrears: such amount as is necessary to arrive at 30% of its Current Balance and/or
- (v) if it is a Defaulted Receivable: such amount as is necessary to reduce its Current Balance to zero.

" **β** " means for each Mortgage Receivable the lower of (i) the LTV Cut-Off Percentage of its Indexed Valuation and (ii) α minus L.

"**L**" means for each Mortgage Receivable its Current Balance minus the LTV Cut-Off Percentage of its Indexed Valuation provided that if the result is negative, L shall be zero and if the result exceeds α , L shall equal α .

"**B**" means the amount of any cash standing to the credit of the GIC Accounts and the principal amount of any Authorised Investments (excluding any Interest Receipts received in the immediately preceding calendar month).

"C" means the outstanding principal balance of any Substitution Assets.

"X" means an amount equal to the Supplemental Liquidity Reserve Amount.

"Z" means (i) zero as long as the Total Return Swap is, or, after the Novation Trigger Date, the Standby Total Return Swap Agreements are, as the case may be, in place, and (ii) if a Portfolio Test is implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap or an alternative hedging methodology is put in place, is equal to the weighted average maturity in years of all outstanding Covered Bonds multiplied by the euro equivalent of the aggregate Principal Amount Outstanding of such Covered Bonds (and in respect of those Covered Bonds not denominated in euro, converted into euro at the Structured Swap Rate) multiplied by P%, where "P" means the weighted average margin of all outstanding Covered Bonds taken into consideration the remaining life of the relevant Series minus the GIC Margin agreed in the GIC.

"Authorised Investments" means:

- (i) euro denominated government securities, euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that (a) in all cases such investments have a remaining maturity date of 30 days or less and mature on or before the next following CBC Payment Date and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least P-1 (short term) by Moody's and F1 (short term and not on rating watch negative) or AA- (long term and not on rating watch negative) by Fitch and (b) the total exposure to such investments shall not exceed 20% of the (euro equivalent of the) aggregate Principal Amount Outstanding of all Covered Bonds then outstanding;
- (ii) euro denominated government securities, euro demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of 364 days or less and the short term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least P-1 by Moody's and F1+ (short term and not on rating watch negative) and AA- (long term and not on rating watch negative) by Fitch; and
- (iii) euro denominated government securities, euro demand or time deposits, certificates of deposit which have a remaining maturity date of more than 364 days and the long term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least Aaa by Moody's and AAA (and not on rating watch negative) by Fitch.

"Structured Swap Rate" means the currency exchange rate set out in any Structured Swap Agreement.

SALE OR REFINANCING OF SELECTED ASSETS

The Asset Monitoring Agreement provides that the CBC shall sell or refinance Selected Mortgage Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, if on any date the relevant Series that has the earliest Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBC Event of Default) (the "**Earliest Maturing Covered Bonds**") have an Extended Due for Payment Date which falls within twelve months, or such other date as the Security Trustee may approve, of such date. The proceeds from any such sale or refinancing will, in the case of each Mortgage Receivable, and in respect of a Savings Mortgage Receivable to which a Participation applies, after deduction of an amount equal to such Participation, form part of the Principal Available Amount. The CBC will be obliged to sell or refinance Selected Mortgage Receivables in the Portfolio in accordance with the Asset Monitoring Agreement (as described below), subject to the rights of pre-emption enjoyed by the Originators to purchase the Selected Mortgage Receivables pursuant to the Guarantee Support Agreement.

If the CBC is required to sell or refinance Selected Mortgage Receivables as abovementioned, the Asset Monitoring Agreement provides that the CBC shall ensure that Selected Mortgage Receivables will be selected on a random basis as described in the Asset Monitoring Agreement, provided that (i) no more Selected Mortgage Receivables will be selected than are necessary for the estimated sale or refinancing proceeds to equal the Adjusted Required Redemption Amount and (ii) subject to provisions relating to the Supplemental Liquidity Reserve Ledger the aggregate Current Balance of such Selected Mortgage Receivables shall never exceed the Adjusted Required Redemption Amount multiplied by A/B,

where:

"Adjusted Required Redemption Amount" means an amount equal to the euro equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Accounts and the principal amount of any Authorised Investments and Substitution Assets (excluding all amounts to be applied on the following CBC Payment Date to repay higher ranking amounts in the Post Issuer Acceleration Notice Priority of Payments and those amounts that are required to repay any Series which mature prior to or on the same date as the relevant Series).

"Required Redemption Amount" means in respect of a Series, the amount calculated as follows: the aggregate Principal Amount Outstanding of such Series $\times (1 + (0.005 \times (\text{days to the Extended Due for Payment Date of such Series} : 365)))$.

"A" means an amount equal to the aggregate of the Current Balance of all Mortgage Receivables and the market value of all other Transferred Assets less an amount equal to Supplemental Liquidity Available Amount;

"B" means the euro equivalent of the Required Redemption Amount in respect of all Series then outstanding less the euro equivalent of the Required Redemption Amount in respect of all Series outstanding which has been provided for in cash;

"Supplemental Liquidity Available Amount " means (i) prior to the service of a Notice to Pay an amount equal to the Supplemental Liquidity Reserve Amount minus, if a Supplemental Liquidity Event has occurred which is continuing, an amount equal to the aggregate Current Balance of Selected Mortgage Receivables sold or refinanced to fund or replenish the Supplemental Liquidity Reserve Ledger, unless otherwise notified to the Rating Agencies and (ii) following the service of a Notice to Pay, an amount equal to the Supplemental Liquidity Reserve Amount.

If the CBC is required or permitted to sell or refinance Selected Mortgage Receivables, the CBC will offer the Selected Mortgage Receivables for sale to purchasers for the best terms reasonably available but in any event for an amount not less than the Adjusted Required Redemption Amount plus, in the

case of Savings Mortgage Receivables which are subject to a Participation, an amount equal to the aggregate Participations.

If the Selected Mortgage Receivables have not been sold or refinanced (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount (or a proportional part thereof if only a part of the Selected Mortgage Receivables have been sold) plus, in the case of each Savings Mortgage Receivable to which a Participation applies, an amount equal to the relevant Participation by the date which is six months prior to the Extended Due for Payment Date of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the CBC will (i) offer the Selected Mortgage Receivables for sale for the best terms reasonably available, including but not limited to the best price reasonably available, or (ii) seek to refinance the Selected Mortgage Receivables on the best terms reasonably available, both (i) and (ii) subject to the consent of the Security Trustee, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount plus, in the case of each Savings Mortgage Receivables to which a Participation applies, an amount equal to the relevant Participation.

In respect of the sale or refinancing of Selected Mortgage Receivables following service of a Notice to Pay on the CBC, in addition to offering Selected Mortgage Receivables for sale to purchasers in respect of the Earliest Maturing Covered Bonds, the CBC (subject to the rights of pre-emption enjoyed by the Originators pursuant to the Guarantee Support Agreement) is under the Asset Monitoring Agreement permitted to sell a portfolio of Selected Mortgage Receivables, in accordance with the provisions summarised above, in respect of other Series and the CBC shall be required to do so if the Extended Due for Payment Date falls within 12 months (or such other later date as the Security Trustee may approve) of such Date.

In respect of any sale or refinancing of Selected Mortgage Receivables following the service of a Notice to Pay and an Issuer Acceleration Notice, but prior to the service of a CBC Acceleration Notice, the CBC will instruct the portfolio manager to use all reasonable efforts to procure that Selected Mortgage Receivables are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager) taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Guarantee Support Agreement and the Asset Monitoring Agreement.

Supplemental Liquidity Reserve Ledger

In addition to any required sale or refinancing of Selected Mortgage Receivables as described above (if any), if the CBC is required to sell or refinance Selected Mortgage Receivables as abovementioned, or if a Supplemental Liquidity Event has occurred which is continuing, then the CBC is permitted (but not required) to sell or refinance Selected Mortgage Receivables with the aim to fund or replenish the Supplemental Liquidity Reserve Ledger, provided that the aggregate Current Balance of such Selected Mortgage Receivables shall not exceed the Supplemental Liquidity Available Amount. The CBC will (i) offer the Selected Mortgage Receivables for sale for the best terms reasonably available, including the best price reasonably available, or (ii) seek to refinance the Selected Mortgage Receivables on the best terms reasonably available, both (i) and (ii) subject to the consent of the Security Trustee. Any proceeds of such sale or refinancing shall be credited to the Supplemental Liquidity Reserve Ledger.

General Sales Requirements

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Receivables or the terms of any refinancing will be subject to the prior written approval of the Security Trustee.

If purchasers accept the offer or offers from the CBC, then the CBC will, subject to the foregoing paragraph, enter into a sale and purchase agreement with the relevant purchasers which will require, among other things, a cash payment from the relevant purchasers.

Any such sale or any refinancing will not include any representations or warranties from the CBC in respect of the Selected Mortgage Receivables unless expressly agreed by the Security Trustee.

After a CBC Acceleration Notice has been served on the CBC, the Security Trustee may institute such proceedings or take such action as it thinks fit against the Issuer and the CBC to enforce its rights under the Trust Deed and the Security in accordance with the terms of the Trust Deed.

Sale of Substitution Assets

The Asset Monitoring Agreement provides that the CBC (or the Administrator on its behalf) shall sell all Substitution Assets as quickly as reasonably practicable, subject to the pre-emption rights enjoyed by the Originators pursuant to the Guarantee Support Agreement, following service of an Issuer Acceleration Notice and a Notice to Pay.

For the purposes hereof

"Supplemental Liquidity Event" means the event that the Issuer's short term unsecured and unsubordinated debt obligations cease to be rated as high as F1 by Fitch and A2 by Moody's.

ASSET MONITOR

Under the terms of an asset monitor appointment agreement entered into on the Programme Date between KPMG ACCOUNTANTS N.V. (the "**Asset Monitor**"), the CBC, the Administrator, the Issuer and the Security Trustee (the "**Asset Monitor Appointment Agreement**"), the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Administrator to the Asset Monitor, to conduct tests on the arithmetic accuracy of the calculations performed by the Administrator in respect of the Asset Cover Test and the Amortisation Test with a view to confirmation of the accuracy of such calculations.

The Asset Monitor will conduct such tests (i) in respect of the Asset Cover Test, on the Calculation Date immediately preceding each anniversary of the Programme Date; and (ii) in respect of the Amortisation Test, on each Calculation Date. If the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Issuer or the Administrator falls below BBB- by Fitch or Baa3 by Moody's, respectively, the Asset Monitor will be required to conduct such tests in respect of the Asset Cover Test following each Calculation Date.

Following a determination by the Asset Monitor of any material errors in the arithmetic accuracy of the calculations performed by the Administrator such that (a) the Asset Cover Test has been failed on the applicable Calculation Date (in respect of the previous month's end) (where the Administrator had recorded it as being satisfied) or (b) the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount is misstated by an amount exceeding 1% of the Adjusted Aggregate Asset Amount or the Amortisation Test Aggregate Asset Amount, as applicable, the Asset Monitor will be required to conduct such tests for each of the four consecutive Calculation Dates thereafter.

The Asset Monitor is entitled, in the absence of manifest error, to assume that all information provided to it by the Administrator for the purpose of conducting such tests is true and correct and is complete and not misleading, and is not required to conduct a test or otherwise take steps to verify the accuracy of any such information. The results of the tests conducted by the Asset Monitor will be delivered to the Administrator, the CBC, the Issuer, the Security Trustee and the Rating Agencies (the "**Asset Monitor Report**") in accordance with the Asset Monitor Appointment Agreement. If the calculations performed by the Administrator have not been performed correctly, the Asset Monitor Report shall set out the correct calculation of the Asset Cover Test or Amortisation Test, as applicable.

Under the terms of the Asset Monitor Appointment Agreement the CBC will pay to the Asset Monitor a fee per test for the tests to be performed by the Asset Monitor.

The CBC may, at any time, but subject to the prior written consent of the Security Trustee, terminate the appointment of the Asset Monitor by providing at least 30 days' prior written notice to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the CBC (such replacement to be approved by the Security Trustee if the replacement is an accountancy firm of international standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

The Asset Monitor may, at any time, resign from its appointment under the Asset Monitor Appointment Agreement upon providing the CBC and the Security Trustee (copied to the Rating Agencies) with 60 days' prior written notice. If a replacement asset monitor has not been found by the CBC within 60 days of notice of resignation by the Asset Monitor, the Asset Monitor shall immediately undertake to seek a replacement (if the replacement is an accountancy firm of international standing and such replacement to be approved by the Security Trustee) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

If a replacement asset monitor has not been found by the CBC within 30 days of the giving of notice of termination by the CBC, the Asset Monitor may identify a replacement (if the replacement is an accountancy firm of international standing and such replacement to be approved by the Security

Trustee) which agrees to perform the duties of the Asset Monitor set out in the Asset Monitor Appointment Agreement.

In the Trust Deed the Security Trustee agrees to, upon receipt of each Asset Cover Report, verify whether it states that the Asset Cover Test or Amortisation Test, as the case may be, has been passed or failed.

18. SWAPS

There will be differences between the amounts and/or currency of interest and/or principal (as applicable) (i) received in respect of the Mortgage Receivables (the rates applicable to which may, for instance, include variable rates of interest, discounted rates of interest, fixed rates of interest or rates of interest which track a base rate), the other Transferred Assets, the Authorised Investments and the GIC Accounts and (ii) payable in respect of the outstanding Covered Bonds. The CBC will enter into the Total Return Swap Agreement, the Standby Total Return Swap Agreements and/or, where applicable, Interest Rate Swap Agreements and Structured Swap Agreements (such agreements together the "**Swap Agreements**") in order to hedge these mismatches.

The CBC is only permitted to enter into swap agreements with (a) SNS Bank (with appropriate collateralisation requirements if at such time SNS Bank is no longer an Eligible Swap Counterparty) or (b) third party Eligible Swap Counterparties, as the case may be. The Security Trustee shall be a party to such Swap Agreements only for the purposes of taking certain benefits and assuming certain obligations with respect to making determinations on behalf of the CBC. An Issuer Event of Default will not constitute an event of default or a termination event under any Swap Agreement.

On the Programme Date, the CBC entered into the Total Return Swap Agreement with the Issuer and the Security Trustee pursuant to which various amounts of interest received by the CBC on the Transferred Assets, Authorised Investments and the GIC Accounts are exchanged for an amount calculated with respect to EURIBOR for one month deposits (as further described in *Total Return Swap* below) and a letter pursuant to which the Issuer, the Security Trustee and the CBC agree that the CBC shall enter into Interest Rate Swaps and Structured Swaps with an Eligible Swap Counterparty (the "**Swap Undertaking Letter**"). Payments under the Total Return Swap will, and under the Interest Rate Swaps and Structured Swaps (except if the relevant Series of Covered Bonds to which such Structured Swap relate is denominated in a currency other than euro) may, be conditional upon the occurrence of an Assignment Notification Event or a Notice to Pay having been served.

The Total Return Swap Agreement provides that in case of a sale or refinancing of Selected Mortgage Receivables, the prospective purchaser (if such purchaser has been approved by the Swap Counterparty) has the option to purchase such Selected Mortgage Receivables with or without the corresponding Total Return Swap. If the prospective purchaser of the Selected Mortgage Receivables elects to purchase such Selected Mortgage Receivables with the corresponding part of the Total Return Swap, the Total Return Swap Agreement will permit the CBC to transfer the corresponding rights and obligations thereunder to such purchaser. If the Selected Mortgage Receivables are, or part thereof is, purchased or refinanced without the corresponding (part of the) Total Return Swap, the Total Return Swap then will be terminated in relation to such (part of the) Selected Mortgage Receivables and if the purchaser purchases the Selected Mortgage Receivables with the corresponding part of the Total Return Swap the Swap Counterparty will enter into a corresponding transaction.

Rating downgrade language acceptable to the Rating Agencies other than Fitch and, with respect to Fitch, in accordance with the then current Fitch criteria, is included in the Total Return Swap and will be included in the other Swap Agreements in relation to the Swap Counterparties.

In order to reduce the likelihood of any adverse rating action in relation to the Covered Bonds, the Issuer and the CBC entered into a Novation Agreement and a Standby Total Return Swap Agreement with each Standby Total Return Swap Provider, consisting in relation to each Standby Total Return Swap Agreement of an ISDA Master Agreement, a Schedule and a Credit Support Annex thereto. The Novation Agreements establish certain standby swap arrangements in relation to the Total Return Swap Agreement and govern certain collateralisation obligations of the relevant Standby Total Return Swap Provider. Pursuant to the terms of the Novation Agreements, with effect from and including the Novation Trigger Date, the Total Return Swap Counterparty will transfer by novation to each Standby Total Return Swap Provider all of its rights and obligations under and in respect of a portion of the Total Return Swap, with the effect that the CBC and the relevant Standby Total Return Swap Provider shall be deemed to enter into a new transaction as set forth in the Standby Total Return Swap Confirmation. Simultaneously, the rights and obligations of the CBC and the Total Return Swap Provider under the Total Return Swap will be released and discharged to the extent that the CBC and

the relevant Standby Total Return Swap Provider have undertaken corresponding obligations to each other pursuant to the terms of the Standby Total Return Swap Agreements.

Provisions further include collateralisation and counterparty substitution provisions. For the Total Return Swap there are provisions allowing the CBC to, instead of the entering into the Novation Agreements, collateralisation or counterparty substitution, opt for implementation of Portfolio Tests. The Issuer also has the right to implement the Portfolio Tests at any time.

If Portfolio Tests are implemented as an alternative or supplement to the Total Return Swap or the Standby Total Return Swap then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated. Further, if an alternative hedging methodology is put in place and Rating Agency Confirmation is obtained, then the Total Return Swap Agreement and the Standby Total Return Swap Agreements may be terminated and the CBC will be required to enter into such derivatives transactions as are required to comply with such alternative hedging methodology.

To enable the CBC to hedge its exposure arising from any Series (a) denominated in a currency other than euro or (b) denominated in euro but bearing non-EURIBOR interest, SNS Bank will, in accordance with the Swap Undertaking Letter, be required to enter into (or procure a third party that is an Eligible Swap Counterparty to enter into) Interest Rate Swap Agreements and Structured Swap Agreements with the CBC in respect of such Series of Covered Bonds. In relation to existing Series of Covered Bonds, the CBC has entered into several Interest Rate Swap Agreements.

Upon the termination of a Swap Agreement, the CBC or any Swap Counterparty may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and made in euro or such other currency as may be agreed. In the event that such a termination payment is payable by the CBC following the service of an Issuer Acceleration Notice, such amount will in most cases (see the applicable priority of payments below) rank ahead of any interest amounts in respect of the Total Return Swap and the Standby Total Return Swaps or principal amounts in respect of Interest Rate Swaps and Structured Swaps due on the Covered Bonds except where default by, or downgrade of, the relevant Swap Counterparty has caused the relevant Swap Agreement to terminate.

For as long as no Assignment Notification Event has occurred and no Notice to Pay has been served, all amounts to be paid and (other than in respect of any collateral arrangements) received, respectively, by the CBC under any Swap Agreement, will be paid and received, respectively, on behalf of the CBC by the Issuer for its own account, see *Cashflows*.

For the purpose hereof:

"Eligible Swap Counterparty" means a financial institution which is permitted under Dutch law to enter into derivative contracts with Dutch residents and whose unsecured, unsubordinated and unguaranteed debt obligations are rated not lower than:

- (a) in the case of the Total Return Swap and any Standby Total Return Swap, A2 (long term) and Prime-1 (short term) or, if no short-term rating is available, A1 by Moody's and A (long term and not on rating watch negative) and F1 (short term and not on rating watch negative) by Fitch;
- (b) in the case of a Structured Swap, A2 (long term) and Prime-1 (short term) or, if no short-term rating is available, A1 by Moody's and A (long term and not on rating watch negative) and F1 (short term and not on rating watch negative) by Fitch; and
- (c) in the case of an Interest Rate Swap, A2 (long term) and Prime-1 (short term) or, if no short-term rating is available, A1 by Moody's and A (long term and not on rating watch negative) and F1 (short term and not on rating watch negative) by Fitch,

or such other rating as may be approved by the Rating Agencies to maintain the then current rating of the Covered Bonds.

Pursuant to the criteria of Fitch, if the rating of the Swap Counterparty or replacement swap counterparty or any other counterparty to the CBC is placed on 'Rating Watch Negative' its rating will for the purpose of the Fitch ratings be deemed to be one notch below the then current rating.

TOTAL RETURN SWAP

Interest will be received by the CBC in respect of the Mortgage Receivables, the other Transferred Assets, Authorised Investments and the GIC Accounts. Some of the Mortgage Receivables pay a variable rate of interest linked to an index while other Mortgage Receivables pay a fixed rate of interest for a period of time. To provide a hedge between possible variances between, on a monthly basis:

- (a) the rates of interest received by the CBC on the various Transferred Assets and the balance of the GIC Accounts; and
- (b) EURIBOR for one month deposits,

the CBC and SNS Bank (in its capacity as total return Swap Counterparty, the "**Total Return Swap Counterparty**") have entered into a swap transaction (the "**Total Return Swap**") with the Security Trustee (the "**Total Return Swap Agreement**").

The Total Return Swap has been entered into on the Programme Date, however the effective date of this swap will be the date on which (i) an Assignment Notification Event occurs and/or (ii) a Notice to Pay has been served and therefore, the CBC will not be obliged to make any payments under the Total Return Swap (and the Issuer will not be obliged to make any payments on its behalf) until such effective date.

In respect of any further Eligible Receivables acquired by the CBC, the Total Return Swap Agreement ensures that the interest rate risks in respect of such further Eligible Receivables are hedged.

On the CBC Payment Date following the effective date of the Total Return Swap and on each CBC Payment Date thereafter, the following payments will be made under the Total Return Swap in respect of the immediately preceding Calculation Period:

- (a) the Total Return Swap Counterparty will pay to the CBC an amount equal to (i) the sum of then Net Outstanding Principal Amount of all Mortgage Receivables (other than Defaulted Receivables) plus the balance of the GIC Accounts and (without double counting) the aggregate principal amount of the Authorised Investments and other Transferred Assets, as calculated at the first day of the related Calculation Period (the "**Total Pool Assets**") multiplied by (ii) EURIBOR for one month deposits (the "**TRS Calculation Amount**"); and
- (b) the CBC will pay to the Total Return Swap Counterparty an amount equal to (i) the sum of all Interest Receipts received in respect of Mortgage Receivables during the related Calculation Period, plus (ii) the accrued interest on the GIC Accounts and the revenue proceeds from the Authorised Investments and other Transferred Assets received by the CBC during the related Calculation Period, minus (iii) an amount equal to the product of the swap margin of 70 basis points (or such other margin that may be agreed by the CBC and the Total Return Swap Provider under the Total Return Swap from time to time, subject to Rating Agency Confirmation), the Total Pool Assets and the relevant day count fraction, and minus (iv) an amount equal to the costs and fees paid by the CBC (or the Issuer on its behalf) to the Servicer during the related Calculation Period.

The related Calculation Period means in relation to a CBC Payment Date the Calculation Period immediately preceding such date.

STANDBY TOTAL RETURN SWAP

In order to reduce the likelihood of adverse ratings action being taken by the Rating Agencies in respect of the Covered Bonds, the Issuer, the CBC, the Total Return Swap Provider and the Standby Total Return Swap Providers entered into Novation Agreements (as defined below) thereby putting in place certain standby swap arrangements with respect to the Total Return Swap Agreement.

In connection with these standby swap arrangements, the CBC and each relevant Standby Total Return Swap Provider have entered into a Novation Agreement and an ISDA Master Agreement (Multicurrency-Cross Border) (including the Schedule and Credit Support Annex thereto) (together a "**Standby Total Return Swap Agreement**"). Pursuant to the terms of the Novation Agreements, with effect from and including the Novation Trigger Date (as defined below), the Total Return Swap Counterparty will transfer by novation to each Standby Total Return Swap Provider all of its rights and obligations under and in respect a portion of the Total Return Swap, with the effect that the CBC, each Standby Total Return Swap Provider and the Security Trustee shall be deemed to enter into a new total return swap transaction (the "**Standby Total Return Swap**") and the rights and obligations of the CBC and the Total Return Swap Provider under the Total Return Swap will be released and discharged to the extent that the CBC and each Standby Total Return Swap Provider have undertaken corresponding obligations to each other pursuant to the terms of the Standby Total Return Swap Agreements and Standby Total Return Swaps. In addition, pursuant to the Standby Total Return Swap Agreements, the relevant Standby Total Return Swap Provider will be required to post collateral if the rating of such Standby Total Return Swap Provider falls below any required rating.

The notional amount of the Standby Total Return Swaps is capped by reference to the Standby TRS Calculation Amount (as defined below). In particular, for the purpose of calculating the Standby TRS Calculation Amounts in respect of any CBC Payment Date, (i) only the principal amount outstanding of the Specified Bonds (as defined below) is taken into account and (ii) any Mortgage Receivables and/or Transferred Collateral transferred to the CBC after the Novation Trigger Date are disregarded. Accordingly, for the purposes of this Section, all references to "**Mortgage Receivables**" and "**Transferred Collateral**" shall mean only those Mortgage Receivables and Transferred Collateral transferred to the CBC on or prior to the Novation Trigger Date.

Each Standby Total Return Swap Provider may, at its discretion, (but is not obliged to) extend the scope of the Standby Total Return Swap and/or enter into additional standby total return swap(s) or similar arrangements with the CBC in order to cover any new issuances of Covered Bonds. Alternatively, the CBC may (i) enter into additional standby total return swap(s) or similar arrangements with other standby total return swap providers (subject to obtaining the prior written consent of the Standby Total Return Swap Provider), or (ii) implement portfolio tests as an alternative to standby total return swap arrangements, or (iii) put in place a combination of standby total return swaps and portfolio tests.

Under each Standby Total Return Swap, the following payments will be made, on each CBC Payment Date with effect from the Novation Trigger Date:

- (a) the relevant Standby Total Return Swap Provider will pay to the CBC an amount equal to the product of (i) the Standby TRS Calculation Amount, (ii) EURIBOR for one month deposits and (iii) the relevant day count fraction, where "**Standby TRS Calculation Amount**" equals the product of: (i) the Total Pool Assets, (ii) the Cap Percentage and (iii) the TRS Percentage, in each case calculated on the first day of the Calculation Period immediately preceding the Calculation Period in which such CBC Payment Date falls;

- (b) the CBC will pay to the relevant Standby Total Return Swap Provider an amount equal to the product of:

- (1) an amount equal to (i) the aggregate sum of the Scheduled Interest Receipts as are scheduled to be received by the CBC in respect of the Relevant Mortgage Receivables (and that would have been scheduled to be received in respect of Selected Mortgage Receivables that were Relevant Mortgage Receivables and that were sold and transferred) in each case during the related Calculation Period (but excluding any prepayment penalties that have been received or recovered by the CBC in respect of the Relevant Mortgage Receivables during such Calculation Period); plus (ii) the aggregate sum of all prepayment penalties received or recovered by the CBC in respect of the Relevant Mortgage Receivables during such Fixed Rate Payer Calculation Period; plus (iii) the accrued interest on the GIC Account less the balance of the GIC Asset Sale Ledger and the revenue proceeds from the Relevant Authorised Investments and Relevant Assets received by the CBC during the Calculation Period immediately preceding the Calculation Period in which such CBC Payment Date falls; less (iv) an amount equal to any costs and fees paid by the CBC (or the Issuer on its behalf) to the servicer providers (including the Administrator, the Paying Agent and the Servicers) during the Calculation Period immediately preceding the Calculation Period in which such CBC Payment Date falls, subject to a maximum of 0.20 per cent of the notional amount; and
- (2) the quotient of (i) the Standby TRS Calculation Amount determined for such period and (ii) the Total Pool Assets, as calculated at the first day of the Fixed Rate Payer Calculation Period immediately preceding the Fixed Rate Payer Calculation Period in which the Fixed Rate Payer Payment Date falls.

If, on the Novation Trigger Date part or all of the amounts payable by the Total Return Swap Counterparty on the CBC Payment Date immediately preceding the Novation Trigger Date, remains unpaid the Relevant Portion of such payment (such amount the Due Payment) shall be discharged on behalf of the Total Return Swap Counterparty. The relevant Standby Total Return Swap Provider shall pay the Due Amount on or before the 10th Relevant Business Day following the day on which it is notified of the amount of such Due Payment.

Termination of the Novation Agreements

The Novation Agreements may be terminated if, at any time prior to the Novation Trigger Date, any of the following events occurs (a "Novation Termination Event"):

- (a) subject to Rating Agency Confirmation being obtained from each Rating Agency, such Novation Agreement is no longer necessary for any reason;
- (b) the Extended Due For Payment Date in respect of the last-to-mature Specified Bond has occurred;
- (c) all Specified Bonds are irrevocably redeemed in full;
- (d) subject to Rating Agency Confirmation being obtained from each Rating Agency, the relevant Total Return Swap Provider has found a replacement third party who has agreed to act as a Standby Total Return Swap Provider in respect of all of the Specified Bonds and has entered into replacement documentation with such replacement;
- (e) an Early Termination Date or other event has occurred under the Total Return Swap Agreement which results in a termination of the entire Total Return Swap Agreement and not only a part of the Total Return Swap Agreement and no Novation Trigger Date has occurred;
- (f) a date has been effectively designated for the termination of the relevant part of the Total Return Swap Agreement (relating to the relevant Standby Total Return Swap Provider) as a result of the Total Return Swap Counterparty not having taken the appropriate remedial actions where the relevant Standby Total Return Swap Provider has ceased to have the Second Trigger

Required Ratings (as defined below) or the Fitch Second Subsequent Required Ratings (as defined below); or

- (g) the Total Return Swap Counterparty is replaced by an eligible replacement which is an Eligible Swap Counterparty in accordance with clause 9(b) of the Novation Agreements, in a manner contrary to clause 3(g) of the Novation Agreement (which means that the consent of the Standby Total Return Swap Providers (when required) has not been obtained for such replacement).

In the case of a Novation Termination Event resulting from paragraph (b), (c), (e) or (f) above the Novation Agreements shall immediately terminate upon the occurrence of such Novation Termination Event (such date a "**Novation Termination Date**"). In the case of a Novation Termination Event resulting from paragraph (a) or (d) above and which is continuing, the Standby Total Return Swap Provider may by no less than three Relevant Business Days notice in writing to each of the Total Return Swap Counterparty, CBC and the Security Trustee designate a day not earlier than the day such notice is effective as the day on which the relevant Novation Agreement shall terminate and the relevant Novation Agreement shall terminate on such date (also a "**Novation Termination Date**"). In the case of a Novation Termination Event resulting from paragraph (g) above and which is continuing, the Standby Total Return Swap Provider may by no less than three business days' notice in writing to each of the Total Return Swap Counterparty, the CBC and the Security Trustee designate a day not earlier than the day such notice is effective as the day on which this Novation Agreement shall terminate and this Novation Agreement shall terminate on such date (also a "**Novation Termination Date**"). In the case of paragraph (d), such Novation Termination Date shall be the same date as the effective date of such replacement documentation. The Total Return Swap Counterparty agrees that it shall within three Relevant Business Days following the Novation Termination Date pay to the Standby Total Return Swap Provider any amounts due but unpaid from (and including) the date of this Novation Agreement to (and including) the Novation Termination Date.

If a Novation Agreement in relation to any Standby Total Return Swap Provider is terminated prior to the occurrence of the Novation Trigger Date, the Standby Total Return Swap Agreement in relation to such Novation Agreement in relation to any Standby Total Return Swap Provider will not become effective and will fall away. This may lead to adverse ratings action being taken by the Ratings Agencies in respect of the Covered Bonds, unless the then current ratings of the Total Return Swap Provider satisfy the minimum requirements of the Rating Agencies or the Total Return Swap Provider takes other remedial measures in accordance with the requirements of the Rating Agencies.

Rights to prevent amendments to the Relevant Documents

The Standby Total Return Swap Providers have the right to prevent amendments to the Relevant Documents being implemented without their consent, provided that the Standby Total Return Swap Providers may only prevent such amendments if these are material prejudicial to their interests.

For the purposes of the foregoing:

"**Cap**" means the product of (a) the aggregate of the outstanding principal balances of all Covered Bonds for which the Extended Due for Payment Date has not occurred on the Effective Date and (b) 1.38.

"**Cap Percentage**" means $\min 1, X/Y$ where "X" means the Cap on the Effective Date; and "Y" means the Total Pool Assets on the Effective Date.

"**Effective Date**" means the Novation Trigger Date.

"**Fitch Second Subsequent Required Ratings**" means (i) BBB- by Fitch (long term and not on rating watch negative) or (b) F3 by Fitch (short term and not on rating watch negative).

"**GIC Asset Sale Ledger**" means in respect of each relevant calculation period, an amount determined by the swap calculation agent equal to the lesser of:

- (a) the balance of the GIC Account; and

(b) the sum of (x) the aggregate of the proceeds of the sale of any Mortgage Receivables credited to the GIC Account during the relevant calculation period immediately preceding the last Payment Date (or, in respect of the first relevant calculation period, during the immediately preceding calendar month), (y) the balance of the GIC Asset Sale Ledger as at the last Payment Date (which shall be zero for the first Payment Date) and (z) the interest credited (which will be a negative if the applicable interest rate is negative and interest amounts are debited from the GIC Account) to the GIC Account which is attributable to that portion of the balance of the GIC Account represented by (x) above.

"Novation Agreement" means each of the novation agreement dated on or about 25 November 2011, between the Total Return Swap Provider, the CBC and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A and the novation agreement dated on or about 25 November 2011, between the Total Return Swap Provider, the CBC and The Royal Bank of Scotland plc.

"Novation Trigger Date" means, the earlier to occur of (i) the first date on which both an Issuer Acceleration Notice and a Notice to Pay have been delivered on the CBC, the Total Return Swap Provider and the relevant Standby Total Return Swap Provider, (ii) the first date on which a trigger notice is delivered that the Issuer has failed to comply with its obligations under the side agreements entered into by the Issuer and the Standby Total Return Swap Providers and (iii) an early termination date has been designated under the Total Return Swap Agreement as a result of either an event of default in respect of which the Issuer is the defaulting party or a termination event in respect of which the Issuer is an affected party (including an additional termination event resulting from a failure by the Issuer to transfer to the CBC any delivery amount pursuant to the terms of the Total Return Swap Agreement), but provided that no Novation Trigger Date will occur if such early termination date is designated as a result of the occurrence of (w) an illegality, (x) a tax event, (y) an additional termination event relating to the redemption of the covered bonds or (z) an additional termination event relating to the failure to transfer its rights and obligations under the Total Return Swap Agreement in circumstances where the Standby Total Return Swap Provider ceases to have the required rating to provide credit support with collateral for the obligations of the Issuer under the Total Return Swap Agreement.

"Relevant Assets" means the Mortgage Receivables and the Beneficiary Rights relating thereto, the Eligible Collateral, and the Non-Dutch Assets in each case transferred to the CBC pursuant to the Guarantee Support Agreement, to the extent not redeemed, retransferred, sold or refinanced pursuant to the Asset Monitor Agreement.

"Relevant Authorised Investments" means the Authorised Investments acquired by the CBC, to the extent not redeemed, retransferred, sold or refinanced. The CBC has undertaken only to invest in Authorised Investments if the prior consent of the Standby Total Return Swap Providers is obtained.

"Relevant Mortgage Receivables" means any Eligible Receivables transferred to the CBC pursuant to the Guarantee Support Agreement on or prior to the Novation Trigger Date, to the extent not redeemed, retransferred, sold or refinanced pursuant to the Asset Monitor Agreement, or otherwise disposed of by the CBC.

"Relevant Portion" means the fraction determined as the result of (A) the Standby TRS Calculation Amount for the Calculation Period immediately preceding the Calculation Period in which such Novation Trigger Date falls divided by (B) the TRS calculation Amount for the Calculation Period immediately preceding the Calculation Period in which such Novation Trigger Date falls.

"Scheduled Interest Receipts" means Interest Receipts, but where the words "scheduled to be" are deemed to be inserted before the word "received" wherever it appears in the definition of Interest Receipts, the word "Relevant" is inserted before the words "Mortgage Receivables" and sub paragraph (ii) and (iii) are deleted. For the avoidance of doubt, the Scheduled Interest Receipts in respect of a Relevant Mortgage Receivable will not include any interest arrears provided that such Mortgage Receivable is not a Defaulted Mortgage Receivable.

"Second Trigger Required Ratings" means (a) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-2" or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's and (b) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's.

"Specified Bonds" means the Covered Bonds that have been issued under the Programme as of the date of this Base Prospectus and any future Covered Bonds that will be issued under the Programme after the date of this Base Prospectus and that have been accepted as Specified Bonds by the Standby Total Return Swap Providers.

"Standby Total Return Swap Provider" means The Royal Bank of Scotland plc and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A, each in their capacity as standby total return swap provider.

"Swap Provider Default" means the occurrence of an Event of Default or Termination Event (each as defined in each of the relevant Swap Agreement) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the relevant Swap Agreement).

"Total Pool Assets" means the sum of (i) the Net Outstanding Principal Amount of all Relevant Mortgage Receivables other than Defaulted Receivables, (ii) the balance of the GIC Account less the balance of the GIC Asset Sale Ledger and (iii) (without double counting) the aggregate principal balance of the Relevant Authorised Investments and other Relevant Assets not otherwise included under (i) or (ii), provided that if, on the date on which the Total Pool Assets are being calculated, the aggregate amount of (ii) and (iii) exceeds the aggregate of the Outstanding Principal Balances of all Covered Bonds for which the Extended Due For Payment Date has not occurred, the aggregate of (ii) and (iii) will be deemed to equal the Outstanding Principal Balances of all Covered Bonds for which the Extended Due For Payment Date has not occurred for the purposes of this definition.

"TRS Percentage" means the quotient of (a) the aggregate of the outstanding principal balances of each Specified Bond for which the Extended Due For Payment Date has not occurred; and (b) the aggregate of the outstanding principal balances of all Covered Bonds for which the Extended Due For Payment Date has not occurred.

Standby Total Return Swap Providers

The Royal Bank of Scotland plc

RBS is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. RBS is a wholly owned subsidiary of The Royal Bank of Scotland Group plc ("**RBSG**"), which is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, The RBS Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries RBS, National Westminster Bank plc ("**NatWest**") and The Royal Bank of Scotland N.V. ("**RBS N.V.**"). Both RBS and NatWest are major United Kingdom clearing banks. RBS N.V. is a bank regulated by the Dutch Central Bank. In the United States, The RBS Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, The RBS Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

Assets, owners' equity and capital ratio's

The RBS Group had total assets of £1,446.00 billion and an owner's equity of £74.7 billion as at 30 June 2011. As at 30 June 2011, The RBS Group's capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.

RABOBANK

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. At 30 June 2011, it comprises 141 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 48 countries. Its

operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on broad financial services provision in the Netherlands and primarily on the food and agribusiness internationally. Rabobank Group entities have strong inter-relationships due to Rabobank's cooperative structure.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank Nederland") is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank.

Rabobank Group's cooperative core business comprises independent local Rabobanks. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With 892 branches and 2,956 cash-dispensing machines at 30 June 2011, the local Rabobanks form a dense banking network in the Netherlands. The website www.rabobank.nl serves over three million online banking customers. In the Netherlands, the local Rabobanks serve approximately 6.8 million retail clients, and approximately 0.8 million corporate clients, offering a comprehensive package of financial services.

At 30 June 2011, Rabobank Group had total assets of €665.0 billion, a private sector loan portfolio of €440.9 billion, amounts due to customers of €305.4 billion, savings deposits of €137.4 billion and equity of €42.5 billion.

Capitalisation

At 30 June 2011, Rabobank tier 1 ratio was 16.2 per cent and the core tier 1 ratio was 12.7 per cent.

INTEREST RATE SWAPS

Interest Rate Swaps are used to hedge mismatches between EURIBOR and the interest guaranteed by the CBC with respect to the Covered Bonds in the following manner.

The interest rate guaranteed by the CBC with respect to a Series denominated in euro may bear a non-EURIBOR rate of interest. To provide a hedge against the possible variance between:

- (a) EURIBOR for one month deposits or EURIBOR for three month deposits, as the case may be; and
- (b) the rate of interest payable by the CBC under the euro denominated Series,

(a) the CBC and (b) SNS Bank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, as the case may be, (each an "**Interest Rate Swap Counterparty**") will enter into interest rate swap transactions (the "**Interest Rate Swaps**") with (c) the Security Trustee in relation to each relevant Series subject to Rating Agency Confirmation (the "**Interest Rate Swap Agreements**") if the Covered Bonds of such Series are denominated in euro but bearing an non EURIBOR interest.

Notwithstanding that the CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, if the CBC elects to or is obliged to enter into and/or SNS Bank is obliged to procure that the CBC enters into an Interest Rate Swap Agreement, the CBC has a choice to set the rate payable by it under the Interest Rate Swap Agreement at EURIBOR for one month deposits or EURIBOR for three month deposits. It should be noted that the CBC may, but is not obliged to, enter into nor is SNS Bank obliged to procure that the CBC enters into an Interest Rate Swap Agreement, if a Series denominated in Euro bears an interest rate equal to EURIBOR for one month deposits, three month deposits, six month deposits or deposits with another term (if applicable).

Although the relevant Interest Rate Swap may be entered into on or before the date on which the relevant Series of Covered Bonds are issued, the effective date of such swap may be the date on which (i) an Assignment Notice Event and/or (ii) a Notice to Pay has been served and in such case, the CBC will not be obliged to make any payments (and the Issuer will not be obliged to make any payments on its behalf) until such effective date under the Interest Rate Swap.

The following payments will be made under each Interest Rate Swap entered into in respect of a Series:

- (a) on each Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), the relevant Interest Rate Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date multiplied by the relevant swap rate which will correspond to the rate of interest payable pursuant to the terms of such Series; and
- (b) on each CBC Payment Date (or such other date as agreed between the parties), the CBC will pay to the Interest Rate Swap Counterparty an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date multiplied by EURIBOR for one month deposits or EURIBOR for three month deposits, as the CBC may elect, plus any spread (if any) as further specified in the relevant Interest Rate Swap.

If Portfolio Tests are implemented and the Total Return Swap is terminated, Interest Rate Swaps will be used to comply with the Portfolio Tests.

A Swap Counterparty may have an option right to terminate the relevant Interest Rate Swap prior to its scheduled termination date. The Issuer and the CBC have undertaken in the Swap Undertaking

Letter not to agree to any option to terminate an Interest Rate Swap prior to the Maturity Date of the relevant Series to which it is linked, unless the Issuer and the CBC have the right to exercise the Issuer Call specified in Condition 7(c) in respect of such Series, (provided that this undertaking will not apply if another Interest Rate Swap will automatically replace such Interest Rate Swap on termination).

STRUCTURED SWAPS

Structured Swaps are used to hedge mismatches between EURIBOR and euro and the amounts guaranteed by the CBC with respect to the Covered Bonds in the following manner.

The Transferred Assets will be denominated in euro and the CBC will receive Euribor for one month deposits over the outstanding principal amount pursuant to the Total Return Swap. However, (i) the interest payable by the CBC with respect to a Series may be denominated in a currency other than euro and/or (ii) principal under a Series may be payable in a currency other than euro.

To provide a hedge against the variance between:

- (a) (i) EURIBOR for one month deposits or EURIBOR for three month deposits, as the case may be; and
- (ii) the euro; and
- (b) (i) the rate of interest payable by the CBC in respect of a Series; and
- (ii) the currency of a Series,

(a) the CBC and (b) SNS Bank (where applicable with the appropriate collateralisation requirements) or a third party Eligible Swap Counterparty, as the case may be, (each a "**Structured Swap Counterparty**") will enter into swap transactions (the "**Structured Swaps**", and together with the Interest Rate Swaps, the Total Return Swap and the Standby Total Return Swaps, the "**Swaps**") with (c) the Security Trustee in relation to each relevant Series subject to Rating Agency Confirmation (the "**Structured Swap Agreements**") if the Covered Bonds of such Series are denominated in a currency other than euro.

Notwithstanding that the CBC will receive a rate equal to EURIBOR for one month deposits under the Total Return Swap Agreement, the CBC has a choice to set the rate payable by it under the Structured Swap Agreement at EURIBOR for one month deposits or EURIBOR for three month deposits.

Although the relevant Structured Swap will be entered into on or before the date on which the relevant Series of Covered Bonds are issued, the effective date of such swap may be the date on which (i) an Assignment Notification Event Notice and/or (ii) a Notice to Pay has been served and as a result, the CBC will not be obliged to make any payments (and the Issuer will not be obliged to make any payments on its behalf) until such effective date under such Structured Swap.

The following payments may be made under each Structured Swap entered into in respect of a Series:

- (a) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on or about the date of issue of each such Series, the Issuer on behalf of the CBC may pay the proceeds of issue of such Series to the Structured Swap Counterparty and the Structured Swap Counterparty will then pay to the CBC a euro amount in respect of such proceeds (at the exchange rate specified in the relevant confirmation);
- (b) on each Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), the Structured Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series as at the preceding Interest Payment Date, multiplied by the relevant swap rate which will correspond to the rate of interest (for example the fixed or floating rate of interest) payable pursuant to the terms of such Series;
- (c) on each CBC Payment Date (or such other date as agreed between the parties), the CBC will pay to the Structured Swap Counterparty an amount equal to the euro equivalent of the then outstanding principal amount of such Series multiplied by

EURIBOR for one month deposits or EURIBOR for three month deposits, as the CBC may elect, plus any spread as further specified in the relevant Structured Swap;

- (d) if such Series is denominated in a currency other than euro, which means that there is an exchange of principal, on the date of repayment of such Series, the CBC will pay to the Structured Swap Counterparty an amount equal to the euro equivalent of the outstanding principal amount of such Series (as determined by the relevant swap confirmation) as at the preceding Interest Payment Date (or such other date falling earlier than the relevant Interest Payment Date as agreed between the parties), and the Structured Swap Counterparty will pay the CBC an amount equal to the outstanding principal amount of such Series in the currency in which such Series is denominated.

A Swap Counterparty may have an option right to terminate the relevant Structured Swap prior to its scheduled termination date. The Issuer and the CBC have undertaken in the Swap Undertaking Letter not to agree to any option to terminate a Structured Swap prior to the Maturity Date of the relevant Series to which it is linked, unless the Issuer and the CBC have the right to exercise the Issuer Call specified in Condition 7(c) in respect of such Series (provided that this undertaking will not apply if another Structured Swap will automatically replace such Structured Swap on termination).

19. CASHFLOWS

- A. For as long as no Assignment Notification Event has occurred and no Notice to Pay or CBC Acceleration Notice has been served, pursuant to the Guarantee Support Agreement, the CBC is not entitled to receive or retain any proceeds from the Transferred Assets; such proceeds will all be received and retained by the Originators for their own benefit. Pursuant to the Trust Deed, the following will then apply:
- (i) all costs and expenses of the CBC, including any costs of the Security Trustee and the Stichting Holding, will be paid on behalf of the CBC by the Issuer for its own account as consideration for the CBC issuing the Guarantee;
 - (ii) all amounts to be paid and received, respectively by the CBC under any Swap Agreement will be paid and received, respectively on behalf of the CBC by the Issuer for its own account, except that any collateral to be provided by a Swap Counterparty following its downgrade ("**Swap Collateral Amounts**") will be delivered directly by the relevant Swap Counterparty to the CBC irrespective of whether any Assignment Notification Event has occurred or any Notice to Pay or CBC Acceleration Notice has been served at such time and, accordingly, any payments or deliveries to be made in respect of the return of any such collateral shall be made directly by the CBC to the relevant Swap Counterparty ("**Collateral Return Payments**"); and
 - (iii) on each CBC Payment Date the CBC (or the Administrator on its behalf) will distribute all amounts (if any) then standing to the credit of the GIC Accounts (except for any collateral provided by a Swap Counterparty, the Supplemental Liquidity Reserve and the Reserve Fund) to the Issuer or, if the Issuer is insolvent and one or more Originators are not insolvent, to such Originator or Originators to the extent permitted by the Asset Cover Test. The CBC does not need to concern itself as to how such proceeds are allocated between the Issuer and the Originators; and
- B. If an Assignment Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served on the CBC, pursuant to the Guarantee Support Agreement, the CBC shall, subject to the rights of the Security Trustee as pledgee, be entitled to receive for its own benefit all proceeds of the Transferred Assets to the extent relating to the period following such Assignment Notification Event or service of such Notice to Pay or CBC Acceleration Notice. Pursuant to the Trust Deed, the following will then apply:
- (i) if an Assignment Notification Event has occurred but no Notice to Pay or CBC Acceleration Notice has been served, all costs, expenses and all amounts to be paid and received under the Swap Agreements and the Sub-Participation Agreement will be settled on behalf of the CBC by the Issuer except that Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty and all amounts standing to the credit of the GIC Accounts except for Swap Collateral Amounts will continue to be distributed as abovementioned;
 - (ii) if a Notice to Pay has, but no Issuer Acceleration Notice or CBC Acceleration Notice has been served, all costs, expenses and all amounts to be paid and received under the Swap Agreements and Sub-Participation Agreement will continue to be settled on behalf of the CBC by the Issuer except that Collateral Return Payments shall be made directly by the CBC to the relevant Swap Counterparty, but no amounts standing to the credit of the GIC Accounts will be distributed to the Issuer or the Originator as mentioned under paragraph (A)(iii) above (except that Collateral Return Payments shall continue to be made directly by the CBC to the relevant Swap Counterparty).
 - (iii) if an Issuer Acceleration Notice and a Notice to Pay have, but no CBC Acceleration Notice has, been served, the CBC (or the Administrator on its behalf) will apply the Interest Available Amount and the Principal Available Amount in accordance with the Post Issuer Acceleration Notice Priority of Payments and the Participation Redemption Available Amounts to the Savings Insurance Company; or

- (iv) if a CBC Acceleration Notice has been served, all moneys received or recovered by the Security Trustee or any other Secured Party and all moneys held by or on behalf of the CBC will be applied in accordance with the Post CBC Acceleration Notice Priority of Payments except for any Participation Redemption Available Amounts which will be paid to the Savings Insurance Company and except for any Swap Collateral Amounts which shall first be subject to the provisions set out in the relevant Swap Agreement.

Reserve Fund

Pursuant to the Trust Deed, if the Issuer's short-term credit rating falls below P-1 by Moody's or if the short-term issuer default rating falls below F1 by Fitch, the CBC will be required to establish a reserve fund (the "**Reserve Fund**") on the GIC Account which will be credited by the Issuer with an amount equal to the Reserve Fund Required Amount and such further amounts as are necessary from time to time to ensure that an amount up to the Reserve Fund Required Amount is credited to the Reserve Fund for as long as the above rating trigger is breached.

After the earlier of (i) the date falling three months after the occurrence of an Assignment Notification Event pursuant to which the relevant Borrowers have been notified of the transfer of the related Mortgage Receivables and have been instructed to direct any payments under such Mortgage Receivables to the CBC or (ii) the date on which the CBC demonstrates that the relevant Borrowers pay the required amounts under the Mortgage Receivables to the CBC, the CBC will no longer be required to maintain the Reserve Fund and any amounts standing to the credit of the Reserve Fund will be added to certain other income of the CBC in calculating the Interest Available Amount and applied in accordance with the relevant Priority of Payments.

After a Notice to Pay has been served on the CBC, all amounts credited to the Reserve Fund will be available on any CBC Payment Date to meet items (a) to (k) inclusive of the Post Issuer Acceleration Notice Priority of Payments and will be released accordingly.

Payments with respect to Covered Bonds, Interest Rate Swaps and Structured Swaps during a CBC Payment Period (other than on the CBC Payment Date on which the CBC Payment Period commences)

Following the service of an Issuer Acceleration Notice and a Notice to Pay, pursuant to the Trust Deed, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will be applied in accordance with the Post Issuer Acceleration Notice Priority of Payments on each CBC Payment Date, which dates will occur monthly. Payments in respect of interest and principal on a Series of Covered Bonds and, in respect of Interest Rate Swap Agreements and Structured Swap Agreements, may however become due and payable on other days than on the relevant CBC Payment Date during a CBC Payment Period. Such amounts will be payable by the CBC on the date on which such payments become due and payable as follows:

- (i) in respect of a Series of Covered Bonds to the extent that the CBC has entered into an Interest Rate Swap or Structured Swap with respect to such Series of Covered Bonds, from the amounts received under the relevant Swap Agreement connected to such Series after the CBC Payment Date on which the relevant CBC Payment Period commenced;
- (ii) from the amounts reserved for such Series of Covered Bonds or such Swap Agreement pursuant to items (f) and (g) of the Post Issuer Acceleration Notice Priority of Payments (as applicable) on the CBC Payment Date on which the relevant CBC Payment Period commenced; and
- (iii) in respect of a Series of Covered Bonds to the extent not so paid in full following application of the funds available in accordance with (i) and (ii) above, from the amounts as were credited to the GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice Priority of Payments on the CBC Payment Date on which the relevant CBC Payment Period commenced.

For the purposes hereof:

"Principal Available Amount" means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Principal Receipts received during the previous Calculation Period;
- (ii) any amounts of principal received from any Substitution Asset, Transferred Non-Dutch Assets or Authorised Investment (not forming part of the Interest Available Amount);
- (iii) the principal amount of any Transferred Collateral in the form of cash (other than pursuant to a Swap Agreement) received during the previous Calculation Period;
- (iv) any amount required to be transferred to the GIC Accounts in accordance with item (h) of the Post Issuer Acceleration Notice Priority of Payments;
- (v) all amounts in respect of principal (if any) received or to be received by the CBC under the Relevant Documents (other than the Sub-Participation Agreement and other than any Swap Collateral Amounts posted under the Swap Agreements) on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date) except for any payments in respect of principal received under the Structured Swap Agreements that have been (or will, on the relevant CBC Payment Date, be) applied towards payment of a Series of Covered Bonds;
- (vi) any amounts received in the preceding Calculation Period as Excess Proceeds to the extent such proceeds do not relate to interest;
- (vii) any amounts released from the Supplemental Liquidity Reserve Ledger; and
- (viii) any amounts reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement prior to the relevant CBC Payment Date to the extent relating to principal.

"Interest Available Amount" means on a Calculation Date an amount equal to the aggregate of (without double counting):

- (i) the amount of Interest Receipts received during the previous Calculation Period;
- (ii) other net income of the CBC including all amounts of interest received on the GIC Accounts, the Substitution Assets, Transferred Non-Dutch Assets and Authorised Investments in the preceding Calculation Period;
- (iii) all amounts in respect of interest received or to be received by the CBC under the Interest Rate Swap Agreements, the Structured Swap Agreements and the Total Return Swap Agreement and the Standby Total Return Swap Agreements on the relevant CBC Payment Date (or in the CBC Payment Period immediately preceding the relevant CBC Payment Date but excluding the preceding CBC Payment Date) except for any payments in respect of interest received under the Interest Rate Swap Agreements or the Structured Swap Agreements that have been applied towards payment of a Series of Covered Bonds (and, for the avoidance of doubt, excluding Swap Collateral Amounts);
- (iv) following the service on the CBC of a Notice to Pay, any amounts in the Reserve Fund released in accordance with the Trust Deed;
- (v) any amounts received as Excess Proceeds in the CBC Payment Period immediately preceding the relevant CBC Payment Date to the extent such proceeds do not relate to principal; and
- (vi) any amounts to the extent not relating to principal, reserved on the immediately preceding CBC Payment Date to the extent not applied towards payment of the relevant Series of Covered Bonds or the relevant Swap Agreement prior to the relevant CBC Payment Date;
- (vii) any Excess Swap Replacement Amounts as shall be standing to the credit of the Swap Replacement Ledger on the relevant CBC Payment Date; and
- (viii) any other amounts standing to the credit of the GIC Accounts, to the extent not relating to principal, not excluded by virtue of (i) to (vi) above and not relating to Swap Replacement Amounts as have been credited to the Swap Replacement Ledger (other than Excess Swap Replacement Amounts);

less

- (vi) on the first CBC Payment Date of each year, an amount equal to 10 per cent. of the annual fixed operational expenses of the CBC, with a minimum of euro 2,500.

"Principal Receipts" means:

- (i) any amount received as principal under the Mortgage Receivables (as repayment, prepayment, sale, refinancing, including payments of arrears, Accrued Interest and Arrears of Interest as at the relevant Transfer Date of a Receivable, but excluding prepayment penalties), less in respect of each Savings Mortgage Receivable which is subject to a Participation, the Participation in such Savings Mortgage Receivable;
- (ii) any amounts received or recovered as Net Proceeds to the extent relating to principal, less in respect to each Saving Mortgage Receivable which is subject to a Participation, the Participation in such Savings Mortgage Receivable; and
- (iii) any amounts received as Participation Increase and Initial Participation pursuant to any Sub-Participation Agreement.

"Reserve Fund Required Amount" means an amount equal to (i) (A) the aggregate of the Scheduled Interest due on the three following Interest Payment Dates for each Series falling in the next following three CBC Payment Periods, or (B) if an Interest Rate Swap and/or a Structured Swap has been entered into in relation to a Series or a part of such Series (which has not been terminated) with a party other than the Issuer, the amount for such Series shall equal the amount payable by the CBC (or the Issuer on its behalf) pursuant to such Interest Rate Swap and/or Structured Swap in the three following CBC Payment Periods for such Series prior to netting of any payments thereunder (excluding any Collateral Return Payments as may fall due thereunder), plus, in the case of a partial hedge, any amount described in (A) not covered by such hedge, as calculated on each Calculation Date, plus (ii) in respect of the items specified in paragraphs (a) to (d) of the Post Issuer Acceleration Notice Priority of Payments, the greater of (a) the anticipated aggregate amount payable in the next three following CBC Payment Periods and (b) one quarter of the anticipated aggregate annual amount payable, all as calculated on each relevant Calculation Date.

"Interest Receipts" means:

- (i) interest and fees and other amounts received by the CBC in respect of the Mortgage Receivables, other than Principal Receipts and less in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the net amount received or recovered multiplied by the Participation divided by the Outstanding Principal Amount of such Savings Mortgage Receivable (the **"Participation Fraction"**);
- (ii) prepayment penalties received or recovered by the CBC in respect of the Mortgage Receivables; and
- (iii) any amounts received as Net Proceeds to the extent such proceeds do not relate to principal less, in respect of each Savings Mortgage Receivable which is subject to a Participation, an amount equal to the amount received or recovered multiplied by the Participation Fraction.

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

POST ISSUER ACCELERATION NOTICE PRIORITY OF PAYMENTS

On each CBC Payment Date following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay, but prior to the service of a CBC Acceleration Notice, the Interest Available Amount and the Principal Available Amount (less any amounts payable to third parties incurred by the CBC in its ordinary course of its business, which may be paid on each day by the CBC) will pursuant to the Trust Deed be applied or reserved (in respect of the immediately following CBC Payment Period (which, for the avoidance of doubt, in this priority of payments commences on such CBC Payment Date)), as the case may be, in the following order of priority (the "**Post Issuer Acceleration Notice Priority of Payments**" and together with the Post CBC Acceleration Notice Priority of Payments (the "**Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee in the immediately following CBC Payment Period under the provisions of the Trust Deed, together with interest;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (vi) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the immediately following CBC Payment Period under the provisions of the Servicing Agreement;
 - any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator in the immediately following CBC Payment Period under the provisions of the Administration Agreement;
 - amounts (if any) due and payable to the GIC Provider (including costs) pursuant to the terms of the GIC;
 - any amounts (including costs and expenses) due and payable to the Directors; and
 - any amounts due and payable to the Asset Monitor (other than the amounts referred to in paragraph (l) below) pursuant to the terms of the Asset Monitor Appointment Agreement;
- (e) *fifth*, in or towards satisfaction of any amounts due and payable to the Total Return Swap Counterparty and any Standby Total Return Swap Provider, as the case may be, (including any termination payment due and payable by the CBC under the Total Return Swap Agreement or any Standby Total Return Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement or, as applicable, the relevant Standby Total Return Swap Agreement;
- (f) *sixth*, in or towards satisfaction or to be reserved for payment *pro rata* and *pari passu* in accordance with the respective amounts owing thereto of:
 - (i) to each Interest Rate Swap Counterparty, all amounts (including any termination payment due and payable by the CBC under the relevant Interest Rate Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) then due to it or as will become due and payable to it in the immediately following CBC Payment Period under the relevant Interest Rate Swap Agreement; and

- (ii) to each Structured Swap Counterparty, all amounts (including any termination payment due and payable by the CBC under the relevant Structured Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) other than in respect of principal, then due to it or becoming due and payable to it in the immediately following CBC Payment Period under the relevant Structured Swap Agreement,
- (iii) Scheduled Interest that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of each Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be paid in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be paid in the immediately succeeding CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series but the Issuer Administrator determines in its sole discretion may not be available as scheduled due to the potential non-performance by a Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;

provided that if the amount available for distribution under this paragraph (f) is insufficient to pay all amounts listed in this paragraph (f), but would be sufficient to pay all amounts listed in this paragraph (f) other than the Series of Covered Bonds to which a Swap Agreement is connected to the extent these are expected to be paid from the amount payable under the connected Swap Agreement or from the amounts reserved for payment of such Series (the excluded amounts), then the amount available for distribution under this paragraph (f) will be applied first to pay or provide for all amounts listed in this paragraph (f) other than the such excluded amounts and second, for the remainder, to pay or provide for such excluded amounts *pro rata* and *pari passu*;

- (g) *seventh*, in or towards satisfaction or to be reserved for payment, *pro rata* and *pari passu* according to the respective amounts owing thereto:
 - (i) of amounts in respect of principal then due and payable or as will become due and payable in the immediately following CBC Payment Period to each Structured Swap Counterparty under the relevant Structured Swap Agreement;
 - (ii) of Scheduled Principal that is Due for Payment or will become Due for Payment in the immediately succeeding CBC Payment Period under the Guarantee in respect of each Series of Covered Bonds to the extent that such amounts (i) are not scheduled to be payable in the relevant CBC Payment Period from amounts received (or to be received) under any Swap Agreement connected to such Series or (ii) are scheduled to be payable in the immediately succeeding CBC Payment Period from the amounts received (or to be received) under the relevant Swap Agreement connected to such Series but the Issuer Administrator determines in its sole discretion may not be available as scheduled due to the potential non-performance by a Swap Counterparty of its obligations pursuant to the relevant Swap Agreement;

provided that if the amount available for distribution under this paragraph (g) is insufficient to pay all amounts listed in this paragraph (g), but would be sufficient to pay all amounts listed in this paragraph (g) other than the Series of Covered Bonds to which a Swap Agreement is connected to the extent these are expected to be paid from the amount payable under the connected Swap Agreement or from the amounts reserved for payment of such Series (the excluded amounts), then the amount available for distribution under this paragraph (g) will be applied first to pay or provide for all amounts listed in this paragraph (g) other than the such excluded amounts and second, for the remainder, to pay or provide for such excluded amounts *pro rata* and *pari passu*;

- (h) *eighth*, to deposit the remaining moneys in the GIC Accounts for application on the next following the CBC Payment Date in accordance with the priority of payments described in

paragraphs (a) to (g) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series);

- (i) *ninth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amount due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement;
- (j) *tenth*, in or towards satisfaction of any indemnity amount due to the Originators pursuant to the Guarantee Support Agreement and certain costs, expenses and indemnity amounts due by the CBC to the Asset Monitor pursuant to the Asset Monitor Appointment Agreement; and
- (k) *eleventh*, thereafter any remaining moneys will be paid to the Issuer or, if the Issuer is Insolvent and one or more Originators are not Insolvent, to such Originator or Originators, provided that the CBC may assume that the Issuer and any Originator are not Insolvent unless it has received at least five Business Days' prior written notice to the contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

For the purposes hereof:

"CBC Payment Period" means each period from (and including) a CBC Payment Date to (but excluding) the next CBC Payment Date.

"Excluded Swap Termination Amount" means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of a of an Event of Default or Termination Event (each as defined in such Swap Agreements) where the relevant Swap Counterparty is the Defaulting Party or the sole Affected Party.

POST CBC ACCELERATION NOTICE PRIORITY OF PAYMENTS

Under the terms of the Trust Deed, each of the Secured Parties agrees that all moneys received or recovered by the Security Trustee or any other Secured Party (whether in the administration, liquidation of the CBC or otherwise) following the occurrence of a CBC Event of Default and service of a CBC Acceleration Notice, less an amount to which the Savings Insurance Companies shall be entitled (which shall be equal to the Participation in each of the Savings Mortgage Receivables to which the Sub-Participation Agreements apply or if the amount recovered in respect of such Savings Mortgage Receivables is less than the Participation, an amount equal to the amount actually recovered) and except for Swap Collateral Amounts (which shall first be subject to the provisions set out in the relevant Swap Agreement) will be applied following the enforcement of the security rights in the following order of priority (the "**Post CBC Acceleration Notice Priority of Payments**"), in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction of all amounts due and payable or to become due and payable to the Security Trustee under the provisions of the Trust Deed together with interest;
- (b) *second*, in or towards satisfaction of taxes owing by the CBC to any tax authority accrued and unpaid (to the extent such amounts cannot be paid out of item (vi) of the Interest Available Amount);
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any remuneration then due and payable to the Paying Agents or the Registrar under or pursuant to the Agency Agreement and to any Calculation Agent under any Calculation Agency Agreement;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of:
 - any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement;
 - any remuneration then due and payable to the Administrator and any costs, charges, liabilities and expenses then due or to become due and payable to the Administrator under the provisions of the Administration Agreement;
 - amounts (if any) due and payable to the GIC Provider (including costs) pursuant to the terms of the GIC; and
 - amounts (including costs and expenses) due to the Directors;
- (e) *fifth*, in or towards satisfaction of any amounts due and payable to the Total Return Swap Counterparty and the Standby Total Return Swap Providers (including any termination payment due and payable by the CBC under the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be, to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amount) pursuant to the terms of the Total Return Swap Agreement or the Standby Total Return Swap Agreements, as the case may be;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable to the Interest Rate Swap Counterparties under the relevant Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts);
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts due and payable:

- to the Structured Swap Counterparties under the Structured Swap Agreements (including any termination payment due and payable by the CBC under the relevant Swap Agreement to the extent not paid from any Swap Replacement Amounts but excluding any Excluded Swap Termination Amounts); and
 - to the Covered Bondholders *pro rata* and *pari passu* in respect of interest and principal due and payable on each Series in accordance with the Guarantee;
- (h) *eighth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the CBC to the relevant Swap Counterparty under the relevant Swap Agreement; and
- (i) *ninth*, thereafter any remaining moneys will be paid to the Issuer or, if the Issuer is insolvent and one or more Originators are not insolvent, to such Originator or Originators, provided that the CBC may assume that the Issuer and any Originator are not Insolvent unless it has received at least five Business Days' prior written notice to the contrary from any Originator (and the CBC need not concern itself as to how such proceeds are allocated between the Originators).

GIC ACCOUNTS AND SWAP REPLACEMENT LEDGER

GIC Account

Pursuant to the terms of the GIC entered into on the Programme Date between the CBC, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as GIC Provider and the Security Trustee, the CBC will maintain, with the GIC Provider, the GIC Account:

- into which are paid all amounts received by the CBC in respect of Transferred Assets; and
- moneys standing to the credit of which will on each CBC Payment Date be applied by the Administrator in accordance with the relevant Priority of Payments as described above in more detail.

If the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider cease to be rated at least P-1 by Moody's and F1 (short-term and not on rating watch negative) and A (long-term and not on rating watch negative) by Fitch (the "**GIC Provider Ratings**") then within 30 Business Days of such occurrence either:

- the GIC Account will be closed and new accounts opened under the terms of a new GIC substantially on the same terms as the GIC opened with a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P- 1 by Moody's and F1 (short-term) and A (long-term and not on rating watch negative) by Fitch; or
- the GIC Provider will obtain a guarantee of its obligations under the GIC on terms acceptable to the Security Trustee, acting reasonably, from a financial institution whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, and F1 (short-term) and A (long-term and not on rating watch negative) by Fitch,

(in each case, subject to Rating Agency Confirmation) after Fitch has been notified and unless Moody's confirms that the then current rating of the Covered Bonds will not be adversely affected as a result of the rating of the GIC Provider falling below the GIC Provider Ratings (or the reason for this having occurred) within 15 days of such downgrade. If the Rating Agency Confirmations are given as above, reference to the "GIC Provider Ratings" shall be deemed to be instead the relevant rating of the GIC Provider at the time of such confirmations, but the original rating shall be reinstated if the relevant rating of the GIC Provider is subsequently upgraded to the original level.

Pursuant to the GIC, the GIC Provider has agreed to pay interest on the GIC Funds at the rate determined in accordance with the GIC.

The CBC and the GIC Provider may from time to time agree to create additional accounts for the purpose of making deposits with a different interest rate in the name of the Issuer with the GIC Provider (provided that the Security Trustee has consented in writing). Any such additional accounts will be kept separate from the GIC Account to which it is connected. The Issuer may only transfer amounts from such additional accounts to the relevant GIC Account to which it is connected and any amount to be transferred to such additional accounts may only be transferred from the relevant GIC Account.

In the event the CBC is obliged to open any other accounts than the GIC Account, the GIC Provider will, on the instructions of the CBC, open such new accounts under the terms of this GIC in the name of the CBC.

Swap Replacement Ledger

The CBC shall maintain a ledger to the GIC Account to which shall be credited (a) those amounts received from any replacement Swap Counterparty in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Total Return Swap, Interest Rate Swap or Structured Swap and (b) those amounts received from any Swap Counterparty in respect of the Total Return Swap, any Standby Total Return Swap, any Interest Rate Swap or any Structured Swap which has terminated for any reason (either such amounts "**Swap Replacement Amounts**"). Pursuant to the Administration Agreement, the CBC has agreed that it shall only debit to the Swap Replacement Ledger the following amounts:

- (i) those amounts payable to the replacement Swap Counterparty by the CBC in consideration of the entry into between the CBC and such replacement Swap Counterparty of a swap transaction to replace any Total Return Swap, Standby Total Return Swap, Interest Rate Swap or Structured Swap, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so replaced; and
- (ii) those amounts payable by the CBC to a Swap Counterparty in respect of the termination of the Total Return Swap, any Standby Total Return Swap, any Interest Rate Swap or any Structured Swap, to the extent that Swap Replacement Amounts have been received by the CBC in respect to such swap transaction as is being so terminated,

provided that in the event that the Total Return Swap, any Standby Total Return Swap, any Interest Rate Swap or any Structured Swap has been replaced and the Swap Replacement Amounts received by the CBC with respect to such transaction as is being so replaced exceed the amounts debited to the Swap Replacement Ledger under paragraphs (i) or (ii) above in respect of the replacement of such transaction, then such excess proceeds shall be debited from the Swap Replacement Ledger and shall form part of the Interest Available Amount on the immediately succeeding CBC Payment Date and shall be distributed on such CBC Payment Date accordingly (such amounts "**Excess Swap Replacement Amounts**").

Foreign Currency Accounts

If an Assignment Notification Event occurs or a Notice to Pay or CBC Acceleration Notice is served, and the Issuer has any Covered Bonds denominated in a currency other than euro outstanding or issues such Covered Bonds at any time thereafter, the Administrator shall, on behalf of the CBC, establish and maintain an account in that currency and, unless otherwise specified in the Relevant Documents, all amounts received by the CBC in that currency shall be promptly deposited into such account.

20. DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) SNS Bank's publicly available consolidated audited annual financial statements and the auditor's report for the years ended 31 December 2010 (set forth on pages 47 up to and including 140 and page 144 of its 2010 annual report), 31 December 2009 (set forth on pages 44 up to and including 123 and pages 128 and 129 of its 2009 annual report) and its unaudited (semi-annual) interim financial statements of 2011;
- (b) The Chapter 'Outlook 2011' on pages 16 through 17 of SNS Bank's publicly available annual report for the year ended 31 December 2010;
- (c) SNS Bank N.V.'s articles of association as per the date of this Base Prospectus (in the original Dutch language version as well as in English translation);
- (d) The Press Release 'Transparency statement of SNS Bank' published on 27 May 2010 by SNS REAAL N.V.;
- (e) The CBC's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2009 (set forth on pages 6 up to and including 18 and pages 21 and 22 of its 2009 annual report);
- (f) The CBC's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2010 (set forth on pages 5 up to and including 17 and page 20 and 21 of its 2010 annual report); and
- (g) The Press Release in relation to the trading update of SNS REAAL for the third quarter of 2011 published on 10 November 2011 by SNS REAAL N.V.;

These documents can be obtained without charge at the offices of the Issuer (SNS Bank N.V., Croeselaan 1, 3521 BJ Utrecht, the Netherlands, SNS REAAL Investor relations, +31 30 291 42 46, investorrelations@snsreaal.nl) and the Principal Paying Agent (Dexia Banque Internationale à Luxembourg, 69 Route d'Esch, L-2953 Luxembourg, Luxembourg, Transaction Execution Group, +352 4590 1), each as set out at the end of this Base Prospectus. In addition the documents referred to under (a) up to and including (f) are available on website www.snsreaal.com under the heading 'investors relations', subheading 'funding programmes'.

21. RATINGS

The description below is based on the explanation of the meaning of the ratings as this has previously been published by the respective rating providers themselves.

Rating definitions Fitch

Long-Term Ratings:

- A: High credit quality. A ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
- BBB: Good credit quality. BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the ‘AAA’ Long-Term IDR category, or to Long-Term IDR categories below ‘B’.

Short-Term Ratings:

- F1: Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

Rating definitions Moody's

Long-Term Ratings:

- A: Obligations rated A are considered upper-medium grade and are subject to low credit risk.
- Baa: Obligations rated Baa are subject to moderate credit risk. They are considered mediumgrade and as such may possess certain speculative characteristics.
- Ba: Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Short-Term Ratings:

- Prime-1 (P-1): Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
- Prime-2 (P-2): Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

Rating definitions Standard & Poor's

Long-Term Ratings:

- A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However,

the obligor's capacity to meet its financial commitment on the obligation is still strong.

- BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- BB: An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Short-Term Ratings:

- A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
- A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

22. GENERAL INFORMATION

1. The (i) establishment of the Programme and the issue of Covered Bonds under the Programme from time to time and (ii) the update of the Programme have been duly authorised by resolutions of the Board of Managing Directors of the Issuer dated 4 December 2007 and 3 November 2011, respectively. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Covered Bonds and for the Issuer to undertake and perform its obligations under the Relevant Documents.

The issuing of the Guarantee has been duly authorised by resolutions of the Board of Managing Directors of the CBC dated 7 December 2007 and 14 November 2011 respectively.

2. Application may be made for Covered Bonds issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange during the period of 12 months from the date of this Base Prospectus. Notice of any terms and conditions not contained herein which are applicable to the Covered Bonds will be set out in the Final Terms which, with respect to such Covered Bonds to be listed on Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue. Covered Bonds issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or be unlisted.
3. KPMG ACCOUNTANTS N.V. has given and has not withdrawn its written consent to the issue of this Base Prospectus with their report included herein in the form and context in which it appears. Partners employed by KPMG ACCOUNTANTS N.V. are member of the Royal NIVRA ("*Nederlands Instituut voor registeraccountants*"), the Dutch accountants board.
4. Copies of the following documents may for the life of the Base Prospectus be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours:
 - (i) the Deed of Incorporation, including the Articles of Association of the Issuer, the Security Trustee and the CBC;
 - (ii) the Pledge Agreements;
 - (iii) the Swap Agreements;
 - (iv) the Administration Agreement;
 - (v) the Servicing Agreement;
 - (vi) the GIC;
 - (vii) the Trust Deed;
 - (viii) the Parallel Debt Agreement;
 - (ix) the Agency Agreement;
 - (x) the Guarantee Support Agreement;
 - (xi) the Beneficiary Waiver Agreements;
 - (xii) the Sub-Participation Agreements;
 - (xiii) the Asset Monitoring Agreement;
 - (xiv) the Asset Monitor Appointment Agreement; and
 - (xv) the Management Agreements.
5. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer.
6. A copy of the Issuer's articles of association is available, free of charge, at the office of the Issuer.
7. Application will be made for the Covered Bonds to be accepted for clearance through Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as the case may be. The appropriate common code, ISIN and security code

allocated by Euroclear and Clearstream, Luxembourg or Euroclear Nederland, or any other agreed clearing system, as the case may be, will be specified in the applicable Final Terms.

8. A monthly report on the Covered Bonds under this Programme will be published on and can be obtained at: www.snsreaal.com.

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