

OFFERING CIRCULAR

CHAPEL 2003-I B.V.

(incorporated with limited liability in the Netherlands with its statutory seat in Amsterdam, the Netherlands)

- euro 890,000,000 floating rate Senior Class A Asset-Backed Notes 2003 due November 2064, issue price 100 per cent.
- euro 39,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2003 due November 2064, issue price 100 per cent.
- euro 23,500,000 floating rate Junior Class C Asset-Backed Notes 2003 due November 2064, issue price 100 per cent.
- euro 47,500,000 floating rate Subordinated Class D Asset-Backed Notes 2003 due November 2064, issue price 100 per cent.

Application has been made to list the euro 890,000,000 floating rate Senior Class A Asset-Backed Notes 2003 due November 2064 (the “**Senior Class A Notes**”), the euro 39,000,000 Mezzanine Class B Asset-Backed Notes 2003 due November 2064 (the “**Mezzanine Class B Notes**”), the euro 23,500,000 Junior Class C Asset-Backed Notes 2003 due November 2064 (the “**Junior Class C Notes**”) and the euro 47,500,000 Subordinated Class D Asset-Backed Notes 2003 due November 2064 (the “**Subordinated Class D Notes**” and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the “**Notes**”) on the Official Segment of the stock market of Euronext Amsterdam N.V. (“**Euronext Amsterdam**”). This Offering Circular constitutes a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam. The Notes are expected to be issued on 16 December 2003.

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date (as defined herein). The rate of interest for the Notes will be three months Euribor plus a margin per annum of, initially, 0.33 per cent. for the Senior Class A Notes, 0.60 per cent. for the Mezzanine Class B Notes, 0.75 per cent. for the Junior Class C Notes and 1.70 per cent. for the Subordinated Class D Notes. If on the first Optional Redemption Date (as defined below) the Notes of any Class have not been redeemed in full, the margin will be reset and will be for the Senior Class A Notes 0.66 per cent. per annum, for the Mezzanine Class B Notes 1.20 per cent. per annum, for the Junior Class C Notes 1.50 per cent. per annum and for the Subordinated Class D Notes 2.70 per cent. per annum.

The Notes are scheduled to mature on the Quarterly Payment Date falling in November 2064 (the “**Final Maturity Date**”). On each Quarterly Payment Date the Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the Conditions. On the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter (each an “**Optional Redemption Date**”) the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In addition, the Issuer will have the option to redeem the Notes in several other circumstances. In case the withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned an “Aaa” rating by Moody’s Investors Service Limited (“**Moody’s**”) and an “AAA” rating by Standard & Poor’s Rating Group (“**S&P**”), the Mezzanine Class B Notes, on issue, be assigned at least an “Aa2” rating by Moody’s and an “AA” rating by S&P, the Junior Class C Notes, on issue, be assigned at least a “A1” rating by Moody’s and a “A” rating by S&P and the Subordinated Class D Notes, on issue, be assigned at least a “Baa2” rating by Moody’s. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see *Special Considerations* herein.

The Notes will be secured indirectly by a pledge over the Loan Receivables and the Beneficiary Rights (as defined herein) and a pledge over the assets of the Issuer. The right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be subordinated and may be limited as more fully described herein.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a “**Temporary Global Note**”), without coupons, which is expected to be deposited with a Common Depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) on or about the issue date thereof. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant class (each a “**Permanent Global Note**”), without coupons not earlier than 40 days after the Closing Date as defined below upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions. The expression “Global Notes” means the Temporary Global Note of each Class and the Permanent Global Note of each Class and the expression ‘Global Note’ means each Temporary Global Note or each Permanent Global Note, as the context may require.

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Sellers, the Insurance Companies A, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Subordinated Loan Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Back-Up Servicer (each as defined herein). Furthermore, none of the Sellers, the Insurance Companies A, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Subordinated Loan Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Back-Up Servicer or any other person, in whatever capacity acting, will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Sellers, the Insurance Companies A, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Subordinated Loan Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent or the Back-Up Servicer will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

The date of this Offering Circular is 16 December 2003.

Arranger and Lead Manager
Merrill Lynch International

Senior Class A Co-Lead Manager
Morgan Stanley

Class A Managers

CDC IXIS Capital Markets
Lehman Brothers
Morgan Stanley

Dresdner Kleinwort Wassertstein
Merrill Lynch International
Rabobank International

IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Offering Circular other than the information referred to in the following two paragraphs. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Sellers or the Swap Counterparty are responsible, contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Sellers are responsible solely for the information contained in the following sections of this Offering Circular: *the Dutch Mortgage and Consumer Loan Market, DSB Groep, Description of the Loans and Loan Origination, Underwriting and Servicing* and not for information contained in any other section and consequently, the Sellers do not assume any liability in respect of the information contained in any section other than the sections *the Dutch Mortgage and Consumer Loan Market, DSB Groep, Description of the Loans and Loan Origination, Underwriting and Servicing*. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Swap Counterparty is responsible solely for the information contained in the section *Swap Counterparty* in this Offering Circular and not for information contained in any other section and consequently, the Swap Counterparty does not assume any liability in respect of the information contained in any section other than the section *Swap Counterparty*.

This Offering Circular is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated herein by reference (see *General Information* below). This Offering Circular shall be read and construed on the basis that such document is incorporated in and forms part of this Offering Circular.

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

Neither this Offering Circular nor any other information supplied constitutes an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law and regulations. Neither the delivery of this Offering Circular at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Offering Circular.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Sellers or any of the Managers.

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

The Managers and the Sellers expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

The Notes 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 this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is unlawful.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered, sold or delivered in or into the United States or to or for the account or benefit of US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes are subject to US tax law requirements.

In connection with the issue of the Notes, Merrill Lynch International (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 Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all applicable laws and regulations. In accordance with the rules of Euronext Amsterdam, such stabilising will in any event be discontinued within 30 days after the Closing Date. Stabilisation transactions conducted on the stock market of Euronext Amsterdam must be conducted on behalf of the Stabilising Manager, by a Member of Euronext Amsterdam and must be conducted in accordance with all applicable laws and regulations including Article 32 (and Annex 6) of the Further Regulation on Market Conduct Supervision of the Securities Trade 2002 (“*Nadere Regeling Gedragstoezicht Effectenverkeer 2002*”) as amended.

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

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SUMMARY

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

THE PARTIES:

Issuer:	Chapel 2003-I B.V. incorporated under the laws of the Netherlands as a private company with limited liability (“ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”) under number B.V. 34190308 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
Sellers:	DSB Financieringen B.V. (“ DSB Financieringen ”) and DSB Voorschotbank B.V. (“ DSB Voorschotbank ”) each incorporated under the laws of the Netherlands as a private company with limited liability (“ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”).
Company Administrator:	ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (“ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”).
Security Trustee:	Stichting Security Trustee Chapel 2003-I, established under the laws of the Netherlands as a foundation (“ <i>stichting</i> ”).
Shareholder:	Stichting Chapel 2003-I, established under the laws of the Netherlands as a foundation (“ <i>stichting</i> ”). The entire issued share capital of the Issuer is owned by the Shareholder.
Directors:	ATC Management B.V., the sole director of the Issuer, N.V. Algemeen Nederlands Trustkantoor ANT, the sole director of the Security Trustee and ATC Management B.V., the sole director of the Shareholder.
Swap Counterparty:	Barclays Bank PLC (“ Barclays ”).
Liquidity Facility Provider:	Barclays.
Floating Rate GIC Provider:	Lloyds TSB Bank plc., Amsterdam Branch (“ Lloyds ”).
Insurance Companies A:	Hooge Huys Levensverzekeringen N.V. (“ Hooge Huys ”) and Hollands Welvaren Leven N.V..
Principal Paying Agent:	HSBC Bank plc, London Branch (“ HSBC ”).
Paying Agent:	ABN AMRO Bank N.V. (“ ABN AMRO ”).
Pool Servicer:	DSB Financieringen.
Back-Up Servicer:	Achmea Bank Holding N.V. (“ Achmea ”).
Listing Agent:	ABN AMRO.
Reference Agent:	HSBC.
Subordinated Loan Provider:	DSB Voorschotbank.

THE NOTES:

- Notes:** The euro 890,000,000 floating rate Senior Class A Asset-Backed Notes 2003 due 2064 (the “**Senior Class A Notes**”), the euro 39,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2003 due 2064 (the “**Mezzanine Class B Notes**”), the euro 23,500,000 floating rate Junior Class C Asset-Backed Notes 2003 due 2064 (the “**Junior Class C Notes**”) and the euro 47,500,000 floating rate Subordinated Class D Asset-Backed Notes 2003 2064 (the “**Subordinated Class D Notes**” and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the “**Notes**”) will be issued by the Issuer on 16 December 2003 (or such later date as may be agreed between the Issuer and the Managers) (the “**Closing Date**”).
- Issue Price:** The issue prices of the Notes will be as follows:
- (i) the Senior Class A Notes 100 per cent.;
 - (ii) the Mezzanine Class B Notes 100 per cent.;
 - (iv) the Junior Class C Notes 100 per cent.; and
 - (v) the Subordinated Class D Notes 100 per cent..
- Denomination:** The Notes will be issued in the denomination of euro 500,000 each.
- Status and Ranking:** The Notes of each Class rank *pari passu* and rateably without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes. See further *Terms and Conditions of the Notes* below.
- Interest:** Interest on the Notes is payable by reference to successive interest periods (each a “**Floating Rate Interest Period**”) and will be payable quarterly in arrear in euros in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 17th day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such day) in each year (each such day being a “**Quarterly Payment Date**”). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in February 2004. The interest is calculated on the basis of the actual days elapsed in a Floating Rate Interest Period divided by a year of 360 days.

A “**Business Day**” means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (“**TARGET System**”) or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Floating Rate Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate (“**Euribor**”) for three months deposits in euros (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three months deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) (determined in accordance with Condition 4(f)), plus up to (and including) the first Optional Redemption Date (as defined below):

- (i) the Senior Class A Notes a margin of 0.33 per cent. per annum;
- (ii) the Mezzanine Class B Notes a margin of 0.60 per cent. per annum;
- (iii) the Junior Class C Notes a margin of 0.75 per cent. per annum; and
- (iv) the Subordinated Class D Notes a margin of 1.70 per cent. per annum.

Interest step up:

If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin will be:

- (i) for the Senior Class A Notes, 0.66 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, 1.20 per cent. per annum;
- (iii) for the Junior Class C Notes, 1.50 per cent. per annum; and
- (iv) the Subordinated Class D Notes, 2.70 per cent. per annum.

Weighted Average Lives:

The estimated weighted average lives of the Notes from the Closing Date up to the first Optional Redemption Date, assuming, *inter alia*, a constant prepayment rate of 30 per cent. and the purchase of Substitute Loan Receivables will be as follows:

- (i) the Senior Class A Notes 4.54 years;
- (ii) the Mezzanine Class B Notes 4.93 years;
- (iii) the Junior Class C Notes 4.93 years; and
- (iv) the Subordinated Class D Notes 4.93 years.

The estimated weighted average lives and the expected amortisation profile of the Notes is set out in the Annex hereto. The average life of the Notes given above should be viewed with caution; see *Prepayment Considerations* in *Special Considerations*.

Final Maturity Date:

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in November 2064 (the “**Final Maturity Date**”).

Mandatory Redemption of the Notes:

The Issuer will be obliged to apply on each Quarterly Payment Date the Notes Redemption Available Amount (as defined in Condition 6c) to redeem (or partially redeem) the Notes at their Principal Amount Outstanding on a pro rata basis in the following order:

- (i) *firstly*, the Senior Class A Notes, until fully redeemed;
- (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed;
- (iii) *thirdly*, the Junior Class C Notes, until fully redeemed, and
- (iv) *finally*, the Subordinated Class D Notes.

See further *Credit Structure* below.

Optional Redemption of the Notes:

On the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter (each an “**Optional Redemption Date**”), the Issuer will have the option to redeem:

- (i) the Senior Class A Notes at their Principal Amount Outstanding;
- (ii) the Mezzanine Class B Notes at their Principal Amount Outstanding less the Mezzanine Class B Principal Shortfall (as defined in Condition 6(e)), if any,
- (iii) the Junior Class C Notes at their Principal Amount Outstanding less the Junior Class C Principal Shortfall (as defined in Condition 6(e)), if any, and
- (iv) the Subordinated Class D Notes at their Principal Amount Outstanding less the Subordinated Class D Principal Shortfall (as defined in Condition 6(e)), if any.

Redemption for tax reasons:

If the Issuer is or will become obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any charge in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption.

Redemption for regulatory reasons:

In the event of the occurrence of a Regulatory Change (as defined in Condition 6(h)), the Issuer may, if so directed by DSB Financieringen, redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption.

Withholding Tax:

All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Principal Paying Agent (as

applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction of such taxes, duties or charges of whatsoever nature. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Principal Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a Common Depository for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders.

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Notes to fully repay the funds raised by the Issuer to pay the purchase prices of the Loan Receivables purchased under the Loan Receivables Purchase Agreement 24 June 2003, as amended and restated on 12 December 2003 (the "**Loan Receivables Purchase Agreement**") between the Sellers, the Issuer and the Security Trustee and to pay part of the Initial Purchase Price of the Loan Receivables to be purchased on the Closing Date. The remaining part of euro 5,000,000 will be deposited on an account of the Issuer to (the "**Exceptional Cost Account**") and will be available to meet certain costs to be borne by the Issuer. See further *Loan Receivables Purchase Agreement* below. Except for any liabilities arising out of the Subordinated Loan Agreement (see below), the Issuer has no liabilities vis-à-vis any third party other than pursuant to the transaction set out herein.

LOAN RECEIVABLES:

Loan Receivables:

Under the Loan Receivables Purchase Agreement, the Issuer has on 27 June 2003 and several dates thereafter purchased and accepted the assignment of and will purchase and on the Closing Date accept assignment of any and all rights (the "**Loan Receivables**") of (a) DSB Voorschotbank or (b) DSB Financieringen, against certain borrowers (the "**Borrowers**") under or in connection with certain selected Loans (as defined below).

Substitution:

The Loan Receivables Purchase Agreement provides that the Issuer will be entitled to apply on a monthly basis, up to and including the Monthly Calculation Date falling in November 2006 (a) the Principal Available Amount (as defined in Condition 6(c)) and (b) thereafter up to the first Optional Redemption Date, the proceeds received by the Issuer as a result of a repurchase obligation by any of the Sellers of Loan Receivables to purchase from the Sellers loan receivables (the "**Substitute Loan Receivables**"), subject to the fulfillment of certain conditions. The Substitute Loan Receivables will be or will have been originated by either of the Sellers or, in case of DSB Voorschotbank, by any subsidiary of DSB Voorschotbank. The Issuer shall retain any Principal Available Amount remaining after payment of the initial purchase price for Substitute Loan Receivables purchased during the relevant Quarterly Calculation Date and after deducting the Interest Shortfall Amount, up to 1 per cent. of the aggregate Principal Amount Outstanding of the Notes which amount shall be credited to a subledger of the Principal Ledger, provided that on such date

the conditions for substitution (except for (a) and (e)) are met (see *Loan Receivables Purchase Agreement*). Any Principal Available Amount remaining will form part of the Notes Redemption Available Amount and as such be available for redemption of the Notes. See *Credit Structure*.

Clean-Up Call Option:

The Sellers have the option (but not the obligation) to repurchase the Loan Receivables at their Outstanding Principal Amount if on any Quarterly Payment Date the Outstanding Principal Amount of the Loan Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Loan Receivables on the Closing Date (the “**Clean-up Call Option**”). The Issuer has undertaken in the Loan Receivables Purchase Agreement to sell and assign the Loan Receivables to the Sellers in case the Sellers exercises the Clean-up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6. The purchase price will be calculated as described in the paragraph *Sale of Loan Receivables* in below.

Repurchase of Loan Receivables:

In the Loan Receivables Purchase Agreement each of the Sellers has undertaken to repurchase and accept re-assignment of a Loan Receivable on the earlier of (a) the Quarterly Payment Date immediately following receipt of notice from the Issuer or the Security Trustee, or (b) 14 days, (i) in case any of the representations and warranties given by the relevant Seller or in respect of the Loans and the Loan Receivables, including the representation and warranty that the Loans or, as the case may be, the Loan Receivables meets certain loan criteria, are untrue or incorrect; (ii) if the relevant Seller agrees with a Borrower to grant a further advance under a Loan (the “**Further Advance**”); and (iii) if the relevant Seller agrees with a Borrower to amend the terms of the Loan and as a result thereof such Loan no longer meets the Loan Criteria and the representations and the warranties criteria set out in the Loan Receivables Purchase Agreement. The purchase price for the Loan Receivable in such event will be equal to the Outstanding Principal Amount of the Loan Receivable, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), accrued up to (but excluding) the date of repurchase and re-assignment of the Loan Receivable. See further *Description of the Loans and Loan Receivables Purchase Agreement* below.

Loans:

The Loan Receivables sold or, as the case may be, to be sold on the Closing Date by the Sellers pursuant to the Loan Receivables Purchase Agreement will result from loans entered into by DSB Voorschotbank (or its subsidiaries) or DSB Financieringen with the relevant Borrowers which meet the criteria set forth in the Loan Receivables Purchase Agreement (the “**Loans**”).

The provisional pool of loans comprising of Loans owned by the Issuer and to be sold by the Sellers to the Issuer on the Closing Date (the “**Provisional Pool**”) and selected on 9 December 2003 (the “**Cut-Off Date**”) consist for 77.47 per cent. (by value of the Outstanding Principal Amount) of Loan Receivables secured by a second ranking mortgage right (the “**Second Lien Mortgage Loans**”) 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.

22.53 per cent. by value of the Outstanding Principal Amount of the Loans in the Provisional Pool are consumer loans without the benefit of a mortgage right securing the repayment of such Loan (the “**Consumer Loans**”).

88.24 per cent. by value of the Outstanding Principal Amount of the Loans in the Provisional Pool (the “**Insurance Loans**”) have the benefit of an insurance policy (the “**Insurance Policies**”) which was entered into by the relevant Borrowers and any insurance company established in the Netherlands (the “**Insurance Companies**”). The capital insurance element of the premium is invested by the relevant Insurance Company in accordance with the terms of the Insurance Policies.

See further *Special Considerations* and *Description of the Loans* below.

Security for the Notes:

The Notes will be secured indirectly (a) through the Security Trustee, by a first ranking right of pledge by the Sellers to the Security Trustee and a second ranking right of pledge by the Sellers to the Issuer over the Loan Receivables and the Beneficiary Rights (as defined in *Special Considerations*); and (b) through the Security Trustee, by a first ranking right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Loan Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Subordinated Loan Agreement and the Floating Rate GIC and in respect of the Transaction Accounts (each as referred to below). The amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee on the Loan Receivables and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Loan Receivables Purchase Agreement and the Trust Deed. Following delivery of an Enforcement Notice, payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement (as defined in *Credit Structure* below). See further *Special Considerations* below and for a more detailed description see *Description of Security* below.

Sale of the Loan Receivables:

The Issuer will on any Optional Redemption Date have the right to sell and assign the Loan Receivables to a third party provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes. The purchase price of the Loan Receivables shall be equal to the higher of (i) the Outstanding Principal Amount on the Loan Receivables, and (ii) the aggregate Principal Amount Outstanding of the Notes.

CASH-FLOW STRUCTURE:

Liquidity Facility:

On the Closing Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider (the “**Liquidity Facility Agreement**”) whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure* below.

Issuer Collection Account	The Issuer maintains with the Floating Rate GIC Provider an account (the “ Issuer Collection Account ”) to which on a daily basis all amounts from the Loan Receivables will be transferred by the Sellers on their behalf.
Subordinated Loan:	On 27 June 2003, the Issuer has entered into a subordinated loan agreement, as amended and restated on 16 December 2003, (the “ Subordinated Loan Agreement ”) with the Subordinated Loan Provider pursuant to which a subordinated loan is granted for an aggregate amount equal to Euro 12,500,000.
Reserve Account:	The Issuer has deposited the proceeds of the Subordinated Loan into an account (the “ Reserve Account ”, and together with the Issuer Collection Account and the Exceptional Cost Account the “ Transaction Accounts ”) held with the Floating Rate GIC Provider. On the Closing Date, the balance standing to the credit of the Reserve Account will amount to Euro 12,500,000. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (l) in the Interest Priority of Payments (as defined in <i>Credit Structure</i> below) in the event that the Notes Interest Available Amount (excluding for the avoidance of doubt items (v), (vi) and (xii) thereof) (as defined in <i>Credit Structure</i> below) is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts ranking higher in the Interest Priority of Payments, such excess amount will be used to deposit on or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The " Reserve Account Required Amount " shall be equal to (i) on the Closing Date 1.25 per cent. of the aggregate Principal Amount Outstanding of the Notes; (ii) thereafter until the first Optional Redemption Date 1.65 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date; and (iii) thereafter 2.65 per cent. of the aggregate Outstanding Principal Amount of the Notes on the Closing Date.
Floating Rate GIC:	The Issuer and the Floating Rate GIC Provider have entered into a guaranteed investment contract (the “ Floating Rate GIC ”) on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by Euro OverNight Index Average as established on each day minus a margin on the balance standing from time to time to the credit of the Transaction Accounts.
Swap Agreement:	On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to hedge the risk between the rates of interest to be received by the Issuer on the Loan Receivables and the floating rates of interest payable by the Issuer on the relevant Class of Notes (as defined in <i>Credit Structure</i> under <i>Interest Rate Hedging</i> below).
OTHER:	
Listing:	Application has been made for the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes to be listed on Euronext Amsterdam.

Servicing Agreement:	Under the terms of a servicing agreement to be entered into on the Closing Date (the “ Servicing Agreement ”) between the Issuer, the Pool Servicer, the Company Administrator and the Security Trustee, (i) the Pool Servicer will agree to provide servicing, administration and other services as agreed in the Servicing Agreement in relation to the 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 Loans including, the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further <i>Loan Origination, Underwriting and Servicing</i> below) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes by the Issuer pursuant to the Conditions.
Back-Up Servicing Agreement	In the Back-up Servicing Agreement entered into by Achmea, the Issuer, DSB Financieringen and the Security Trustee, Achmea will be appointed as Back-up Servicer. The Back-Up Servicer will undertake to replace the Pool Servicer, provided that certain conditions are fulfilled, in case a termination event has occurred in respect of the Pool Servicer under the Servicing Agreement.
Management Agreements:	Each of the Issuer, the Shareholder and the Security Trustee have entered into a management agreement (together, the “ Management Agreements ”) with the relevant Director, whereunder the relevant Director has undertaken to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.
Rating:	It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a rating of “Aaa” by Moody’s and “AAA” by S&P, (ii) the Mezzanine Class B Notes, on issue, be assigned a rating of at least “Aa2” by Moody’s, and “AA” by S&P, (iii) the Junior Class C Notes, on issue, be assigned a rating of at least “A1” by Moody’s and “A” by S&P and (iv) the Subordinated Class D Notes, on issue, be assigned a rating of at least “Baa2” by Moody’s.
Governing Law:	The Notes will be governed by and construed in accordance with the laws of the Netherlands.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this document.

Liabilities under the Notes

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Sellers, the Insurance Companies A, the Managers, the Liquidity Facility Provider, the Pool Servicer, the Company Administrator, the Back-Up Servicer, the Floating Rate GIC Provider, the Subordinated Loan Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent or, except for certain limited obligations under the Trust Deed as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Sellers, the Insurance Companies A, the Managers, the Liquidity Facility Provider, the Pool Servicer, the Company Administrator, the Floating Rate GIC Provider, the Subordinated Loan Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Security Trustee, the Back-Up Servicer or any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The Issuer is a company, established for entering into the transaction as envisaged in this Offering Circular and it will undertake no other business as set forth in Condition 3. The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Loan Receivables, the proceeds of the sale of any Loan Receivables, the receipt by it of payments under the Swap Agreement, the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts and revenue in respect of any Permitted Investments made. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amount available to be drawn under the Liquidity Facility for certain of its payment obligations. See further *Credit Structure*.

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. The Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear and/or Clearstream, Luxembourg or its participants of their obligations under their respective rules, operating procedures and calculation methods.

Parallel Debt

Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. The Issuer has been advised that such a 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 Trustee Pledge Agreement I and the Trustee Pledge Agreement II. See further *Description of Security*.

Transfer of Legal Title to Loan Receivables

The Loan Receivables Purchase Agreement will provide that the assignment of the Loan Receivables by the Sellers to the Issuer will not be notified by the Sellers to the Borrowers, except if certain events occur. For a description of these notification events reference is made to *Loan Receivables Purchase Agreement* below. Under Netherlands law the assignment of a receivable is only perfected if the assignment has been notified to the obligor. Consequently, prior to such notification, legal title to the Loan Receivables will remain with the relevant Seller. Notification of the assignment to a Borrower after any of the Sellers has been declared bankrupt or having been granted a suspension of payments will not be effective and, consequently, in such

event the legal ownership to the Loan Receivables will not pass to the Issuer. See also *Proposed Legislation on legal requirements for assignment* below.

In order to protect the Issuer in the situation that notification of the assignment of the Loan Receivables can no longer be effectively made due to bankruptcy or suspension of payments involving any of the Sellers, each of the Sellers will grant a first-ranking “silent” right of pledge (i.e. without notification being required) under Netherlands law to the Security Trustee and a second-ranking “silent” right of pledge under Netherlands law to the Issuer over the Loan Receivables and the rights of any of the Sellers as beneficiary under any Insurance Policy with an Insurance Company B (the “**Beneficiary Rights II**”) and a “disclosed” right of pledge under Netherlands law over the rights of the Sellers as beneficiary under any Insurance Policy with any of the Insurance Companies A (the “**Beneficiary Rights I**”, and together with the Beneficiary Rights II, the “**Beneficiary Rights**”) and the Issuer will grant a first-ranking disclosed right of pledge to the Security Trustee on the rights deriving from, *inter alia*, the Loan Receivables Purchase Agreement, as more fully described in *Description of Security* below. Notification of the silent rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or suspension of payments. Under Netherlands law the Issuer and the Security Trustee can, in the event of bankruptcy or suspension of payments, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments. However, bankruptcy or suspension of payments involving any of the Sellers would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or suspension of payments will be part of the bankrupt estate, although the relevant pledgee has the right to receive such amounts by preference after deduction of general bankruptcy costs (“*algemene faillissementskosten*”), (ii) a mandatory “cool-off” period of up to two months may apply in case of bankruptcy or suspension of payments which, if applicable, would delay the exercise of the right of pledge on the Loan Receivables and (iii) the relevant pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (“*rechter-commissaris*”) appointed by the court in case of bankruptcy of such Seller. The balance standing to the credit of the Exceptional Cost Account may be applied towards satisfaction of the general bankruptcy costs as referred to under (i).

Bank Mortgages

DSB Financieringen

The majority of the Loan Receivables sold or to be sold to the Issuer by DSB Financieringen are secured by a second-ranking mortgage right (see below under *Second Lien Mortgage Loans*), which not only secure the loan granted to the Borrower, but also other liabilities and moneys that the Borrower, now or in the future, may owe to DSB Financieringen (“**Bank Mortgages**”). Under Netherlands law it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Bank Mortgage, the Bank Mortgage will follow such receivable. Based upon case law, it is assumed by Netherlands legal commentators that a Bank Mortgage will only follow the receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the Borrower. However, in recent legal literature the view has been defended that the Bank Mortgage will partially follow the receivable to the extent that it has been assigned.

Given this uncertainty, DSB Financieringen has undertaken in the Loan Receivables Purchase Agreement to partially terminate the relevant mortgage rights securing Loan Receivables to the extent that the mortgage right secures debts other than the relevant Loan by giving notice of such partial termination to the relevant Borrowers at the same time that the Borrowers will be notified of the assignment (see *Transfer of Legal Title to Loan Receivables* above). As a consequence of such partial termination the mortgage right would only secure the Loan Receivables assigned to the Issuer and would, in effect, cease to be a Bank Mortgage. Although there is no case law directly to support this view, the Issuer has been advised that there are no reasons why the mortgage right will not follow the Loan Receivables upon its assignment if the bank mortgage

character is removed through partial termination prior to transfer of legal title to the Loan Receivables to the Issuer.

The relevant statutory provisions only address termination in general, and legal commentators, although accepting the right of partial termination, do not specifically discuss partial termination of mortgage rights in the manner described above. It is therefore unclear whether such a partial termination complies with the relevant statutory requirements. Based upon a reasonable interpretation of the statutory provisions and the views expressed by legal commentators, there are strong reasons for arguing that DSB Financieringen can effectively terminate the mortgage rights as described above.

Under Netherlands law a mortgage right can be terminated by the mortgage holder provided that upon creation of the mortgage right the mortgage holder was granted such right by the mortgage deed. The terms of the mortgage deeds relating to the Loans specifically provide for a termination right, in whole or in part.

Should DSB Financieringen be declared bankrupt or be granted suspension of payments, its undertaking to give notice of partial termination is no longer enforceable and a notice of partial termination received after such date by a Borrower will not be effective. In such a situation the legal transfer of the relevant Loan Receivables can no longer be effected, although the Issuer and the Security Trustee will remain pledgees of such Loan Receivables (see *Transfer of Legal Title to Loan Receivables* above). However, the fact that notice can no longer be given means that it is uncertain, also depending on the specific facts and circumstances involved, whether the Issuer and the Security Trustee will have the benefit of a mortgage right securing such Loan Receivables and, if a Borrower will fail to comply with its obligations under the Loan whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the mortgage right as pledgee of the Loan Receivables. If not, the assistance of DSB Financieringen's administrator (in case of suspension of payments) or bankruptcy trustee (in case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the pledgees. It is uncertain whether such assistance will be forthcoming. A similar situation could arise if DSB Financieringen is granted suspension of payments or is declared bankrupt after notice of partial termination is given and the courts would come to the conclusion, notwithstanding the arguments against such an interpretation, that a Bank Mortgage cannot be converted by way of partial termination into a mortgage right which only secures the Loan Receivables or, following such conversion, does not follow the Loan Receivables upon their pledge or assignment. Consequently, the Issuer would not have the benefit of the mortgage right securing such Loan Receivables and would have to rely on the assistance of DSB Financieringen's administrator or bankruptcy trustee to foreclose the mortgage right.

In the event that the Bank Mortgage would partially follow the Loan Receivable, the mortgage right would be co-held by the Issuer and DSB Financieringen. In such event the Bank Mortgage would secure both the Loan Receivables held by the Issuer (or the Security Trustee, as the case may be) and any claims of DSB Financieringen against such Borrower. In case the Bank Mortgage is co-held by both the Issuer and DSB Financieringen, the rules applicable to co-ownership or community ("*gemeenschap*") apply. The Netherlands Civil Code provides for mandatory rules applying to such co-owned rights.

Co-held Bank Mortgages

In the Loan Receivables Purchase Agreement DSB Financieringen and the Issuer will agree that the Issuer will manage and administer such co-held rights. It is uncertain whether the enforcement of the Bank Mortgages will be considered as day-to-day management, and consequently the consent of the Seller's trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure. DSB Financieringen and the Issuer will agree that they each have a certain share ("*aandeel*") in each co-owned Bank Mortgage. It is uncertain whether this arrangement will be enforceable. In this respect it will be agreed that in case of a breach by DSB Financieringen of its obligations under these agreements or in any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of DSB Financieringen, DSB Financieringen shall compensate the Issuer forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer incurs as a result thereof.

DSB Voorschotbank

The Loan Receivables sold to the Issuer by DSB Voorschotbank and originated by one of its subsidiaries, which are secured by a second-ranking mortgage right, were secured by Bank Mortgages. The relevant mortgage rights were partially terminated to the extent that such mortgage right secured other debts than the relevant Loan Receivable prior to the Borrowers being informed of the transfer of contract (“*contractsovername*”) by the subsidiary of DSB Voorschotbank to DSB Voorschotbank in July 2003 to which the Borrowers have agreed in advance when entering into the Loan. The reservations made in this paragraph Bank Mortgages apply *mutatis mutandis* to the Loan Receivables sold by DSB Voorschotbank.

Proposed legislation on the requirements of assignment

Currently a bill is pending before the Dutch Parliament, in which it is proposed to amend the legal requirements for the assignment of receivables in such a manner that it can also be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required. If and when this amendment would become effective, the Sellers could assign the Loan Receivables, and transfer legal ownership, to the Issuer by the mere registration of the deed of assignment and would not be restricted to completing the assignment by notification in case of the occurrence of Notification Events.

The partial termination structure set out under *Bank Mortgages* above is, however, only effective if the partial termination is effectuated prior to the assignment being completed, whether by means of notification or after the proposed amendment becoming effective, registration or notification. Consequently, due to the partial termination structure, in case of Bank Mortgages securing the Loan Receivables, registration of the deed of assignment prior to the occurrence of certain events and the consequent partial termination of the Bank Mortgages may not be an option. However, pursuant to the Loan Receivables Purchase Agreement the Issuer will have the right at all times to register the deed of assignment upon the proposed amendment becoming effective. In respect of Loan Receivables secured by a mortgage right or a right of pledge, the Issuer will undertake in the Trust Deed to exercise such right only with the prior approval of the Security Trustee and subject to the confirmation of Moody’s and S&P that it will not adversely affect the then current ratings assigned to the Notes. In respect of Loan Receivables which are not secured by a mortgage right or a right of pledge the Issuer will undertake in the Trust Deed to promptly register the Deed of Assignment after the aforementioned change of law comes into force.

Set-off

Under Netherlands law each Borrower will, subject to the legal requirements for set-off being met, be entitled to set off amounts due by any of the Sellers to him (if any) with amounts he owes in respect of the Loan Receivables. After assignment and/or pledge of the Loan Receivables to the Issuer and notification thereof to a Borrower, the Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met, and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Loan Receivable, or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment and/or pledge of the Loan Receivables and notification thereof to the relevant Borrower, such as counterclaims resulting from a current account relationship and, depending on the circumstances, deposits.

The conditions applicable to the Loans 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 the Sellers, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the foregoing applies *mutatis mutandis*.

The Loan Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by any of the Sellers against the relevant Loan Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Loan Receivable, the relevant Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect

of the relevant Loan Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Loan Receivable.

For specific set-off issues relating to the Insurance Policies reference is made to the paragraph Insurance Policies below.

The Sellers will also have the right to set-off any amounts owing to a Borrower against a Loan Receivable in respect of such Borrower. The Loan Receivables Purchase Agreement will provide that, prior to notification of the assignment and/or pledges, the relevant Seller will pay to the Issuer any amounts not received by the Issuer as a result of such right of set-off being invoked by any Seller. After notification of the assignment and/or pledges to the Borrowers, the Sellers will no longer have any set-off rights against the relevant Borrowers.

Insurance Policies

In this paragraph, certain legal issues relating to the effects of the assignment of the Insurance Loans on the Insurance Policies are set out. Investors should be aware that (i) the Issuer may not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case the relevant Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and the rights of the Security Trustee may be similarly affected.

Pledge

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller (“**Borrower Insurance Pledge**”). However, the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment (“*afkoopson*”) under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is under Netherlands law not effective if the pledgor is declared bankrupt or is granted a suspension of payments, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Even if the pledge on the rights on the Insurance Policies would be effective, it is uncertain whether such right of pledge will pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Loan Receivables, since the pledge secures the same liabilities as the Bank Mortgages and the uncertainty described above in Bank Mortgages also applies equally in respect of a pledge on the rights on the Insurance Policies. No termination right is stipulated by the Sellers in respect of the Borrower Insurance Pledges. This means that in such case no partial termination (as described in *Bank Mortgages* above) is possible, so that it is uncertain whether the Borrower Insurance Pledge will follow in case of assignment and/or pledge of the Loan Receivable. In respect of the Loan Receivables resulting from Insurance Loans sold by DSB Voorschotbank and originated by any of the subsidiaries of DSB Voorschotbank, the following should, in addition to the above, be noted. The Issuer has been informed that prior to the transfer of contract (“*contractsovername*”) of the Insurance Loans by such subsidiaries of DSB Voorschotbank to DSB Voorschotbank, the relevant subsidiaries have sent a letter to the relevant Borrowers requesting to agree to the partial waiver (“*afstand*”) of the Borrower Insurance Pledge to the extent it secured other debts than the principal amount outstanding of the relevant Loan Receivable on 1 June 2003, increased with interest and costs. According to this letter, Borrowers are assumed to agree thereto if they do not react within a period of fourteen days. It should be noted that the possibility cannot be excluded that Borrowers may object to the partial waiver not only within the period stipulated in the partial waiver letter, but also at any moment following expiry of such period in which case the waiver may be ineffective. The Loan Receivables in respect of which the Borrowers have not agreed to such partial waiver, have not been sold to the Issuer.

Appointment of Beneficiary

Furthermore, the Sellers have been appointed as beneficiary under the Insurance Policies up to the full amount owed by the Borrower. Contrary to the above mentioned appointment of the Sellers, any other appointment of a beneficiary by the Borrower will remain in force to the extent it relates to insurance proceeds which will

become payable after the death of the insured but before the final date determined in the policy, provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to apply the insurance proceeds in satisfaction of the Loan Receivable (the “**Borrower Insurance Proceeds Instruction**”). It is unlikely that the Beneficiary Rights will follow the Loan Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see *Description of Security* below), but it is uncertain whether this pledge will be effective. For the situation that no such Borrower Insurance Proceeds Instruction exists and the pledge of the Beneficiary Rights is not effective, the Issuer will enter into a beneficiary waiver agreement (the “**Beneficiary Waiver Agreement**”) with the Sellers, and the Insurance Companies A, under which the Sellers waive, subject to the condition precedent of the occurrence of a Notification Event (see *Loan Receivables Purchase Agreement* below) their respective rights as beneficiary under the Insurance Policies with the Insurance Companies A and appoint (i) the Issuer subject to the dissolving condition (“*ontbindende voorwaarde*”) of a Trustee I Notification Event (see *Description of Security* below) and (ii) the Security Trustee under the condition precedent (“*opschortende voorwaarde*”) of the occurrence of a Trustee I Notification Event relating to the Issuer in respect of such Insurance Policies. It is, however, uncertain whether such waiver and appointment will be effective. In view hereof and in respect of the Insurance Policies with the Insurance Companies B and, to the extent applicable, for the event a Borrower Insurance Proceeds Instruction as described above exists, the relevant Seller and the Insurance Companies A (only with respect to the relevant Insurance Policies A if is a party) will in the Beneficiary Waiver Agreement undertake, following a Notification Event, to use their best efforts to obtain the co-operation from all relevant parties to (a) terminate the appointment of the beneficiary under the relevant Insurance Policy; (b) appoint as first beneficiary under the Insurance Policy (i) the Issuer subject to the dissolving condition of a Trustee I Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee I Notification Event relating to the Issuer; and (c) change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of a Trustee I Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee I Notification Event relating to the Issuer. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, will not have been validly appointed as beneficiary under any of the Insurance Policies and the pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the Sellers or to another beneficiary instead of to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to a Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to a Seller and such Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of such Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied towards redemption of the Loan Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the relevant Seller as further discussed under *Set-off or defences* below, which may adversely affect payments on the Notes.

Insolvency of the Insurance Companies

If any of the Insurance Companies would no longer be able to meet its obligations under the Insurance Policies, e.g. in case it is declared bankrupt or subject to emergency regulations, this could result in amounts payable under the Insurance Policies not or only partly being available for application in reduction of the Loan Receivables. This may lead to the Borrower trying to invoke set-off rights and defences as further discussed under paragraph *Set-off or defences* below.

Set-off or defences

If the amounts payable under an Insurance Policy are not applied towards redemption of the Loan Receivable (see paragraphs *Appointment of Beneficiary* and *Insolvency of the Insurance Companies* above), the Borrower

may try to invoke a right of set-off of the amount due under the Loan Receivable with amounts payable under or in connection with the Insurance Policy. As set out in paragraph *Set-off* above the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements. One of these requirements is that the Borrower should have a claim which corresponds to his debt to the same counterparty. In case of Loan Receivables to which an Insurance Policy is connected with any of the Insurance Companies, the following is relevant. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers on the one hand and the Loans are contracts between the relevant Seller(s) respectively and the Borrowers on the other hand. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the relevant Seller and the relevant Insurance Company should be regarded as one legal entity or possibly that set-off is allowed, even in the absence of a single legal entity, since, based upon interpretation of case law, the Insurance Policies and Loans are to be regarded as one inter-related relationship. Another requirement is that the Borrowers should have a counterclaim. If the Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment (“*afkoopsom*”). These rights are subject to the Borrower Insurance Pledge (see above). However, despite this pledge it may be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment. Apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to rescind 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 with such claim by Borrowers.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Sellers, the Issuer and/or the Security Trustee, as the case may be. The Borrowers could, *inter alia*, argue that it was the intention of the parties involved, or at least that the Borrowers could rightfully interpret the loan documentation and the promotional materials in such manner, that the Loan Receivable and the relevant Insurance Policy are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Loans or that the Loan Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds, the Borrower is not obliged to repay the (corresponding) part of the Loan Receivable. On the basis of similar reasoning Borrowers could also argue that the Loan and the Insurance Policy were entered into as a result of “error” (“*dwalings*”) or that it would be contrary to principles of reasonableness and fairness (“*redelijkheid en billijkheid*”) for the Borrower to be obliged to repay the Loan Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy.

In respect of Insurance Loans with an Insurance Policy between DSB Leven N.V. (and transferred to Hollands Welvaren Leven N.V. prior to Closing, see below) and the Borrower insured the Issuer has been advised that there is a considerable risk (“*een aanmerkelijk risico*”) that such PK Loan set-off or defences would be successful in view of the preceding paragraphs and the factual circumstances involved, *inter alia*, that both the relevant Seller and DSB Leven N.V. carry DSB in their legal and promotional names and belong to the same group of companies, notwithstanding the representation of the relevant Seller besides that an insurance policy is a condition precedent for granting a PK Loan (i) there is no connection, whether from a legal or a commercial point of view, between the relevant PK Loan and any Insurance Policy, other than the right of pledge securing the Loan Receivable and the Beneficiary Rights (ii) the PK Loan and the relevant Insurance Policies were not marketed as one product and (iii) the Borrower was free to choose the relevant Insurance Company. In respect of the Insurance Loans with an Insurance Policy between any of the other Insurance Companies and a Borrower, the Issuer has been advised that taking into account the factual circumstances and as set out above, the possibility cannot be disregarded (“*kan niet worden uitgesloten*”) that a court would honour set-off or defences of the Borrowers.

In order to mitigate this risk in respect of any Insurance Policies entered into by DSB Leven N.V., such Insurance Policies with the accompanying securities hedging the obligations under such Insurance Policies have been transferred to a single purpose insurance company Hollands Welvaren Leven N.V., which is fully

licensed under the Act on the Supervision of the Insurance Business 1993 and supervised by the Pension and Insurance Chamber. In the articles of association, the objects of Hollands Welvaren Leven N.V. are limited to exercising the life insurance business as referred to in the Act on the Supervision of the Insurance Business 1993 as far as it relates to such Insurance Policies entered into by Hollands Welvaren Leven N.V. or by DSB Leven N.V, and transferred to Hollands Welvaren Leven N.V., as far as these Insurance Policies are entered into in connection with a PK Loan. Furthermore, Hollands Welvaren Leven N.V. is permitted to acquire, to hold, to control, to alienate and to encumber securities as far as such activities result from and in connection with the performance of obligations arising out of the life insurance policies “Hollands Welvaren”.

Besides this, the Security Trustee holds all priority shares which enables the Security Trustee to block any decision to change the objects contained in the articles of association of Hollands Welvaren Leven N.V.

Reduced value of investments

If the value of the investments made under the Insurance Policies has reduced considerably, Borrowers may invoke set-off or defences against the Issuer on the ground that the Insurance Company has not properly informed them on the risks involved in the investments. The merits of any such claim will very much depend on the manner in which the Insurance Policies have been marketed and the promotional material provided to the Borrower.

Second Lien Mortgage Loans

The mortgage rights securing the Second Lien Mortgage Loans rank after the first ranking mortgage right vested on the Mortgaged Assets and in case of foreclosure of the mortgage rights the claim of the first ranking mortgagee should be paid before the second ranking mortgagee will be entitled to any foreclosure proceeds. Consequently, it is uncertain whether any foreclosure proceeds will be available for redemption of the relevant Loan Receivable. The credit enhancement for each Class of the Notes is sized taking the above into account.

Warranties

Neither the Issuer nor the Security Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Loans and each will rely instead on (i) the warranties given by the Sellers in the Loan Receivables Purchase Agreement (the “**Warranties**”); and (ii) the results of the review of the Provisional Pool. The sole remedy (save as described below) of the Issuer in respect of a breach of warranty which could have a material adverse affect on the relevant Loan shall be the requirement that the relevant Seller shall repurchase or procure the repurchase of, or shall substitute or procure the substitution of a similar loan in replacement for, any Loan which is the subject of any breach (see Loan Receivables Purchase Agreement below), provided that this shall not limit any other remedies available to the Issuer and/or the Security Trustee if such Seller fails to repurchase or procure the repurchase of a Loan when obliged to do so which remedies include the enforcement of the right of pledge on the Loan Receivables granted to the Issuer. There can be no assurance that the relevant Seller will have the financial resources to honour its obligation to repurchase any Loan in respect of which such a breach of warranty arises. Upon completion of any such repurchase the relevant Loan will be transferred to the relevant Seller.

Long lease

The mortgage rights securing the Loans may be vested on a long lease (“*erfpacht*”), as further described in *Description of the Loans* below.

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by

operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

Act on the Consumer Credit

The sale and assignment (or, as the case may be, pledges) by the Sellers of the Loan Receivables will be without prejudice to the rights and the protection afforded by the Act on the Consumer Credit (*Wet op het Consumentenkrediet*, “Wck”) to the Borrowers. Consequently, upon notification of the assignment or pledge the Issuer or, as the case may be, the Security Trustee will be bound by the restrictions and limitations imposed by the Wck in relation to the Loan Receivables. In addition, the following two provisions of the Wck should be mentioned.

Pursuant to section 33 of the Wck a consumer credit contract is (*inter alia*) null and void if the borrower has an obligation to enter into another agreement except (*inter alia*) if such borrower is free (*inter alia*) to choose its counterparty to such agreement. It should be noted that in respect of the Insurance Loans each of the Sellers has represented and warranted that the Borrowers were free to choose the insurance company.

Section 40(1) of the Wck provides that a lender is allowed to create a “silent” (non-possessory) right of pledge on a good (“*zaak*”) as security for repayment of a credit only, if such good is purchased by the borrower with the borrowed funds. Furthermore, section 40 (1) of the Wck provides that this rule applies equally to the creation of a right of pledge on a receivable held by the borrower. The Sellers have informed the Issuer that the supervisory authority has indicated informally that the Borrower Insurance Pledge is not in violation of section 40(1) of the Wck. If section 40(1) of the Wck is breached, the right of pledge created by the Borrower Insurance Pledge is invalid (“*nietig*”) on the basis of section 33 of the Wck. In the legal literature it is argued that the wording of section 33 of the Wck implies that only the relevant provision, i.e. the right of pledge, is invalid and not the entire credit agreement. However, it is conceivable, but unlikely, that Insurance Policies may be entirely invalid in case of a breach of section 40 (1) of the Wck if the pledge would be regarded as being inextricably related to the Insurance Loan as a whole.

The effects of the proposal to replace the Act on the Consumer Credit with the Act on the Provision of Financial Services and the policy of AFM

A bill is currently pending before the Dutch Parliament in which it is proposed to subject financial services providers, including offerers and brokers of financial products such as mortgage loans, to licencing requirements and continuous conduct supervision by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”). It is expected that the bill will come into force as the Act on the Provision of Financial Services (“*Wet financiële dienstverlening*”) in the course of 2004.

If the bill is enacted, which will replace the Wck, the Sellers will be required to apply with the AFM for a licence to act as an offerer of, *inter alia*, the Loans. The AFM will grant a licence if it is satisfied that the Sellers are reliable (in terms of management), has the necessary expertise (management and employees) as well as a reliable administrative organisation and an adequate system of internal controls and that it provides financial security, such as professional liability insurance, for the services it provides. In addition, according to the current draft of the bill, a person who becomes the legal owner of loan receivables would be required to have a licence as of the moment legal title was transferred to it. Although discussions are pending between the Minister of Finance and market parties to provide some sort of exemption for special purpose vehicles in securitisation transactions, it cannot be certain that the Issuer would be exempt from obtaining a license under the Act on the Provision of Financial Services.

The AFM has indicated that, prior to the aforementioned proposal entering in to force, it will adopt as its policy that securitisation special purpose vehicles will not be required to obtain a licence until notification of the assignment of the relevant consumer loans to the borrowers has been made for the situation after notification that AFM is consulting with the Ministry of Finance.

Optional Redemption

Although as a result of the increase in the margin payable in respect of the floating rate of interest on the Notes from the first Optional Redemption Date, the Issuer will have an incentive to exercise its right to redeem the Notes on the first Optional Redemption Date or on any later Optional Redemption Date, no guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Loan Receivables still outstanding at that time.

European Union Directive on the taxation of savings

On 3 June 2003 the Council of the European Union adopted Council Directive on the taxation of savings income in the form of interest payments (the “**Directive**”). This Directive will apply to interest payments (as defined in the Directive) made in one Member State to or for individual beneficial owners (as defined in the Directive) who are resident in another Member State and will require all Member States to adopt an information reporting system with regard to such payments. However, for a transitional period Austria, Belgium and Luxembourg will be permitted to operate a withholding tax system.

Member States will be required to implement the Directive by 1 January 2005 provided that certain European third countries and certain dependent or associated territories apply the equivalent or, as the case may be, the same measures from that date. The Council will decide at least six months prior to this date whether this condition will be met, and will otherwise adopt a new date. The transitional period will commence on the same date.

Under the information reporting system, a Member State will automatically communicate to the beneficial owner’s Member State of residence information regarding interest payments (including the identity and residence of the beneficial owner) made by paying agents (as defined in the Directive) established within the former Member State, without requiring reciprocity. Under the withholding tax system (for Austria, Belgium and Luxembourg), a Member State will levy a withholding tax in respect of interest payments made by paying agents established within their respective territories at a rate of 15% during the first three years of the transitional period, 20% for the subsequent three years and 35% thereafter. The transitional period will end, and those Member States permitted to levy a withholding tax will, instead, be required to implement an information reporting system if and when the European Community enters into certain agreements with certain third countries regarding information exchange with respect to interest payments.

Under the Directive, the term “**paying agent**” means, generally, the last intermediary in any given chain of intermediaries that pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner; the term “interest” is defined broadly and would include interest relating to debt-claims of every kind, including income from bonds; and the term “**beneficial owner**” means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he provides evidence that it was not received or secured for his own benefit.

Under the Directive, if and when implemented following a decision by the Council that the above-mentioned condition will be met, an individual Holder of Notes who is resident in an EU Member State other than the Netherlands may become subject to the automatic supply of information to the Member State in which the individual is resident with regard to interest payments made by (or in certain cases, to) paying agents established in the Netherlands.

Swap Agreement

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had

no such withholding or deduction been required. The 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 Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a ‘Tax Event’), the Swap Counterparty may (with the consent of the Issuer and the Rating Agencies) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The swap transaction will be terminable by one party if (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer’s obligations under the Swap Agreement and (iii) insolvency events. The swap transaction will terminate on the earlier of the Final Maturity Date and the date on which the relevant Class of Notes has been redeemed or written-off in full in accordance with the Conditions.

Prepayment Considerations

The maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal (including full and partial prepayments of the Loans, foreclosure proceeds on enforcement of a mortgage right, and repurchases by the Sellers under the Loan Receivables Purchase Agreement) on the Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of the Loan Receivables cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. No assurance can be given as to the actual level of prepayment that will occur in respect of the Loan Receivables.

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

To the extent set forth in Conditions 4, 6 and 9(a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Junior Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes and (c) the Subordinated Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

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

Conflict of interest between the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee’s opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the

Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, to have regard only to the interest of the Junior Class C Noteholder, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Secured Party prevails.

No Extraordinary Resolution (as defined in Condition 14) to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect, unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders or when it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

Limited Liquidity of the Loans

Following the occurrence of an Event of Default (as defined in Condition 10) in relation to the Notes while any of the Loans are still outstanding, the ability of the Issuer to redeem all of the Notes in full will mainly depend upon, whether the Loans can be sold to obtain an amount sufficient to redeem the Notes. There is not, at present, an active and liquid secondary market for receivables of this type in the Netherlands. The Issuer may not, therefore, be able to sell Loans on appropriate terms should it be required to do so.

Limited Liquidity of the Notes

There is not, at present, any active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, no underwriter has indicated that they intend to establish a secondary market in the Notes.

Payments on the Loans

Payments on the Loans are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other 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 Loans.

Risks of Losses associated with declining property values

The security for the Notes created under the Trustee Pledge Agreement I may be affected by, among other things, a decline in the value of those properties subject to the Bank Mortgages and investments under the Insurance Policies. No assurance can be given that values of those properties have remained or will remain at the level at which they were on the date of origination of the related Loans. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

Liquidity Risk

The ability of the Issuer to redeem all the Notes in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Loan Receivables is sufficient to redeem the Notes. There is not at present an active and liquid secondary market for loans with characteristics similar to the Loan Receivables in the Netherlands. It may not, therefore, be possible for the Issuer or, as the case may be, the Security Trustee or a receiver to sell the Loan Receivables on appropriate terms should such a course of action be required.

Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Relevant Documents (as defined in Condition 3), which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) DSB Financieringen in its capacity as Seller (such as, inter alia, repurchase obligation reimbursement obligations and the obligation to pay the penalty) and in its capacity as Pool Servicer will not meet its obligations vis-à-vis the Issuer, (b) DSB Voorschotbank in its capacity of Seller (such as, inter alia, repurchase obligation reimbursement obligations and the obligation to pay the penalty) will not meet its obligations vis-à-vis the Issuer, (c) Barclays in its capacity as Swap Counterparty will not perform its obligations under the Swap Agreement and in its capacity as Liquidity Facility Provider will not perform its obligations under the Liquidity Facility Agreement, (d) Lloyds will not perform its obligations under the Floating Rate GIC, (e) ATC Financial Services B.V., as Company Administrator will not perform its obligations vis-à-vis the Issuer and (f) any other party to the Relevant Documents will not meet its obligations vis-à-vis the Issuer. The risk that DSB Financieringen does not meet its obligations as Pool Servicer is mitigated by the Back-Up Servicer.

Tax

See the information set out under the headings *Taxation in the Netherlands* below.

CREDIT STRUCTURE

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

Loan Interest Rates

The interest rate of each Loan is either fixed, subject to a reset from time to time, or floating. On the Closing Date, the weighted average interest rate of the Loans is expected to be 5.01 per cent.. Interest rates vary between individual Loans. The range of interest rates is described further in *Description of the Loans* below.

Cash Collection Arrangement

Payments by the Borrowers of interest and scheduled principal under the Loans are due on the first Amsterdam business day of each month, interest being payable in arrear. All payments made by Borrowers will be paid into accounts of the Sellers. These accounts are not pledged to any party at the moment other than to the bank at which they are maintained pursuant to the applicable terms and conditions. These accounts will also be used for the collection of moneys paid in respect of loans, other than the Loans and in respect of other moneys belonging to the relevant Seller.

On each Amsterdam business day the Pool Servicer shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Sellers in respect of the Loans to the Issuer Collection Account received on such business day, netted of any amounts paid by the relevant Seller as being received in respect of the Loan, but which have been revoked by the relevant Borrower.

Transaction Accounts

The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account to which all amounts received (i) in respect of the Loans and (ii) from the other parties to the Relevant Documents will be paid.

The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account (see below).

The Company Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received in respect of the Loans will be identified as principal or revenue receipts and credited to a principal ledger (the “**Principal Ledger**”) or a revenue ledger (the “**Revenue Ledger**”), as the case may be.

The balance standing to the credit of the Issuer Collection Account may, at the option of the Issuer, be invested in (a) Euro denominated securities with a maturity not beyond the immediately succeeding Quarterly Payment Date provided that such securities have been assigned a rating of Prime-1 by Moody’s and A-1+ by S&P or (b) other securities provided that Moody’s and S&P have given prior confirmation that such investment will not adversely affect the then current ratings assigned to the Notes (the “**Permitted Investments**”).

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer’s business and (ii) the initial purchase price of the Substitute Loan Receivables.

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody’s and/or A-1+ by S&P or (ii) if the amount standing to the credit of the Issuer Collection Account exceeds euro 50,000,000 the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Aa3 by Moody’s, the Issuer will be required within 30 days to transfer the balance on the Issuer Collection Account to an alternative bank with the required minimum rating or to obtain a third party, acceptable to Moody’s and S&P, to guarantee the obligations of the Floating Rate GIC Provider.

Priority of Payments prior to Enforcement

Interest

The “**Notes Interest Available Amount**” will consist of the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fifth Amsterdam business day prior to the Quarterly Payment Date) as being received during the Quarterly Calculation Period (as defined in Condition 6(c)) immediately preceding such Quarterly Calculation Date (but excluding, for the avoidance of doubt any amounts not belonging to the Issuer):

- (i) as interest on the Loan Receivables;
- (ii) as interest accrued on the Issuer Collection Account and the Reserve Account and as revenue received on any Permitted Investments made by the Issuer;
- (iii) as prepayment penalties and interest penalties under the Loan Receivables;
- (iv) as Net Proceeds (as defined in the Conditions) on any Loan Receivables to the extent such proceeds do not relate to principal;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) (defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any;
- (viii) as amounts received in connection with a repurchase of Loan Receivables pursuant to the Loan Receivables Purchase Agreement, or any other amounts received pursuant to the Loan Receivables Purchase Agreement, to the extent such amounts do not relate to principal;
- (ix) as amounts received in connection with a sale of Loan Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (x) as amounts received as Post-Anticipated Loss Proceeds on the Loan Receivables;
- (xi) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they relate to interest or penalties; and
- (xii) as an amount received as Interest Shortfall Amount. “**Interest Shortfall Amount**” means the positive difference, if any, between the sum of (a) all amounts payable by the Issuer as set forth in the Interest Priority of Payments under items (a) up to and including (m) (but not items (h), (j) and (l) and in respect of item (i) only to the extent there is no debit balance remaining on the Class A Principal Deficiency Ledger and in respect of item (k) only to the extent there is no debit balance remaining on the Class B Principal Deficiency Ledger) and item (m) only to the extent there is no debit balance remaining on the Class C Principal Deficiency Ledger and (b) the Notes Interest Available Amount excluding this item (xii), to the extent such amount is available as Principal Available Amount after deducting the amount applied towards the purchase of Substitute Loan Receivables during the relevant Quarterly Calculation Period.

Priority of payments in respect of Interest

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

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer’s business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer’s liability, if any, to tax, fees and expenses of Moody’s and S&P and any legal advisor, auditor and accountant appointed by the Issuer or Security Trustee and (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of fees and expenses due and payable to the Company Administrator and the Pool Servicer under the Servicing Agreement;
- (d) *fourth*, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement, including the Liquidity Facility Commitment Fee, but excluding any gross up amounts or additional amounts due under the Liquidity Facility Agreement and payable under (s) below or, following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of amounts if any, due but unpaid under the Swap Agreement (except for any termination payment due or payable as a result of an event of default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event as defined therein relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined therein)(a “**Swap Counterparty Default Payment**”);
- (f) *sixth*, in or towards satisfaction, of fees and expenses due and payable to the Back-Up Servicer under the Back-up Servicing Agreement;
- (g) *seventh*, in or towards satisfaction of interest due on the Senior Class A Notes;
- (h) *eighth*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (j) *tenth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (k) *eleventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Junior Class C Notes;

- (l) *twelfth*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (m) *thirteenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Class D Notes;
- (n) *fourteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (o) *fifteenth*, in or towards satisfaction of any sums required to be deposited on the Reserve Account (defined below) or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Required Amount (defined below);
- (p) *sixteenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Loan;
- (q) *seventeenth*, in or towards satisfaction of principal due on the Subordinated Loan;
- (r) *eighteenth*, in or towards satisfaction of any Swap Counterparty Default Payment due under the Swap Agreement;
- (s) *nineteenth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (t) *twentieth*, in or towards satisfaction of a Deferred Purchase Price Instalment (as defined in *Loan Receivables Purchase Agreement* below) to the Sellers.

Principal

The ‘**Principal Available Amount**’ will consist of the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period:

- (i) as repayment and prepayment of principal under the Loan Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;
- (ii) as amounts to be received in connection with a repurchase of Loan Receivables pursuant to the Loan Receivables Purchase Agreement and any other amounts received pursuant to the Loan Receivable Purchase Agreement to the extent such amounts relate to principal;
- (iii) as Net Proceeds (as defined in Condition 6(c)(v) below) in respect of any Loan Receivable to the extent relating to principal;
- (iv) as amounts to be received in connection with a sale of Loan Receivables pursuant to the Trust Deed to the extent such amounts relate to principal from any person, excluding prepayment penalties, if any;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Trust Deed and the Servicing Agreement; and
- (vi) the Reserved Amount and any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the immediately preceding Quarterly Payment Date;

The “**Notes Redemption Available Amount**” will be equal to the Principal Available Amount less the sum of:

- (a) the amount of the Principal Available Amount applied towards the purchase of Substitute Loan Receivables during the relevant Quarterly Calculation Period;
- (b) the Interest Shortfall Amount; and
- (c) until the Quarterly Payment Date falling in November 2006, up to an amount equal to 1 per cent. of the aggregate Principal Amount Outstanding of the Notes on the last day of the relevant Floating Rate Interest Period will remain deposited on the Issuer Collection Account, provided that on such Quarterly Payment Date all conditions for substitution (other than (a) and (e)) are met, which amount shall be credited to a subledger of the Principal Ledger to be applied towards the purchase of Substitute Loan Receivables during the immediately succeeding Quarterly Calculation Period (the “**Reserved Amount**”).

Priority of Payments in respect of principal.

The Notes Redemption Available Amount will be applied by the Issuer on each Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the “**Principal Priority of Payments**”) as follows:

- (a) *first*, in or towards satisfaction of principal amounts due under the Senior Class A Notes on the relevant Quarterly Payment Date or, as the case may be, the Final Maturity Date;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date;
- (c) *third*, in or towards satisfaction of principal amounts due under the Junior Class C Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date; and
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Subordinated Class D Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date;

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee will be paid to the Secured Parties (including the Noteholders) in the following order of priority, after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, any fees and expenses of Moody’s and S&P and any legal advisors, auditor or accountant appointed by the Security Trustee (and in each case only if and to the extent payments of a higher priority have been made in full) (the “**Priority of Payments upon Enforcement**”):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors (ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the Company Administrator and the Pool Servicer under the Servicing Agreement and of the Back-Up Servicer under the Back-up Servicing Agreement;
- (b) *second*, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (n) below;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) all amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as

determined in accordance with their terms but excluding any other costs to be paid by the Issuer on early termination payable under subparagraph (k) below;

- (d) *fourth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Loan;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Loan;
- (m) *thirteenth*, in or towards payments of any amounts due to the Swap Counterparty under the Swap Agreement in respect of the Issuer's obligations in respect of the costs (other than any Settlement Amounts) to be paid by the Issuer upon an early termination of the Swap Agreement, as determined in accordance with their terms;
- (n) *fourteenth*, in or towards satisfaction, of gross-up amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (o) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price to the Sellers.

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent the Notes are redeemed in full, subject to Condition 9 or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is agreed upon for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, there is a shortfall in the Notes Interest Available Amount (but excluding, for the avoidance of doubt item (v) thereof) to meet items (a) to (m) (inclusive) (but not items (h), (j) and (l)) in the Interest Priority of Payments in full on that Quarterly Payment Date provided that no drawing may be made to meet item (i) to the extent that, after application of the Notes Interest Available Amount, a debit balance would remain on the Class B Principal Deficiency Ledger which is equal to 50 per cent. of the Class B Principal Deficiency Limit and no drawing may be made to meet item (k) to the extent that, after application of the Notes Interest Available Amount, a debit balance would remain on the Class C Principal Deficiency Ledger which is equal to 50 per cent. of the Class C Principal Deficiency

Limit and no drawing may be made to meet item (m) to the extent that, after application of the Notes Interest Available Amount, a debit balance would remain on the Class D Principal Deficiency Ledger which is equal to 50 per cent. of the Class D Principal Deficiency Limit.

If, at any time, (a) either (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than Prime-1 by Moody's and/or A-1+ by S&P or (ii) the Liquidity Facility is not renewed or replaced by the Issuer with a suitable alternative Liquidity Facility Provider within 30 days of such downgrading or alternatively a guarantee is not provided for the Liquidity Facility Provider 's obligations in favour of the Issuer, and (b) the then current ratings of the Notes are materially adversely affected as a result thereof, the Issuer will be required forthwith to draw down the entire undrawn portion of the Liquidity Facility (a "**Liquidity Facility Stand-by Drawing**") and credit such amount to the Issuer Collection Account with a corresponding credit to a ledger to be known as the "**Liquidity Facility Stand-by Ledger**". Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, "**Liquidity Facility Maximum Amount**" means, on each Quarterly Calculation Date, an amount equal to (a) euro 30,000,000 on the Closing Date and (b) thereafter, the higher of (i) an amount equal to 3 per cent. of the aggregate Principal Amount Outstanding of the Notes on such Quarterly Calculation Date, and (ii) 1.50 per cent. of the Principal Amount Outstanding of the Notes on the Closing Date.

Reserve Account

The net proceeds of the Subordinated Loan has been credited to the Reserve Account. On the Closing Date, the balance standing to the credit of the Reserve Account will amount to Euro 12,500,000.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (n) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility.

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher than item (o) in the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up the Reserve Account as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount.

The Reserve Account Required Amount shall be equal to (i) on the Closing Date 1.25 per cent. of the aggregate Principal Amount Outstanding of the Notes; (ii) thereafter until the first Optional Redemption Date 1.65 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date; and (iii) thereafter 2.65 per cent. of the aggregate Outstanding Principal Amount of the Notes on the Closing Date.

To the extent that the balance standing to the credit of the Reserve Account on any Quarterly Calculation Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date.

After all amounts of interest and principal due in respect of the Notes have been paid, any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amount and will be available for all items in the Interest Priority of Payments.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers, known as the "**Class A Principal Deficiency Ledger**", the "**Class B Principal Deficiency Ledger**", the "**Class C Principal Deficiency Ledger**" and the "**Class D Principal Deficiency Ledger**", respectively, will be established by or on behalf of the Issuer in order to record any Anticipated Losses on the Loan Receivables, including Anticipated Losses on the sale of Loan

Receivables (each respectively the “**Class A Principal Deficiency**”, the “**Class B Principal Deficiency**”, the “**Class C Principal Deficiency**” and the “**Class D Principal Deficiency**”, together a “**Principal Deficiency**”). Any Principal Deficiency shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (n) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the aggregate Principal Amount Outstanding of the Subordinated Class D Notes (the “**Class D Principal Deficiency Limit**”) and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (l) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the aggregate Principal Amount Outstanding of the Junior Class C Notes (the “**Class C Principal Deficiency Limit**”) and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (j) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes (the “**Class B Principal Deficiency Limit**”) and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (h) of the Interest Priority of Payments).

All Anticipated Losses (as defined below) and any Interest Shortfall Amounts shall be debited to the Class D Principal Deficiency Ledger so long as the debit balance on the Class D Principal Deficiency Ledger is not greater than the Class D Principal Deficiency Limit. Thereafter, any Anticipated Losses and any Interest Shortfall Amounts shall be debited to the Class C Principal Deficiency Ledger so long as the debit balance on the Class C Principal Deficiency Ledger is not greater than the Class C Principal Deficiency Limit. Thereafter, any Anticipated Losses and any Interest Shortfall Amounts shall be debited to the Class B Principal Deficiency Ledger so long as the debit balance on the Class B Principal Deficiency Ledger is not greater than the Class B Principal Deficiency Limit. Finally, any Anticipated Losses and any Interest Shortfall Amounts shall be debited to the Class A Principal Deficiency Ledger.

Anticipated Losses means, on any Quarterly Calculation Date, (i) 100 per cent. of the Outstanding Principal Amount of a Loan Receivable in the event that (a) foreclosure proceedings in respect of such Loan Receivable have commenced; (b) the relevant Borrower has been declared bankrupt or has been granted (provisional) suspension of payments or has entered into debt restructuring measures for private individuals (“*schuldsaneringsregeling natuurlijke personen*”), or (c) an amount equal to the monthly installment multiplied by twelve is due but unpaid, and (ii) 50 per cent. of the Outstanding Principal Amount of such Loan Receivable in the event that the events under (i) have not occurred, but an amount equal to the monthly installment multiplied by four is due but unpaid; and (iii) with respect to Loan Receivables sold by the Company, the amount of the difference, if any, between (i) the purchase price received by the Company in respect of such Loan Receivables and (ii) the Outstanding Principal Amount of such Loan Receivables.

Post Anticipated Loss Proceeds means on any Quarterly Calculation Date, (a) any amounts received, recovered or collected from a Borrower in respect of a Loan Receivable including the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Loan Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Loan Receivable, including but not limited to any fire insurance policy and the Insurance Policies, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs, provided such amount exceeds the Outstanding Principal Amount of such Loan Receivable, if any.

Interest Rate Hedging

The Loan Criteria (as defined under *Loan Receivables Purchase Agreement* below) require that all Loans bear a floating rate of interest or a fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date an amount equal to (a) the weighted average interest of the Loan Receivables during the relevant Quarterly Calculation Period multiplied by the

aggregate Principal Outstanding Amount on the Notes on the first day of the Floating Rate Interest Period immediately preceding such Quarterly Payment Date (the “**Notional Amount**”), less (b) the sum of 1.75 per cent. per annum multiplied by the Notional Amount.

The Swap Counterparty will agree to pay on each Quarterly Payment Date an amount equal to the sum of the Notional Amount multiplied by Euribor relating to the relevant Floating Rate Interest Period.

Pursuant to the Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A1 (or its equivalent) by Moody’s or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-1 (or its equivalent) by Moody’s (such ratings together the “**Moody’s Required Ratings I**”), then the Swap Counterparty will, on a reasonable efforts basis and at its own cost attempt to:

- (a) transfer all of the rights and obligations of the Swap Counterparty to either (x) a replacement third party with the Moody’s Required Ratings I domiciled in the same jurisdiction as the Swap Counterparty or the Issuer or (y) a replacement third party agreed by Moody’s; or
- (b) procure another person to become counterparty in respect of the obligations of the Swap Counterparty under the Swap Agreement. Such counterparty may be either (x) a person with the Moody’s Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer, or (y) a person agreed by Moody’s; or
- (c) take such other action as the Swap Counterparty may agree with Moody’s; or

Pending compliance with (a), (b) or (c) above, the Swap Counterparty will, at its own cost:

- (d) within thirty (30) Business Days of the occurrence of such downgrade, put in place a mark-to-market collateral agreement in a form and substance acceptable to Moody’s (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both (the “**Collateral Amount**”)) in support of its obligations under the Swap Agreement which complies with, and complying with, in relation to the Collateral Amount, certain criteria set by Moody’s or any other amount which might be agreed with Moody’s.

If any of (a), (b) or (c) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty pursuant to (d) above will be retransferred to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

Pursuant to the Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A3 (or its equivalent) by Moody’s or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-2 (or its equivalent) by Moody’s (such ratings together the “**Moody’s Required Ratings II**”), then certain stricter additional requirements will apply as further defined in the Swap Agreement.

Pursuant to the Swap Agreement, if, at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than A-1+ by S&P (the “**S&P Required Rating**”), or (ii) any such rating is withdrawn by S&P, then the Swap Counterparty will be obliged, within thirty (30) Business Days of such reduction or withdrawal of any such rating, to use its best endeavours (at the option of the Swap Counterparty) to (i) transfer and assign its rights and obligations under the Swap Agreement to a third party having a rating of at least A-1+ (ii) enter into an agreement with a third party, having a rating acceptable to S&P, which party will guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (iii) the Swap Counterparty providing cash collateral sufficient to maintain the ratings of the Notes at the level which would have subsisted but for the then current rating of the Swap

Counterparty, or (vi) find any other solution acceptable to S&P to maintain the then current ratings of the Notes.

Any capitalised term used above but not defined herein shall have the meaning given to it in the Swap Agreement.

THE DUTCH MORTGAGE AND CONSUMER LOAN MARKET

The information contained in this sections below entitled Overview of the Dutch Consumer Credit and Overview of the Dutch Mortgage Market, has been derived from publicly available information on the respective markets.

Introduction

The portfolio of Loans is a mixed pool of second lien mortgage loans and unsecured consumer loans. The proportion of second lien mortgages is 76.17 per cent. on the Cut-Off Date.

In this section we provide an overview of the consumer credit market and the mortgage market. Both are relevant to the dynamics of the Loans underlying the Transaction. For the avoidance of doubt, the portfolio of Loans does not contain any first lien mortgage loans, but only second lien mortgage loans.

The Dutch Consumer Credit Market

Whilst the UK and the US have a well-established consumer credit tradition, the majority of household debt in continental European countries consists of mortgage debt. The absolute size of the Dutch consumer credit market remains small, but the market has been growing steadily for the last 20 years.

Similar to the Dutch mortgage market, growth in the Dutch consumer credit market is underpinned by low interest rates and product innovation. Flexible consumer credits, allowing the borrower to redraw and prepay, are driving the growth of this market. The remainder of products ranges from credit card debt, to overdrafts, and traditional secured or unsecured consumer loans. Amortisation profiles of consumer loans also follow the preference of Dutch borrowers as highlighted in the well-developed mortgage market. The traditional fixed amortising loans have lost their appeal, while revolving credit and interest only loans combined with an investment/insurance/savings plan gained popularity, the latter partly due to tax regulation.

The borrowing capacity of households

Dutch commercial banks determine the maximum borrowing capacity of a household by analysing the percentage of the monthly disposable household income that has to be paid towards principal and interest. For consumer loans this percentage is equal to but not greater than 2% of the loan limit.

Gross lending volumes grow steadily

The Dutch consumer credit market has grown steadily over the past two decades, with yearly supply doubling over the last ten years. In 2001, for the first time since 1983, gross lending of consumer credit dropped compared to the previous year. In 2002 however, supply increased again to Euro 10.3 billion.

Supply of Consumer Debt in the Netherlands, per Loan Type

euro mln	1999	2000	2001	2002	2003 Aug
Supply of consumer credit					
Amortising loans	1,636	1,406	1,252	1,034	687
Revolving credits	6,111	6,528	6,295	6,593	4,217
Savings loan	723	646	364	205	171
Creditcard credit	1,520	2,056	2,324	2,486	1,703
Total	9,990	10,635	10,235	10,319	6,778

Source: CBS, Netherlands

Revolving loans are the most popular credit product

Total outstanding consumer credit in 2002 rose by half a billion Euro to Euro 16.4 billion. On top of that, Dutch households had a further Euro 6.1 billion of overdrafts outstanding. The average level of Dutch consumer debt (including overdrafts) has increased to Euro 3,000 per household at end 2002, compared to Euro 1,650 ten years ago.

Over the last decade, growth in the Dutch consumer credit market was driven by revolving loans (“*doorlopend krediet*”), which account for approximately two thirds of new loans issued in 2002. Revolving loans are appealing to borrowers because of their repayment and redraw flexibility. On average, such loans have an effective maturity of approximately 20 months, compared with four months for credit cards. Dutch consumers are increasingly using the credit facilities attached to credit cards, rather than paying the balance off at the end of each month.

Outstanding Consumer Debt in the Netherlands, per Loan Type

euro mln	Amortising loans	Revolving credits	loans	Savings cards	Credit Overdraft
1992	3,796	5,298	–	–	1,151
1993	3,392	5,920	–	–	1,356
1994	3,517	6,187	–	–	2,071
1995	3,337	6,792	–	–	2,408
1996	3,266	7,372	–	–	2,845
1997	3,226	8,301	–	–	3,490
1998	3,148	8,271	1,050	194	4,239
1999	3,120	9,101	1,405	304	4,739
2000	3,064	10,063	1,631	486	5,482
2001	2,883	10,842	1,526	688	5,337
2002	2,530	11,661	1,426	820	6,132
2003 Aug	2,417	11,966	1,440	888	5,945

Source: CBS, Netherlands

The market is dominated by banks and finance companies

Banks and credit card companies, account for 48% of the consumer credit market. Finance companies are the single largest category of consumer lender with an approximate 47% market share.

Banks and finance companies that lend consumers loans are regulated by the AFM under the Wck and are granted a Wck-license. Banks have a Wtk-banking license granted by the Dutch Central Bank (De Nederlandsche Bank, the “**DNB**”) and can therefore grant consumer loans secured by a second lien mortgage right.

Outstanding Consumer Debt in the Netherlands, per Type of Lender

euro mln	1999	2000	2001	2002	2003 Aug
Municipal banks	349	321	295	252	244
Banks and credit card companies	6,676	7,111	7,385	7,876	8,082
Finance companies	6,530	7,411	7,803	7,777	7,815
Mail order companies	376	401	455	532	570
Total	13,931	15,244	15,938	16,437	16,710
Overdrafts	4,739	5,482	5,337	6,132	5,945

Source: CBS, Netherlands

The Dutch Residential Mortgage Market

Owner-Occupancy Rates

The Dutch housing market exhibited a relatively low owner-occupancy rate of 52 per cent. in 2002, whereas the average owner-occupancy rate in the EU as a whole was 61 per cent.. However, the owner-occupancy rate in the Netherlands has been gradually increasing: in 1982 42 per cent. of the total housing stock was owner-occupied.

House prices have been increasing in recent years

General price increases on the Dutch housing market occurred in the 1995-2000 period, due to the combined effects of favourable economic conditions and institutional changes. Income growth, declining mortgage interest rates and a reduction of unemployment increased demand for owner-occupied housing. Furthermore, a decrease in the number of newly built homes and an increase in the number of households provided structural support for these price rises. Another cause of the price increases in the late 1990's is a change in how some mortgage lenders calculate the borrowing capacity of households. In general, lenders formerly calculated the borrowing capacity of households based on the primary household salary only. Since the mid-1990's, some lenders also evaluated a second household salary. For double-income households this resulted in a surge of their borrowing capacity, which could be used to bid up prices of the relatively scarce owner-occupied property. In addition the number of double-income households has been increasing over the past decade. It is not certain whether, and how many, lenders will continue to underwrite mortgage loans in this way, and according to this, increased capacity may not be generally sustained.

The Netherlands has a relatively high Mortgage-Debt-to-GDP ratio

Compared to other European countries the Dutch market shows a relatively high degree of mortgage indebtedness. The Dutch tax system gives an incentive to homeowners to maximise their mortgage loan. This leads to a relatively high Mortgage-Debt-to-GDP ratio in the Netherlands, which was 76 per cent. in 2002. Due to rising home-ownership and rising prices, total mortgage debt accumulation increased in the late 1990's. Total mortgage debt is Euro 350 billion (end of 2002) in the Netherlands.

The Dutch market is characterised by relatively high Loan-to-Value ratios (LTV)

The maximum Loan-to-Value in the Netherlands for existing property is generally 130 per cent. of foreclosure value, compared to, for instance, 80 per cent. for Germany. For new construction, financial institutions are prepared to finance up to 110 per cent. of total costs of the house. Foreclosure value is typically around 85 per cent. of the market value. In 2002, the average issued mortgage amounted to Euro 163,800 and the average house price was Euro 199,300.

There is a strong disincentive for prepayment on mortgages

Lending terms in the Netherlands generally allow a borrower to prepay up to 15 per cent. a year of the original amount that has been borrowed without being penalised. Full prepayment without penalty is only possible in cases where the borrower has died. However, mortgagors are also allowed to prepay fixed rate loans on an interest-reset date without a penalty.

Defaults and losses have always been low

Since the National Credit Register (Bureau voor Kredietregistratie, BKR) registers all loans (except mortgage loans that are not more than 3 months in arrears) as well as their status, financial institutions use the historical information of the BKR to determine borrowers' indebtedness and potential borrowers' creditworthiness. A payment irregularity (i.e. default, arrears) will inevitably lead to limited access to loans for the borrower (or no access at all) for some years.

Furthermore, under Dutch law the lender is able to seize a portion of the borrower's earnings directly from his employer in case the borrower is in arrears.

Available data on first lien mortgage loans indicates that losses peaked in the early 1980's to about 30 basis points of the outstanding amount, due to a combined effect of declining house prices, an increase in unemployment levels and an increase in mortgage rates up to approximately 13%. In the event of foreclosure in that period, recoveries were generally still less than fair market value. Since then, losses declined substantially, reaching levels of below 1 basis point of the outstanding principal in the 1990's.

Government policy and restrictions

Interest payments for the loans used for the prime residence are tax deductible

The Dutch tax system allows full deduction of all interest payments on loans that are used for the acquisition or the improvement of the borrower's primary residence from taxable income. The interest deduction is limited to thirty years of interest payments. The Dutch government also levies a property tax, the so-called *Eigenwoningforfait*, on home owners.

The fiscal advantage of the interest deduction is maximised in the Netherlands through the availability of interest-only mortgages whereby full redemption takes place upon maturity but not during the term of the loan. In addition, a proportion of loans has the benefit of a life insurance policy or a savings insurance policy, with the most common term of insurance being 30 years. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount (in 2003: Euro 134,500 for an individual and Euro 269,000 for couples).

Mortgage interest payments on loans for residences that are not the primary residence of the borrower, are not tax deductible. Instead, both the fair market value of the property and the corresponding loan are taken into account for the calculation of the borrower's "tax basis" when determining borrower's income on savings and investments. On an annual basis the borrower will be taxed at a rate of 30 per cent. on deemed income, which consists of 4 per cent. of the average tax basis of the borrower, insofar as the average tax basis exceeds a certain threshold.

Dutch Credit Bureau: Stichting Bureau Krediet Registratie ("BKR")

The Act on the Consumer Credit (Wet op het Consumentenkrediet, "Wck")

Consumer lending in the Netherlands is regulated by the Wck and the Act on the Supervision of the Credit System (the "**Wtk**"). Providers of consumer credit must have a Wck-license, granted by the AFM.

Under the Wck, consumer lenders are obliged to participate in a Central Credit Information System (Flexibel Krediet Informatiesysteem, "FKI"). They must report all positive (e.g. new credits) and negative (e.g. arrears, defaults) events on consumer credits and are also obliged to verify the FKI before granting a new loan.

The BKR – How it operates

The Stichting Bureau Krediet Registratie ("**BKR**") was founded in 1965 in order to reduce the risks associated with the business of consumer lending and to prevent consumer overindebtedness. All entries in the FKI remain on record for five years after termination of the loan contract. In 2002, the BKR had over 8 million consumers and over 16 million credits registered on its FKI.

Mortgage loans, are only registered in the FKI if they are in arrears for 3 months. However, new mortgage loans are registered with the Kadaster, which is the national land registry, containing information on all Dutch mortgage loans, mortgaged assets, properties and their ownership.

The FKI contains very detailed information on all consumer credits to natural persons (“*natuurlijk persoon*”) with a maturity of at least 3 months and an amount between Euro 500 and Euro 125,000:

- Loan amount or maximum loan amount;
- Date of origination;
- Agreed maturity month;
- Actual month when the credit ended;
- Type of credit;
- Negative credit events during the life of the credit, if any;
- Description and timing of credit events;
- Description and timing of the cure of credit events.

The FKI also contains detailed information on the borrower:

- Last name;
- Initial(s);
- Date of birth;
- Address;
- Postcode and city of residence.

When a borrower is in arrears, the lender must first warn him before entering the delinquent credit in the FKI. Registration of delinquencies must take place when the loan is between 3 and 5 months in arrears. A delinquent loan is tagged with the code “A” (“*Achterstandsmelding*”). The code “H” (“*Herstel*”) indicates that the loan was previously in arrears but has now been cured. Further codes, which are entered into the FKI without prior warning point to debt rescheduling, write-offs, the loan becoming due and payable or the borrower not being contactable.

DSB GROEP

Profile

DSB Groep N.V. and its group companies (“**DSB Group**”) is a niche player concentrating in particular on the Dutch consumer markets for flexible and attractive borrowing, saving and insurance products. The DSB Group operations have their roots in the Buro Frisia company, which was founded in 1975 by Mr D. Scheringa, the current chairman of the management board. The current activities of DSB Group involve both acting as an agent for external parties as well as the maintaining and in-house development of a wide range of financial products. DSB Group is an integrated group of well-known national and regional companies with strong brand names, including Frisia Financieringen and Postkrediet. The branch network currently comprises 19 branches in the Netherlands and provides very effective national coverage.

In April 2000, a full banking licence was issued by the DNB to DSB Bank N.V., a wholly owned subsidiary of DSB Groep N.V..

In 2002, DSB Groep N.V. reported a profit on ordinary activities after taxation of Euro 62.5 million (excluding extraordinary profits and expenses).

DSB Financieringen, a wholly owned subsidiary of DSB Bank N.V. is supervised by DNB and the AFM. DSB Voorschotbank has a Wck-license and is therefore supervised by the AFM.

DSB Group has a strong market position and is one of the larger service providers in the field of consumer loans in the Netherlands.

Board of Directors and Management

Board of Directors DSB Groep N.V.

Mr D. Scheringa (52)	CEO
Mr J.J. van Dijk (44)	CFO
Mr H.P.A.J. van Goor (33)	COO

Management

Mr M. Haisma (54)	Director, Sales organisation
Mr H.I. El Sayed RA (35)	Director, Banking division
Mr J.D.M. Roeland (50)	Director, Banking division
Mr P.A.A.M. Cornet (55)	Director, Banking division
Mr A.J. Borgman (44)	Director, Insurance division
Mr A.G. Quanz (56)	Director, Insurance division
Mr P.C. de Vos RA (39)	Director, Financial Affairs and Controlling
Mr G. van der Meulen RI (53)	Director, ICT division

Loan Origination History

DSB began originating consumer loans in approximately 1981 through their independent intermediaries network for third-party lending institutions. Capitalising on the knowledge developed during this phase, in 1991 DSB began offering consumer loans that were financed through DSB. Since the mid nineties, DSB Group started offering second lien mortgages and in 1999 increased the focus on this product.

Financial Overview

The table below provides an overview of certain historic financial figures for DSB Groep N.V.:

(€ mm)	December 2000	December 2001	December 2002	June 2003 ⁽²⁾
Book equity	57.2	66.9	125.2	157.8
Subordinated loans	13.6	22.3	50.5	60.6
Capital Base ⁽¹⁾	71.6	89.9	176.4	218.4

(1) as defined in the annual report of DSB Groep N.V. as the issued share capital plus reserve plus subordinated loans and subordinated provisions.

(2) not audited

Strategy

The strategy of DSB Group remains focused on further growth in the Netherlands as an independent niche player in the field of consumer credit and mortgage lending, while retaining a high level of flexibility within the organisation. For the provision of insurance this strategy is aimed at the intermediation of life insurance and income protection insurance (in particular, disability and unemployment) and investment insurance for external insurers.

With regards to financing, the DSB Group intends to increase its reliance on longer-term funding and reduce the share of savings deposits as a percentage of total funding.

The shareholder of DSB Groep N.V., as part of his continual, ongoing strategic review of his shareholding in DSB Groep N.V. and the business conducted by DSB Groep N.V., is exploring a number of options, including but not limited to a sale to, joint venture or merger with or participation by a third party. However, it is uncertain whether any of these options will actually take place.

DESCRIPTION OF THE LOANS

The Provisional Pool consists of consumer loans (“*Consumptief Krediet*”) and Second Lien Mortgage Loans (“*Tweede Hypotheken*”). The main distinction between the two loan products is that Second Lien Mortgage Loans are offered only to homeowners and benefit from an extra security in the form of a second lien mortgage on the borrower’s residence. The fact that the borrower’s residence is at risk in case of failure to pay on the loan increases the willingness to pay.

The second lien mortgage loans are loans secured by a second-ranking mortgage right, evidenced by notarial mortgage deeds (“*notariële akten van hypotheekstelling*”) entered into by the Sellers and the relevant Borrowers.

Consumer and second lien mortgage loans can be divided in three categories according to their scheduled amortisation profile:

1. Annuity Loans with a fixed amortisation schedule (“*Persoonlijke Lening*”, “PL”, “Annuity Loans”);
2. Flexible Loans (“*Hypotheccair Opnamekrediet*”, “(H)OK”, “Flexible Loans”);
3. Interest-Only Loans (“*Hypotheccair Rentekrediet*”, “(H)RK”, “Interest-Only Loans”);
4. Insurance Loans (“*Hypotheccair Premiekrediet*”, “(H)PK”) combining an interest only loan with an insurance/investment policy to help repay the loan.

Except for the Annuity Loans, all Loans have the following characteristics:

- **Loan Limit:** Following DSB’s credit assessment and affordability tests, a borrower is allocated a loan limit, which is the maximum loan amount that can be drawn during the life of the loan;
- **Loan Balance:** The actual amount of the loan outstanding at a specific time during the life of the loan. The loan balance is always smaller or equal to the loan limit;
- **Monthly Instalments:** Monthly instalments can cover interest only, interest and principal or interest and insurance premia, depending on the type of revolving loan;
- **Redraws / Further Advances:** When the loan balance is lower than the loan limit, the borrower can make further draws on the loan provided that:
 - (a) The loan is not in arrears;
 - (b) The outstanding loan balance remains lower than the loan limit; and
 - (c) The borrower is less than 65 years old.
- **Prepayments:** Prepayments are allowed without penalties on the floating rate loans. Some loans initially carry a fixed rate during 1 to 5 years, before switching to floating rate. If the borrower prepays during the initial fixed rate period, a penalty of 3% of the outstanding amount is payable¹;
- **Theoretical Maturity:** Each loan has a theoretical maturity, generally between 5 and 20 years, based on its specific amortisation schedule and assuming no redraws or early repayments;
- **Actual Maturity:** Prepayments can result in a loan’s actual maturity being shorter than its theoretical maturity, while redraws can extend the maturity of loans beyond their theoretical maturity;

¹ The Sellers allow for 15% prepayments per year without penalties. Therefore, if no prepayments took place in the same year, the penalty will be 3% applicable to 85% of the outstanding loan balance.

- **Maximum Maturity:** The option for the borrower to redraw or obtain further advances, renders it possible that the loan maturity extends beyond the loan's original Theoretical Maturity. DSB's loan contracts stipulate that, when the borrower reaches the age of 65, the loan must start amortising to be fully repaid before the borrower reaches the age of 72², and redraws or further advances are no longer allowed.

Insurance Loan (“*Hypotheclair Premiekrediet*”, “(H)PK”)

Insurance Loans consist of an interest only (second mortgage) consumer loan entered into by any of the Sellers and the Borrower, which has the benefit of an insurance policy taken out by the Borrower with an Insurance Company. Under an Insurance Loan, the borrower pays no principal but only monthly interest and an insurance premium under the insurance contract. The Borrower is required to enter into two separate contracts, one with the lender and the other with an Insurance Company. The selection of the Insurance Company is at the sole discretion of the Borrower.

Interest-Only Loan (“*Hypotheclair Rentekrediet*”, “(H)RK”)

For the first 60 months, Interest-Only Loans are interest only where the borrower pays monthly interest and no principal. After five years, the loan amortises. The Borrower can repay the loan in one lump sum or amortise it over time by paying monthly interest and principal. In any case the loan must be repaid at the latest by the time the borrower is 72 years old.

Flexible OK Loan (“*Hypotheclair Opnamekrediet*”, “(H)OK”)

Flexible OK Loans have the same characteristics as Flexible Loans, but the monthly instalments are based on the outstanding Loan Balance instead of the Loan Limit. Flexible OK Loans are no longer offered by DSB.

Annuity Loan (“*Persoonlijke Lening*”, “PL”)

Annuity Loans are fixed rate consumer loans that are fully drawn at issue and repaid in fixed monthly instalments over a fixed maturity. Early repayments in full or in part are allowed, but subject to prepayment penalties. Prepayment penalties are proportional to the amount prepaid and the time of prepayment:

Prepayment penalty = (Amount Prepaid / Amount Outstanding at time of Prepayment) x P,

where P is:

- 5% if the prepayment takes place before one fifth of the loan term has expired
- 3% if the prepayment takes place between one and two fifths of the loan term has expired
- 3% if the prepayment takes place between two and three fifths of the loan term has expired
- 0% if the prepayment takes place after three fifths of the loan term has expired

2 Exceptions to this rule can be obtained for second lien mortgage loans with LTFV's lower than 90%. Note that loans extended on these terms will not form part of the securitisation transaction.

Key Characteristics of the Loans

A summary of the key characteristics of the Loans as selected on the Portfolio Cut-Off Date 9 December 2003.

TABLE 1: Key Characteristics of the Loans as of the Portfolio Cut-Off Date of 9 December 2003

Total Outstanding Principal Balance		
– Unsecured Consumer Loans	€228,723,681	22.53%
– Secured Consumer Loans	€786,262,753	77.47%
– TOTAL PORTFOLIO	€1,014,986,433	100.0%
Number of Loans		
– Unsecured Consumer Loans	12,225	32.33%
– Secured Consumer Loans	25,585	67.67%
– TOTAL PORTFOLIO	37,810	100.0%
Average Loan Size:		
– Unsecured Consumer Loans	€18,709	
– Secured Consumer Loans	€30,731	
– TOTAL PORTFOLIO	€26,844	
Largest Contract Size:		
– Unsecured Consumer Loans	€75,000	
– Secured Consumer Loans	€75,000	
– TOTAL PORTFOLIO		
Weighted Average Seasoning:		
– Unsecured Consumer Loans	34.08 months	
– Secured Consumer Loans	16.44 months	
– TOTAL PORTFOLIO	20.41 months	
Weighted Average Remaining Term:		
– Unsecured Consumer Loans	134.08 months	
– Secured Consumer Loans	194.08 months	
– TOTAL PORTFOLIO	180.56 months	
Weighted Average Interest Rate:		
– Unsecured Consumer Loans	7.01%	
– Secured Consumer Loans	4.43%	
– TOTAL PORTFOLIO	5.01%	

TABLE 2: Unsecured Consumer Loans - Current Balance

Current Balance		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
0	5,000	3,592,921	1.57%	1,193	9.76%
5,000	10,000	15,855,500	6.93%	2,132	17.44%
10,000	15,000	26,206,784	11.46%	2,118	17.33%
15,000	20,000	30,923,816	13.52%	1,780	14.56%
20,000	25,000	33,843,792	14.80%	1,512	12.37%
25,000	30,000	37,944,661	16.59%	1,381	11.30%
30,000	35,000	32,481,705	14.20%	1,008	8.25%
35,000	40,000	19,573,651	8.56%	524	4.29%
40,000	45,000	10,150,293	4.44%	240	1.96%
45,000	50,000	6,234,900	2.73%	133	1.09%
50,000	55,000	4,384,015	1.92%	84	0.69%
55,000	60,000	2,529,311	1.11%	44	0.36%
60,000	65,000	2,434,012	1.06%	39	0.32%
65,000	70,000	1,412,563	0.62%	21	0.17%
70,000	75,001	1,155,756	0.51%	16	0.13%
Total:		<u>228,723,681</u>	<u>100.00%</u>	<u>12,225</u>	<u>100.00%</u>
Maximum Balance:	Euro 75,000				
Minimum Balance:	Euro -506				
Average Balance:	Euro 18,710				

TABLE 3: Unsecured Consumer Loans - Balance Limit

Borrowing Limit		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
-	5,000	778,291	0.34%	282	2.31%
5,000	10,000	12,466,543	5.45%	1,992	16.29%
10,000	15,000	25,548,246	11.17%	2,400	19.63%
15,000	20,000	30,547,480	13.36%	1,955	15.99%
20,000	25,000	35,221,732	15.40%	1,731	14.16%
25,000	30,000	38,679,288	16.91%	1,507	12.33%
30,000	35,000	34,839,404	15.23%	1,137	9.30%
35,000	40,000	20,126,892	8.80%	565	4.62%
40,000	45,000	10,975,226	4.80%	268	2.19%
45,000	50,000	6,523,856	2.85%	152	1.24%
50,000	55,000	4,894,716	2.14%	100	0.82%
55,000	60,000	2,788,151	1.22%	51	0.42%
60,000	65,000	2,494,986	1.09%	42	0.34%
65,000	70,000	1,603,238	0.70%	25	0.20%
70,000	75,001	1,235,633	0.54%	18	0.15%
Total:		228,738,681	100.00%	12,225	100.00%
Maximum Limit:	Euro 75,000				
Minimum Limit:	Euro 610				
Weighted Average Limit:	Euro 27,233				

TABLE 4: Unsecured Consumer Loans - Interest Rate

Interest Rate (%)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
-	3	11,809,063	5.16%	360	2.94%
3	4	12,148,283	5.31%	409	3.35%
4	5	23,646,313	10.34%	1,397	11.43%
5	6	6,947,874	3.04%	291	2.38%
6	7	38,896,770	17.01%	2,343	19.17%
7	8	102,724,146	44.91%	5,393	44.11%
8	9	6,962,582	3.04%	626	5.12%
9	10	25,538,827	11.17%	1,396	11.42%
10	11	25,355	0.01%	6	0.05%
11	12	2,812	0.00%	2	0.02%
12	13	5,293	0.00%	1	0.01%
13	14	-	0.00%	-	0.00%
14	15	16,363	0.01%	1	0.01%
15	22	-	0.00%	-	0.00%
22	23	-	0.00%	-	0.00%
Total:		<u>228,723,681</u>	<u>100.00%</u>	<u>12,225</u>	<u>100.00%</u>
Maximum Rate:		14.700			
Minimum Rate:		0.000			
Weighted Average Rate:		7.005			

TABLE 5: Unsecured Consumer Loans - Seasoning (months)

Seasoning (months)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
0	3	14,561,273	6.37%	589	4.82%
3	6	28,587,069	12.50%	1,323	10.82%
6	9	9,219,600	4.03%	553	4.52%
9	12	3,387,449	1.48%	217	1.78%
12	15	2,516,734	1.10%	166	1.36%
15	18	2,371,969	1.04%	130	1.06%
18	21	1,817,804	0.79%	99	0.81%
21	24	1,693,069	0.74%	97	0.79%
24	27	6,938,870	3.03%	411	3.36%
27	30	5,700,371	2.49%	396	3.24%
30	33	10,943,295	4.78%	650	5.32%
33	36	14,372,745	6.28%	844	6.90%
36	39	10,977,757	4.80%	641	5.24%
39	42	14,842,833	6.49%	856	7.00%
42	45	19,196,969	8.39%	1,031	8.43%
45	48	11,813,819	5.17%	634	5.19%
48	51	10,019,420	4.38%	510	4.17%
51	54	10,212,202	4.46%	509	4.16%
54	57	9,735,769	4.26%	467	3.82%
57	60	9,616,632	4.20%	448	3.66%
60	63	10,590,124	4.63%	472	3.86%
63	100	19,310,099	8.44%	1,156	9.46%
100	140	297,808	0.13%	26	0.21%
Total:		<u>228,723,681</u>	<u>100.00%</u>	<u>12,225</u>	<u>100.00%</u>
Maximum Seasoning:	0.70 months				
Minimum Seasoning:	139.07 months				
Weighted Average Seasoning:	35.54 months				

TABLE 6: Unsecured Consumer Loans - Remaining Term (months)

Remaining Term (months)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
0	12	9,162,266	4.01%	699	5.72%
12	24	12,971,739	5.67%	1,177	9.63%
24	36	13,653,181	5.97%	1,189	9.73%
36	48	6,665,352	2.91%	584	4.78%
48	60	4,061,464	1.78%	326	2.67%
60	72	2,187,216	0.96%	171	1.40%
72	84	2,802,654	1.23%	160	1.31%
84	96	3,506,489	1.53%	195	1.60%
96	108	592,960	0.26%	30	0.25%
108	120	9,150,541	4.00%	393	3.21%
120	132	33,943,696	14.84%	1,459	11.93%
132	144	35,693,261	15.61%	1,678	13.73%
144	156	24,622,079	10.76%	1,234	10.09%
156	168	2,812,969	1.23%	131	1.07%
168	180	8,393,028	3.67%	518	4.24%
180	192	10,337,864	4.52%	482	3.94%
192	204	6,350,546	2.78%	246	2.01%
204	216	7,703,849	3.37%	325	2.66%
216	228	3,355,111	1.47%	105	0.86%
228	240	9,283,719	4.06%	369	3.02%
240	252	19,454,759	8.51%	691	5.65%
252	264	0	0.00%	-	0.00%
264	276	58,298	0.03%	2	0.02%
276	288	0	0.00%	-	0.00%
288	300	116,637	0.05%	5	0.04%
300	355	1,844,001	0.81%	56	0.46%
Total:		228,723,681	100.00%	12,225	100.00%
Maximum Term:		304.67 months			
Minimum Term:		1.27 months			

TABLE 7: Unsecured Consumer Loans - Product Type

Product Type	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
OK - Revolving Loan	5,317,741	2.32%	428	3.50%
PK - Insurance Loan	171,612,481	75.03%	7,608	62.23%
RK - Interest Only Loan	40,182,872	17.57%	2,711	22.18%
PL - Fixed Amortising Loan	11,610,586	5.08%	1,478	12.09%
Total:	228,723,681	100.00%	12,225	100.00%

TABLE 8: Unsecured Consumer Loans - Insurance Policy Provider*

Insurance Policy Provider	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Aegon	0	0.00%	-	0.00%
Delta	1,055,054	0.46%	57	0.47%
DSB	125,274,040	54.77%	5,559	45.47%
Ebo	0	0.00%	-	0.00%
Hooge Huys	43,932,131	19.21%	1,921	15.71%
Spaarbeleg	1,351,256	0.59%	71	0.58%
NO POLICY	57,111,199	24.97%	4,617	37.77%
Total:	228,723,681	100.00%	12,225	100.00%

*Only the PK loans require an insurance policy

TABLE 9: Unsecured Consumer Loans - Redemption Type

Redemption Type	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Interest-only	211,795,353	92.60%	10,319	84.41%
Amortising	16,928,327	7.40%	1,906	15.59%
Total:	228,723,681	100.00%	12,225	100.00%

TABLE 10: Unsecured Consumer Loans - Interest Rate Type

Type	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
FIXED	4,182,996	1.83%	140	1.15%
FLOATING	224,540,685	98.17%	12,085	98.85%
Total:	228,723,681	100.00%	12,225	100.00%

TABLE 11: Unsecured Consumer Loans - Arrears

Months Delinquent	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
0	214,400,532	93.7%	10771	88.11%
1	14,323,149	6.3%	1454	11.89%
> 1	-	0.0%	0	0.00%
Total:	228,723,681	100.00%	12,225	100.00%

TABLE 12: Unsecured Consumer Loans - Geographic Concentration

Region	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Drenthe	24,328,835	3.09%	800	3.13%
Flevoland	46,425,552	5.90%	1,464	5.72%
Friesland	27,503,989	3.50%	922	3.60%
Gelderland	77,146,103	9.81%	2,559	10.00%
Groningen	36,258,993	4.61%	1,211	4.73%
Limburg	72,247,220	9.19%	2,371	9.27%
Noord-Brabant	98,557,393	12.53%	3,274	12.80%
unknow	109,409	0.01%	3	0.01%
Noord-Holland	115,330,943	14.67%	3,739	14.61%
Overijssel	40,063,049	5.10%	1,375	5.37%
Utrecht	46,905,129	5.97%	1,553	6.07%
Zuid-Holland	181,428,678	23.07%	5,699	22.27%
Zeeland	19,957,461	2.54%	615	2.40%
Total:	786,262,753	100.00%	25,585	100.00%

TABLE 13: Secured Consumer Loans – Current Balance

Current Balance	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)	
≥	<				
600-	5,000	219,223	0.03%	72	0.28%
5,000	10,000	5,025,140	0.64%	606	2.37%
10,000	15,000	37,357,837	4.75%	2,928	11.44%
15,000	20,000	61,933,844	7.88%	3,536	13.82%
20,000	25,000	76,833,743	9.77%	3,424	13.38%
25,000	30,000	94,006,301	11.96%	3,436	13.43%
30,000	35,000	88,972,186	11.32%	2,749	10.74%
35,000	40,000	82,592,919	10.50%	2,210	8.64%
40,000	45,000	78,757,530	10.02%	1,860	7.27%
45,000	50,000	73,259,812	9.32%	1,550	6.06%
50,000	55,000	58,987,660	7.50%	1,129	4.41%
55,000	60,000	49,693,757	6.32%	866	3.38%
60,000	65,000	41,945,278	5.33%	674	2.63%
65,000	70,000	34,560,117	4.40%	516	2.02%
70,000	75,000	2,117,406	0.27%	29	0.11%
Total:		786,262,753	100.00%	25,585	100.00%

Maximum Balance: Euro 75,000

Minimum Balance: Euro 566

Average Balance: Euro 30,731

TABLE 14: Secured Consumer Loans – Balance Limit

Borrowing Limit		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
-	5,000	4,534	0.00%	1	0.00%
5,000	10,000	2,682,423	0.34%	329	1.29%
10,000	15,000	35,595,456	4.53%	2,891	11.30%
15,000	20,000	59,845,869	7.61%	3,502	13.69%
20,000	25,000	75,222,870	9.57%	3,426	13.39%
25,000	30,000	93,961,257	11.95%	3,511	13.72%
30,000	35,000	88,219,085	11.22%	2,772	10.83%
35,000	40,000	83,843,411	10.66%	2,287	8.94%
40,000	45,000	78,930,393	10.04%	1,893	7.40%
45,000	50,000	73,615,912	9.36%	1,588	6.21%
50,000	55,000	60,404,920	7.68%	1,174	4.59%
55,000	60,000	51,063,918	6.49%	906	3.54%
60,000	65,000	43,914,341	5.59%	718	2.81%
65,000	70,000	36,484,091	4.64%	552	2.16%
70,000	75,000	2,474,272	0.31%	35	0.14%
Total:		786,262,753	100.00%	25,585	100.00%
Maximum Limit: Euro 75,000					
Minimum Limit: Euro 4,685					
Weighted Average Limit: Euro 38,240					

TABLE 15: Secured Consumer Loans – Interest Rate

Interest Rate (%)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
1.00	2.00	-	0.00%	-	0.00%
2.00	3.00	20,324,457	2.58%	634	2.48%
3.00	4.00	213,522,136	27.16%	7,234	28.27%
4.00	5.00	429,790,152	54.66%	14,024	54.81%
5.00	6.00	117,795,288	14.98%	3,542	13.84%
6.00	7.00	1,842,366	0.23%	53	0.21%
7.00	8.00	2,585,570	0.33%	79	0.31%
8.00	9.00	170,117	0.02%	9	0.04%
9.00	10.00	232,666	0.03%	10	0.04%
10.00	11.00	-	0.00%	-	0.00%
Total:		786,262,753	100.00%	25,585	100.00%
Maximum Rate: 9.750%					
Minimum Rate: 2.427%					
Weighted Average Rate: 4.430%					

TABLE 16: Secured Consumer Loans – Seasoning (months)

Seasoning (months)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
0	3	24,545,122	3.12%	776	3.03%
3	6	48,365,805	6.15%	1,616	6.32%
6	9	83,116,637	10.57%	2,741	10.71%
9	12	83,101,333	10.57%	2,796	10.93%
12	15	91,245,220	11.60%	3,177	12.42%
15	18	105,961,009	13.48%	3,488	13.63%
18	21	101,854,115	12.95%	3,341	13.06%
21	24	109,970,108	13.99%	3,366	13.16%
24	27	103,922,945	13.22%	3,261	12.75%
27	30	13,735,651	1.75%	465	1.82%
30	33	7,924,399	1.01%	208	0.81%
33	36	5,352,162	0.68%	146	0.57%
36	39	3,946,789	0.50%	100	0.39%
39	42	510,341	0.06%	16	0.06%
42	45	467,320	0.06%	14	0.05%
45	48	497,913	0.06%	15	0.06%
48	51	738,313	0.09%	24	0.09%
51	54	147,331	0.02%	5	0.02%
54	57	135,918	0.02%	5	0.02%
57	60	280,806	0.04%	9	0.04%
60	63	246,964	0.03%	8	0.03%
63	100	196,552	0.02%	8	0.03%
Total:		786,262,753	100.00%	25,585	100.00%
Maximum Seasoning:	0.57 months				
Minimum Seasoning:	93.43 months				
Weighted Average Seasoning:	16.44 months				

TABLE 17: Secured Consumer Loans – Remaining Term (months)

Remaining Term (months)		Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
≥	<				
0	12	4,426,288	0.56%	209	0.82%
12	24	352,230	0.04%	13	0.05%
24	36	4,609,034	0.59%	216	0.84%
36	48	24,668,474	3.14%	978	3.82%
48	60	13,127,568	1.67%	491	1.92%
60	72	62,612	0.01%	2	0.01%
72	84	110,160	0.01%	4	0.02%
84	96	1,317,649	0.17%	40	0.16%
96	108	8,444,909	1.07%	272	1.06%
108	120	963,977	0.12%	39	0.15%
120	132	796,674	0.10%	28	0.11%
132	144	1,194,107	0.15%	38	0.15%
144	156	11,228,941	1.43%	369	1.44%
156	168	164,985,116	20.98%	5,760	22.51%
168	180	77,499,544	9.86%	3,032	11.85%
180	192	7,033,977	0.89%	260	1.02%
192	204	1,848,738	0.24%	55	0.21%
204	216	17,913,745	2.28%	478	1.87%
216	228	221,592,902	28.18%	6,452	25.22%
228	240	202,288,376	25.73%	6,233	24.36%
240	252	17,762,262	2.26%	514	2.01%
252	264	49,232	0.01%	2	0.01%
264	276	234,236	0.03%	5	0.02%
276	288	776,389	0.10%	20	0.08%
288	300	233,276	0.03%	6	0.02%
300	400	2,742,338	0.35%	69	0.27%
Total:		<u>786,262,753</u>	<u>100.00%</u>	<u>25,585</u>	<u>100.00%</u>

Minimum Remaining Term: 0.01 months
 Maximum Remaining Term: 303.37 months
 Weighted Average Remaining Term: 118.69 months

TABLE 18: Secured Consumer Loans – Product Type

Product	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
OK - Revolving Loan	49,737	0.01%	3	0.01%
PK - Insurance Loan	724,039,874	92.09%	23,199	90.67%
RK - Interest Only Loan	62,173,142	7.91%	2,383	9.31%
Total:	786,262,753	100.00%	25,585	100.00%

TABLE 19: Secured Consumer Loans – Insurance Policy Provider

Product	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Aegon	0	0.00%	-	0.00%
Delta	773,771	0.10%	20	0.08%
DSB	352,922,534	44.89%	10,750	42.02%
Ebo	0	0.00%	-	0.00%
Hooge Huys	369,723,717	47.02%	12,408	48.50%
Spaarbeleg	619,851	0.08%	21	0.08%
No Policy	62,222,879	7.91%	2,386	9.33%
Total:	786,262,753	100.00%	25,585	100.00%

TABLE 20: Secured Consumer Loans – Redemption Type

Redemption Type	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Interest-only	786,213,016	99.99%	25,582	99.99%
Amortising	49,737	0.01%	3	0.01%
Total:	896,262,753	100.00%	25,585	100.00%

TABLE 21: Secured Consumer Loans - Interest Rate Type

Type	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
FIXED	181,443,891	23.08%	5,448	21.29%
FLOATING	604,818,862	76.92%	20,137	78.71%
Total:	786,262,753	100.00%	25,585	100.00%

TABLE 22: Secured Consumer Loans – Arrears

Months Delinquent	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
0	766,301,044	97.46%	25,021	97.80%
1	19,961,709	2.54%	564	2.20%
>1	-	0.00%	0.00%	
Total:	786,262,753	100.0%	25,585	100.00%

TABLE 23: Secured Consumer Loans – Arrears

Region	Current Balance (Euro)	Current Balance (%)	Loan Count	Loan Count (%)
Drenthe	4,657,133	2.04%	279	2.28%
Flevoland	7,456,837	3.26%	388	3.17%
Friesland	5,461,742	2.39%	338	2.76%
Gelderland	24,445,736	10.69%	1,335	10.92%
Groningen	6,644,609	2.91%	386	3.16%
Limburg	18,093,409	7.91%	1,014	8.29%
Noord-Brabant	28,160,542	12.31%	1,535	12.56%
unknow	107,760	0.05%	6	0.05%
Noord-Holland	38,580,193	16.87%	2,015	16.48%
Overijssel	10,625,871	4.65%	627	5.13%
Utrecht	16,351,146	7.15%	883	7.22%
Zuid-Holland	63,914,674	27.94%	3,189	26.09%
Zeeland	4,224,028	1.85%	230	1.88%
Total:	228,723,681	100.00%	12,225	100.00%

LOAN ORIGINATION, UNDERWRITING AND SERVICING

Origination

The Loans have been originated by any of DSB Financieringen, DSB Voorschotbank or one of the latter's subsidiaries in their ordinary course of business and are distributed through DSB's independent intermediaries network. All Loans that are approved by the intermediaries are first sent to the Central Acceptance department of the intermediaries for further review to ensure the Loans are consistent with the underwriting guidelines and the files are complete. A final review will be performed at either DSB Financieringen BV or DSB Voorschotbank (collectively referred to as "DSB"). Then the payment is performed by DSB Financieringen or DSB Voorschotbank.

Underwriting

DSB do not take credit decisions based on a formal credit score but instead use fixed underwriting criteria together with an assessment of the "total situation" of a borrower. DSB currently employs seven sets of underwriting criteria with regard to unsecured consumer loans referred to as DSB 1 up to DSB 7. Exceptions on applying these criteria are rare and subject to approval of the management of DSB. Only Loans originated from the first three sets of underwriting criteria will be eligible for inclusion in this transaction.

The underwriting criteria of DSB 1, DSB 2 or DSB 3 include:

- Borrower can't have a negative history with BKR;
- Borrower must be full time employed ("weak" professions or foreign employer are not accepted);
- Borrower may not be self-employed or self-certify his income;
- Original pay-slips, bank account statements and identity documents must be reviewed;
- Minimum borrower age is 21 years;
- The borrower must not be older than 72 at maturity of the loan;
- Borrower must have the Dutch nationality or must be living in the Netherlands (in the latter case a resident permit is required for non-EU citizens);
- The property value for second lien mortgages is subject to minima:
 - Apartment foreclosure value not less than Euro 100,000;
 - House foreclosure value not less than Euro 80,000.

DSB's loan origination process focuses on affordability calculations based on the borrower's disposable income. The latter is defined as the difference between (a) the borrower's net monthly salary and (b) the sum of the borrower's housing costs, cost of living, servicing cost of other debts, and other recurring expenses.

The maximum amount that the borrower can obtain under a loan is then determined as monthly disposable income divided by 1.5% for the second lien mortgages or 2.0% for the consumer loans.

Servicing

Introduction

The Loans will continue to be serviced within the DSB Group. DSB separates its servicing role into two departments, one dealing with collections for current loans (Servicing and Administration) and the other with delinquent loans (Arrears and Collection).

DSB has a fully integrated software system that facilitates communications between all aspects of the DSB network including the Servicing and Administration department and the Arrears and Collection department.

All Loan information is stored and operated using the Microsoft Foxpro application. Every night the principal balance on the Loans is compared to the previous night's balance by adding the various financial transactions for the day. This provides automated information quality checks. The Loan information is duplicated and stored on a CD (held at both the offices of DSB and externally with Getronics N.V.) every night to comply with the disaster recovery plan.

Collections

In respect of the Loans, payments of both principal and interest are collected by direct debit for all the Loans on the first day of each month. Each month, the mainframe automatically calculates the amount of interest and principal due. If the amount collected is lower than the amount due, then the servicing of the Loan will be passed to the Arrears and Collection department.

Collection of insurance premia under the insurance policies are also made by direct debit, but made separately by the relevant insurance company.

Arrears management

The Arrears and Collection department has been managing delinquent Loans since DSB began financing their originations in 1991. The department currently has fifteen (15) full time equivalent employees.

The Arrears and Collection department is separated into divisions, which relate to the term of the arrears. A division manages Loans that have been delinquent for one to two months. The second division manages delinquencies between three and six months. The third division manages delinquencies for more than seven months. Finally, separate divisions exist for legal affairs and control.

The arrears process is similar for the unsecured consumer loans and for the second lien mortgages, with the notable exception that DSB can (threaten to) foreclose on the property underlying the second lien mortgage.

The Arrears and Collection department will call a Borrower twice every month if they are in arrears, to try and find an acceptable solution to the arrears for both the Borrower and DSB. The Borrower will continue to receive monthly arrears statements during these procedures.

If a Borrower fails to meet his payment obligations by the due date, the following procedure applies:

- if, 2 days after the due date, payment has not been received, the first reminder is sent out. This letter is accompanied by a telephone call;
- if, 30 days after the due date, payment has not been received, the second reminder is sent out, warning the Borrower of a potential negative BKR code;
- if, 60 days after the due date, payment has not been received, the third reminder is sent out, warning the Borrower of a potential (i) negative BKR code, (ii) transfer order on his salary, (iii) termination of insurance policy or investment policy associated with the Loan; or (iv) sale of the Mortgaged Asset if applicable;
- if, 120 days after the due date, payment has not been received, the Borrower will attract a negative BKR code;
- after 210 days, a series of risk calculations will be performed to determine DSB's exposure and the optimal path for recoveries. This will be discussed with the head of the Arrears and Collection department and the board of directors of DSB Bank N.V. Following this discussion, the Loan will be recalled.

Foreclosure and recovery process

The recovery procedure for Loans is focused on the threat of obtaining a negative BKR code, which will preclude the Borrower from obtaining new loans in the future, and the attachment of the Borrower's income. Emphasis is also put on obtaining a voluntary salary attachment from the Borrower. The argument in favour for this voluntary salary attachment is that DSB can obtain an attachment also through a verdict in court. Obtaining a verdict entails higher costs than in the voluntary process and those costs will be borne by the Borrower. If the Borrower fails to comply with the arrangements made with the arrears department DSB will obtain a verdict to get an attachment on his house and other goods the borrower owns.

If there is a failure to comply with the agreed payment schemes, or if it is evident that there is no prospect of the interest and/or premium arrears being paid in the near future, the Loan is declared immediately due.

Borrowers under Second Lien Mortgages are advised to sell their Mortgaged Asset voluntarily, to save them the costs involved in a public sale. If the proceeds of the sale are not sufficient to repay the Second Lien Mortgage fully, DSB will procure a salary attachment for the remainder.

A public sale of the Mortgaged Asset is arranged only if there is no prospect of any acceptable resolution. Apart from public sale as a result of arrears on the Loans, such sale may also result from a third party attaching a security on the property or bankruptcy of the Borrowers. In the case of attachment or bankruptcy, the auction is ordered immediately.

In case of a foreclosure DSB will contact the first mortgage holder to invite them to organise the auction. If the first mortgage holder is not interested or sees no reason for a foreclosure, the public sale will be organised by DSB. The proceeds of the sale will first go to repay the first lien mortgage and the remaining funds will be applied to repay the Second Lien Mortgage.

DSB will play an active role in the public auction process and may bid for properties. In principle, bids are made up to the foreclosure value of the Mortgages Asset, with the provision that bids never exceed the amount of the Loan. As Pool Servicer under this securitisation transaction, DSB will follow the procedures as described above.

If a residual debt remains after the auction or private sale, the Borrower remains liable for that residue. In principle, a new payment scheme is arranged for the residual debt. If the Borrower does not agree to any payment scheme, an external collection agency is brought in to see whether the claim can be collected.

BARCLAYS BANK PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered and head office at 54 Lombard Street, London EC3P 3AH. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is an international financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, it is one of the largest financial services groups in the United Kingdom. The Group also operates in many other countries around the world and is leading provider of co-ordinated global services to multinational corporations and financial institutions in the world’s main financial centres. The whole of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by S&P, P-1 by Moody’s and F1+ by Fitch Ratings Limited and the long term obligations of Barclays Bank PLC are rated Aa1 by Moody’s, AA by S&P and AA+ by Fitch Ratings Limited.

As at 31st December 2002, the Group had total assets of £403,066 million, total net loans and advances of £260,572 million, total deposits of £258,932 million and equity shareholders funds of £15,205 million. The profit before taxation of the Group in respect of the year ended 31st December 2002 was £3,203 million after charging net provisions for bad and doubtful debts of £1,484 million. As at 31 December 2001, the Group and its subsidiaries had total assets of £356,612 million, total net loans and advances of £228,382 million, total deposits of £231,227 million and equity shareholders’ funds of £14,485 million.

LOAN RECEIVABLES PURCHASE AGREEMENT

Under the Loan Receivables Purchase Agreement dated 24 June 2003, and to be amended and restated on the Closing Date, the Issuer has purchased (from time to time) and accepted the assignment from the Sellers of the Loan Receivables. The Issuer has paid the initial purchase prices by raising funds under a facility agreement entered into on 24 June 2003. In addition, the Issuer will purchase and, on the Closing Date, accept from the Sellers the assignment of additional Loan Receivables selected from the Provisional Pool.

The assignment of the Loan Receivables from the Sellers to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (“**Notification Events**”).

Purchase Price

The purchase price for the Loan Receivables purchased on the Closing Date shall consist of an initial purchase price (the “**Initial Purchase Price**”), which shall be payable on the Closing Date, and a deferred purchase price (the “**Deferred Purchase Price**”). The Initial Purchase Price will be equal to euro 1,014,986,433 of the aggregate Outstanding Principal Amount of the Loans to which the Loan Receivables relate on 9 December 2003. The “**Outstanding Principal Amount**” means, in respect of a Loan, at any time, the aggregate principal sum (“*hoofdsom*”) due by the relevant Borrower under the relevant Loan less the amount of the Anticipated Losses in respect of such Loan. A part of the Initial Purchase Price equal to euro 5,000,000 will be withheld to cover certain costs relating to the collection of the Loan Receivables and such amount will be deposited on the Exceptional Costs Account and an amount equal to euro 14,986,433 will be paid by the Issuer to the Seller on the first Monthly Calculation Date. The remaining part of the Initial Purchase Price will be paid by the Issuer on the Closing Date. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Installments. Each “**Deferred Purchase Price Installment**” will be equal to the positive difference, if any, between (a) until the Enforcement Date, the Notes Interest Available Amount as calculated on the relevant Quarterly Payment Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (s) on such date and (b) after the Enforcement Date, the amount remaining after payments in respect of item (a) up to and including (n) as set forth in the Priority of Payments upon Enforcement (see the section entitled “*Credit Structure*” above) have been made on such date.

Representations and warranties

Each Seller will represent and warrant on the Closing Date with respect to the Loans and the Loan Receivables sold by it - *inter alia* – that on the date of purchase:

- (a) each of the Loan Receivables is duly and validly existing;
- (b) it has full right and title (“*titel*”) to the Loan Receivables and no restrictions on the sale and assignment of the Loan Receivables are in effect and the Loan Receivables are capable of being assigned;
- (c) it has power (“*is beschikkingsbevoegd*”) to sell and assign the Loan Receivables;
- (d) the Loan Receivables are free and clear of any encumbrances and attachments (“*beslagen*”) and no option rights have been granted in favour of any third party with regard to the Loan Receivables;
- (e) each Loan Receivable that is secured by a mortgage right is secured on a Mortgaged Asset used for residential purposes in the Netherlands;
- (f) each Loan Receivable is governed by Netherlands law;
- (g) upon creation (“*vestiging*”) of the mortgage right securing the Loan Receivable the relevant Seller was granted power by the mortgage deed to unilaterally terminate such mortgage right in whole and in part and such power to terminate has not been revoked, terminated or amended;

- (h) each Loan Receivable and, if applicable, the mortgage right and the right of pledge securing the Loan Receivable, in respect thereof constitutes legal, valid, binding and enforceable obligations of the relevant Borrower;
- (i) each Loan was originated by one of the Sellers or, alternatively, originated by a subsidiary of DSB Voorschotbank and transferred by such subsidiary by way of transfer of contract ("*contractsovername*") to DSB Voorschotbank;
- (j) payments under the Loan Receivables are not subject to withholding taxes;
- (k) the records maintained by each of the Sellers in respect of the Loans are true and accurate in all material respects and contain all information and documentation that may be necessary or relevant in connection with the exercise by the Company of its rights under the Loans, the Loan Receivables and the security granted in connection therewith;
- (l) all mortgage rights and rights of pledge securing the Loan Receivables (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*"), respectively, on the assets which are the subject of the mortgage rights and the rights of pledge; (ii) to the extent relating to the mortgage rights securing the Loan Receivables, are entered in the relevant public register ("*Dienst van het Kadaster en de Openbare Registers*");
- (m) all mortgage rights and rights of pledge securing the Loan Receivables sold by DSB Voorschotbank only secure the Outstanding Principal Amount of the relevant Loan Receivable increased with interest and costs on 1 May 2003;
- (n) each of the Loans has been granted subject to the terms and conditions applicable to the Loan (the "**Loan Conditions**") and in the forms of consumer loans attached to the Loan Receivables Purchase Agreement;
- (o) the particulars of each Loan Receivable, as set forth in (i) the list of Loan Receivables attached to the Loan Receivables Purchase Agreement and to the deed of assignment of Loan Receivables and (ii) the same list as under (i) but including in addition (a) the name and address of the Borrower and (b) the address of the property encumbered with the mortgage right, if different from (a) are correct and complete in all material respects;
- (p) each of the Loans meets the Loan Criteria (as set out below);
- (q) each of the Loans has been granted (i) in accordance with all applicable legal requirements, including without limitation, the Wck, in particular in respect of Loans to which an Insurance Policy is connected (the "**Insurance Loans**") article 33 of the Wck, and the Act on Data Protection and met in all material respects the relevant Seller's underwriting criteria and procedures prevailing at that time, which do not materially differ from the underwriting criteria and procedures attached to the Loan Receivables Purchase Agreement and (ii) in accordance with the practice of a reasonably prudent lender of Dutch consumer loans and in addition in respect of Loan Receivables purchased on the Closing Date or any time thereafter, a reasonably prudent lender of Dutch second lien mortgage loans;
- (r) it has accounted for and distinguished between all interest and principal payments relating to the Loans and all payments under the Loan Receivables are made by direct debit;
- (s) DSB Financieringen and, in the case of DSB Voorschotbank, also the relevant subsidiary, has not been notified and is not aware of anything affecting its title to the Loan Receivables;
- (t) each of the Insurance Loans has the benefit of an Insurance Policy and either (i) the relevant Seller has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policy, upon the terms of the relevant Insurance Loans and the Insurance Policies, which has been notified to the relevant

Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant PK Loan;

- (u) with respect to each PK Loan except that it is a condition precedent for granting a PK Loan that an insurance policy is entered into (i) there is no connection, whether from a legal or a commercial point of view, between the relevant PK Loan and any Insurance Policy, other than the right of pledge securing the Loan Receivable and the Beneficiary Rights (ii) the PK Loan and the relevant Insurance Policies were not marketed as one product and (iii) the Borrower was free to choose the relevant Insurance Company;
- (v) the notarial mortgage deeds (“*minuut*”) relating to the mortgage rights securing the Loan Receivables are kept by a civil law notary in the Netherlands;
- (w) the loan files relating to the Loan Receivables are kept by it and are accurate and complete and in the case of Loans Receivables secured by a mortgage right, it has at all times access to authentic copies of the notarial mortgage deeds;
- (x) the Borrowers are not in any material breach of any provision of their Loans;
- (y) each Loan Receivable secured by the same mortgage right, and/or right of pledge, is sold and assigned to the Company pursuant to this Agreement;
- (z) each Loan constitutes the entire consumer loan granted to the relevant Borrower and not merely one or more loan parts (“*leningdelen*”);
- (aa) the Loan Conditions provide that all payments by the Borrower should be made without any deduction or set-off; and
- (ab) any and all prospectuses issued by the Sellers in connection with the Loans are true and complete in all material aspects and the auditor of the relevant Seller has never indicated that any of such prospectus did not comply with all rules and regulations under or pursuant to the Wck.

Loan Criteria

Each of the Loans will meet - *inter alia* - the following criteria on the Closing Date:

- (a) The Loans are either:
 1. Annuity Loans (“*Persoonlijke Lening*”, “*PL*”);
 2. Flexible OK Loans (“*Opnamekrediet*”, “*OK*”);
 3. Interest-Only Loans (“*Rentekrediet*”, “*RK*”);
 4. Insurance Loans (“*Premiekrediet*”, “*PK*”), combined with an insurance contract offered by any Insurance Company;
 5. Flexible OK second mortgage loans (“*Opnamekrediet*”, “*HOK*”);
 6. Interest-Only second mortgage loans (“*Rentekrediet*”, “*HRK*”);
 7. Insurance second mortgage loans (“*Premiekrediet*”, “*HPK*”), combined with an insurance contract offered by any Insurance Company;
- (b) the maximum amount a Borrower can draw under each Loan (the “**Credit Limit**”) does not exceed Euro 75,000 and the aggregate Credit Limits of the Loans, including any Substitute Loan, of a Borrower does not exceed Euro 150,000;

- (c) the Borrower is a natural person (“*natuurlijk persoon*”) and was at least 21 years old when the Loan was granted and will at maturity of the consumer loan not be older than 72 years;
- (d) the Borrower is a resident of the Netherlands and not an employee of any of the Sellers or any of their group companies;
- (e) each Mortgaged Asset is located in the Netherlands, is not the subject of residential letting and is occupied by the relevant Borrower;
- (f) interest payments are scheduled to be made monthly in arrear and principal payments are scheduled to be made monthly, where applicable;
- (g) the interest rate of each Loan Receivable is (i) floating or (ii) fixed subject to an interest reset from time to time;
- (h) all Loan Receivables are either current, or if in arrears are in arrears for amounts no higher than one monthly payment, except in respect of Substitute Loan Receivables which are not in arrears on the relevant Monthly Calculation Date;
- (i) all of the Borrowers have made at least one monthly interest payment;
- (j) on the Closing Date or any time thereafter, the Borrower has not been granted financial reconstruction measures pursuant to the Act on Debt Restructuring Private Persons (“*Wet schuldsanering natuurlijke personen*”); and
- (k) all Consumer Loans have been originated in accordance with underwriting criteria DSB 1, DSB 2 or DSB 3.

Repurchase

If at any time after the purchase date of any Loan or Loan Receivable any of the representations and warranties relating thereto proves to have been untrue or incorrect in any material respect when made, the relevant Seller shall within 14 days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto and if such matter is not capable of being remedied within those 14 days, the relevant Seller shall promptly upon the expiry of such remedy period or, if earlier, on the Monthly Calculation Date repurchase and accept reassignment of such Loan Receivable for a price equal to the Outstanding Principal Amount of the Loan Receivable together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the relevant Loan Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) (the “**Repurchase Price**”).

If at any time any of the Sellers agrees with a Borrower to make a Further Advance, such Seller shall (i) repurchase and accept reassignment of, and the Issuer shall sell and reassign, the relevant Loan Receivable in accordance with and on the same terms and conditions set forth above on the Monthly Calculation Date immediately following the granting of the Further Advance and (ii) promptly inform the Pool Servicer and the Company Administrator of such event.

The Sellers shall also undertake to repurchase and accept re-assignment of a Loan Receivable if it agrees with a Borrower to amend any of the Loan Conditions of a Loan, or part of such Loan, or any other provision or condition of a Loan in such a way that as a result thereof such Loan would no longer comply with the Loan Criteria or the representations and warranties set out in the Loan Receivables Purchase Agreement.

Notification Events

If, *inter alia*:

- (a) a default is made by any of the Sellers in the payment on the due date of any amount due and payable by it under the Loan Receivables Purchase Agreement or any other Relevant Document to which it is a party and such failure is not remedied within ten (10) business days after having knowledge of such default or notice thereof has been given by the Issuer to the relevant Seller; or
- (b) any of the Sellers fails duly to perform or comply with any of its obligations under the Loan Receivables Purchase Agreement or under any other 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 having knowledge of such default or notice thereof has been given by the Issuer to the relevant Seller; or
- (c) any representation, warranty or statement made or deemed to be made by any of the Sellers in the Loan Receivables Purchase Agreement or under any of the other Relevant Documents to which such Seller is a party or if any notice or other document, certificate or statement delivered by it pursuant hereto or thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) any of the Sellers takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (“*ontbinding*”) and liquidation (“*vereffening*”) or legal demerger (“*juridische splitsing*”) involving such Seller; or
- (e) any of the Sellers has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for suspension payments or for the bankruptcy or any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (f) at any time it becomes unlawful for any of the Sellers to perform all or a material part of its obligations under the Loan Receivables Purchase Agreement or under any Relevant Document to which it is a party; or
- (g) any of the Sellers has given materially incorrect information or not given material information which was essential for the Company and the Agent in connection with the entering into of the Loan Receivables Purchase Agreement and/or any of the Relevant Documents; or
- (h) DSB Bank N.V., on a consolidated basis, during a period of two consecutive months fails to have a solvency ratio of at least 0.25 per cent. point above the percentage required by Guideline 4001 pursuant to the Wtk as set out in the Dutch Central Bank’s Credit System Supervision manual as amended from time to time (“*Handboek Wtk*”) for tier 1 capital and 0.5 per cent. point above the percentage required by Guideline 4001 of the Handboek Wtk for tier 1 capital, upper tier 2 capital and lower tier 2 capital together, or pursuant to clause 4101 of the Handboek Wtk the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Guideline 4101 of the Handboek Wtk during a period of any two consecutive months; or
- (i) the Dutch Central Bank has restricted DSB Bank N.V.’s powers in accordance with Clause 28.3 (b) of the Wtk and within two weeks after such event DSB Bank N.V. has not taken the necessary steps resulting in such measures being withdrawn; or
- (j) DSB Bank N.V. withdraws the declaration ex Article 2:403 of the Netherlands Civil Code (“*403-verklaring*”) in respect of DSB Financieringen; or

- (k) DSB Groep N.V. withdraws the declaration ex Article 2:403 of the Netherlands Civil Code (“403-verklaring”) in respect of DSB Voorschotbank;
- (l) the aggregate of the issued share capital, subordinated loans, subordinated provisions and reserves of DSB Groep N.V. falls below €100 million; or
- (m) any change in the business activities of DSB Groep N.V. and/or any of its directly or indirectly owned subsidiaries which has a material adverse affect on the business activities of the group (within the meaning of section 2:24b of the Dutch Civil Code) of which DSB Groep N.V. forms part has occurred and is continuing or DSB Groep N.V. ceases to be the indirect parent company of DSB Voorschotbank

then unless within a period of 10 Amsterdam business days an appropriate remedy to the satisfaction of the Security Trustee and after having received confirmation of Moody’s and S&P except in the occurrence of the events mentioned under (d) and (e), in which case no remedy shall apply, each of the Sellers shall forthwith notify the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of (y) the termination of the mortgage rights and to the extent possible the rights of pledge securing the Loan Receivables in as far as they secure debts other than the Loan Receivables and (z) the assignment of the relevant Loan Receivables or, at its option, the Issuer shall be entitled to make such notifications itself.

Proposed legislation on the requirements of assignment

Currently a bill is pending before the Dutch Parliament, in which it is proposed to amend the legal requirements for the assignment of receivables in such a manner that it can also be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required. If and when this amendment would become effective, the Sellers could assign the Loan Receivables, and transfer legal ownership, to the Issuer by the mere registration of the deed of assignment and would not be restricted to completing the assignment by notification in case of the occurrence of Notification Events.

Pursuant to the Loan Receivables Purchase Agreement the Issuer will have the right at all times to register the deed of assignment upon the proposed amendment becoming effective. In respect of Loan Receivables secured by a mortgage right or a right of pledge, the Issuer will undertake in the Trust Deed to exercise such right only with the prior approval of the Security Trustee and subject to the confirmation of Moody’s and S&P that it will not adversely affect the then current ratings assigned to the Notes. In respect of Loan Receivables which are not secured by a mortgage right or a right of pledge the Issuer will undertake in the Trust Deed to promptly register the Deed of Assignment after the aforementioned change of law comes into force.

Substitution

The Loan Receivables Purchase Agreement provides that up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer shall on each Monthly Calculation Date apply the Substitution Available Amount (as defined below) to purchase any Substitute Loan Receivables from the relevant Seller if and to the extent offered by the relevant Seller. The ‘**Substitution Available Amount**’ will be equal to (i) up to the Quarterly Payment Date falling in November 2006, the Principal Available Amount (as defined in Condition 6(c)(ii)) received by the Issuer since the immediately preceding Quarterly Calculation Date and (ii) thereafter, up to the first Optional Redemption Date, the amounts received in connection with the repurchase of Loan Receivables during the immediately preceding Mortgage Calculation Period.

The purchase by the Issuer of Substitute Loan Receivables will be subject to a number of conditions, which include, *inter alia*, the condition that on the relevant date of completion of the sale and purchase of the Substitute Loan Receivables:

- (a) the relevant Seller will represent and warrant to the Company and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the relevant Substitute Loans and the relevant Substitute Loan Receivables sold on such date and relating to such Seller;

- (b) no Notification Event has occurred and is continuing;
- (c) none of the representations and warranties relating to the relevant Seller is or proves to have been untrue and incorrect;
- (d) there has been no failure by the relevant Seller to repurchase any relevant Loan Receivable which it is required to repurchase pursuant to the Loan Receivables Purchase Agreement;
- (e) the Substitution Available Amount is sufficient to pay the initial purchase price for the relevant Substitute Loan Receivables;
- (f) the balance standing to the credit of the Reserve Account is equal to the Reserve Account Required Amount or if the balance standing to the credit of the Reserve Account is less than the Reserve Account Required Amount, no drawing has been made from the Reserve Account;
- (g) no balance is standing to the credit of the Principal Deficiency Ledger;
- (h) not more than 2.0 per cent. of the aggregate Outstanding Principal Amount of the Loan Receivables is in arrears for a period exceeding 60 days;
- (i) the aggregate Outstanding Principal Amount of all Loan Receivables, including the Substitute Loan Receivables, with the benefit of a mortgage is equal to or higher than 50 per cent. of the aggregate Outstanding Principal Amount of all Loan Receivables, including the Substitute Loan Receivables; and
- (j) the relevant Seller has signed and submitted to the Issuer and the Security Trustee respectively pledge lists providing for a pledge of the Substitute Loan Receivables and the Beneficiary Rights relating thereto, if any, and any and all Loan Receivables, which pledge lists have been offered for registration with the tax authorities by the Issuer;
- (k) the aggregate Outstanding Principal Amount of all Loan Receivables resulting from Flexible OK Loans and Flexible OK second lien mortgage loans, as a result of substitution, does not exceed 1 per cent. of the aggregate Outstanding Amount of all Loan Receivables on the relevant Quarterly Payment Date as a result of the Issuer purchasing such loan receivables;
- (l) the aggregate Outstanding Principal Amount of all Loan Receivables resulting from Interest-Only Loans and Interest-Only second lien mortgage loans does not exceed 13 per cent. of the aggregate Outstanding Principal Amount of all Loan Receivables on the relevant Quarterly Payment Date as a result of the Issuer purchasing such Loan Receivables provided that the aggregate Outstanding Principal Amount of all Loan Receivables resulting from Interest Only Loans does not exceed 10 per cent. and provided that the weighted average of the aggregate proportions of the Outstanding Principal Amount of each second lien Loan Receivable plus the principal sum of the Loan which is secured by the first ranking mortgage right on the Mortgaged Assets to the foreclosure value of the Mortgaged Assets (the "LTV ratio") does not exceed 70 per cent.;
- (m) the quotient of the aggregate Outstanding Principal Amount of all Loan Receivables which have become in arrears for a period of exceeding 12 months during the immediately preceding four Quarterly Calculation Periods divided by the aggregate Outstanding Principal Amount of all Loan Receivables on the Quarterly Payment Date immediately preceding such four Quarterly Calculation Periods does not exceed 0.35 per cent.;
- (n) the Weighted Average Term to Maturity does not exceed 19 years, whereby the "**Weighted Average Term to Maturity**" is calculated as follows: for each Loan Receivable the Outstanding Principal Amount is multiplied by the period, expressed in years, starting on the immediately preceding Quarterly Calculation Date up to the date such Loan Receivable is to be repaid in full; and the sum of such

products of all Loan Receivables is divided by the aggregate Outstanding Principal Amount of all Loan Receivables.

- (o) the relevant Seller has provided a signed certificate stating its solvency ratio to the Security Trustee.

Purchase Price

The purchase price for the Substitute Loan Receivables will consist of an initial purchase price, being equal to 100 per cent. of the aggregate Outstanding Principal Amount of the Loan Receivables, and such part of the Deferred Purchase Price relating to such Substitute Loan Receivable.

SERVICING AGREEMENT

Services

In the Servicing Agreement (i) the Pool Servicer will agree to provide administration services to the Issuer on a day-to-day basis in relation to the Loans and the Loan Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Loan Receivables and the implementation of arrears procedures including the enforcement of mortgage rights (see further *Loan Origination, Underwriting and Servicing* above) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Sellers to the Issuer Collection Account and the production of quarterly reports in relation thereto, (b) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made by the Issuer pursuant to the Conditions under the Notes.

The Pool Servicer will be obliged to administer the Loans and the Loan Receivables at the same level of skill, care and diligence it administers Loans in its own portfolio.

Back-up Servicer

In the Back-up Servicing Agreement entered into by Achmea, the Issuer, the DSB Financieringen and the Security Trustee, Achmea will be appointed as Back-up Servicer. Achmea will undertake to replace the Pool Servicer, provided that certain conditions are fulfilled, in case a termination event has occurred in respect of the Pool Servicer under the Servicing Agreement.

THE ISSUER

The Issuer has been incorporated as a private company with limited liability (“*besloten vennootschap met beperkte aansprakelijkheid*”) under the laws of the Netherlands on 15 May 2003 under number B.V. 1.238.336. The registered office of the Issuer is in Amsterdam, the Netherlands. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34190308.

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

The Issuer has an authorised share capital of Euro 90,000, of which Euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Chapel 2003-I.

Stichting Chapel 2003-I is a foundation (“*stichting*”) incorporated under the laws of the Netherlands on 10 April 2003. The objects of Stichting Chapel 2003-I are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Chapel is ATC Management B.V..

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Loan Receivables and to enter into and perform the Relevant Documents.

The sole managing director of the Issuer is ATC Management B.V..

The managing directors of ATC Management B.V. are Mr. J.H. Scholts, Mr. G.F.X.M. Nieuwenhuizen, Mr. J. Lont and Mr. A.G.M. Nagelmaker.

Capitalization

The following table shows the capitalization of the Issuer as of 16 December 2003 as adjusted to give effect to the issue of the Notes:

Share Capital

Authorised Share Capital Euro 90,000

Issued Share Capital Euro 18,000

Borrowings

Senior Class A Notes Euro 890,000,000

Mezzanine Class B Notes Euro 39,000,000

Junior Class C Notes Euro 23,500,000

Subordinated Class D Notes Euro 47,500,000

Subordinated Loan 12,500,000

AUDITORS' REPORT

The following is the text of a report received by the Board of Managing Directors of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

Auditor's Report

“To the Directors of Chapel 2003-I B.V.

Amsterdam, 16 December 2003

Dear Sirs:

Chapel 2003-I B.V. (the “Company”) was incorporated on 15 May 2003 under number B.V. 1.238.336 with an issued share capital of Euro 18,000. The Company has not yet prepared any annual audited financial statements, but did prepare financial statements as per 30 September 2003 which were audited by us and we have given an unqualified audit opinion on 24 October 2003. We give our written consent with the unqualified audit opinion of 24 October 2003. Since its incorporation, the Company has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment, the purchase of the Loan Receivables and the securitisation transaction included in the Offering Circular dated 16 December 2003. On 30 September 2003, the equity capital of the Company was equal to an amount of Euro 18,000.”

Yours faithfully,

Ernst & Young Accountants”

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date will be Euro 998,348,000.

The net proceeds of the issue of the Notes will be applied on the Closing Date to fully repay the funds raised by the Issuer which were applied towards payment of the purchase prices of the Loan Receivables purchased under the Loan Receivables Purchase Agreement until the Closing Date and to pay part of the Initial Purchase Price of the Loan Receivables to be purchased on the Closing Date. A part of the Initial Purchase Price will be withheld to cover certain costs relating to the collection of the Loan Receivables. Upon such repayment, the Issuer has no other liabilities to any third parties, other than pursuant to the transaction set out herein.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (“*verschuldigd*”) by the Issuer to (i) the Noteholders, (ii) the Directors, (iii) the Pool Servicer, (iv) the Company Administrator, (v) the Paying Agent and the Reference Agent, (vi) the Liquidity Facility Provider, (vii) the Swap Counterparty and (viii) the Sellers (the “**Secured Parties**”) under or in connection with the respective Relevant Documents (the “**Parallel Debt**”). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee’s own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Trustee irrevocably receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties will, broadly, be equal to amounts recovered (“*verhaald*”) by the Security Trustee on the Loan Receivables and Beneficiary Rights and other assets pledged to the Security Trustee under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II.

The Sellers shall on the Closing Date grant a first ranking right of pledge (“*pandrecht*”) (the “**Trustee Pledge Agreement I**”) over the Loan Receivables and the Beneficiary Rights (see further *Special Considerations* above) to the Security Trustee and in respect of any Substitute Loan Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Loan Receivables and, if applicable, the relevant Beneficiary Rights on the relevant Quarterly Payment Date. Security in respect of the Loan Receivables will be given by the Sellers since they will have the legal title to the Loan Receivables, until notification has been made. After notification to the Borrowers of the assignment by the Sellers to the Issuer of the Loan Receivables (which will only be made upon the occurrence of Notification Events, see *Loan Receivables Purchase Agreement* above), legal title to the Loan Receivables will pass to the Issuer and the Trustee Pledge Agreement I will provide that the Issuer (who shall be a party to such pledge agreement) will be bound by the provisions thereof in such event.

The Trustee Pledge Agreement I will also secure, *inter alia*, all liabilities of the Sellers under the Loan Receivables Purchase Agreement, including the obligation to pay to the Security Trustee, by way of parallel debt, an amount equal to a penalty which is due to the Issuer if, for whatever reason, the transfer of legal ownership of Loan Receivables to the Issuer is not completed. The penalty will be due to the Issuer or, if certain notification events (which include the Notification Events defined in the *Loan Receivables Purchase Agreement* and similar events relating to the Issuer (“**Trustee I Notification Events**”)) occur to the Security Trustee. The penalty is drafted in such manner that any detrimental effects resulting from the failure to transfer legal ownership of the Loan Receivables to the Issuer will, to the extent possible, be eliminated. Any amount due to the Security Trustee will be reduced by any amount paid in respect of the penalty to the Issuer and any amount due to the Issuer in respect of the penalty will be reduced by any amount paid to the Security Trustee.

The pledge on the Loan Receivables and the Beneficiary Rights II provided in the Trustee Pledge Agreement I will not be notified to the Borrowers except in case of the occurrence of a Trustee I Notification Event. Prior to notification of the pledge to the Borrowers, the pledge on the Loan Receivables and the Beneficiary Rights II will be a “silent” right of pledge (“*stil pandrecht*”) within the meaning of section 3:239 of the Netherlands Civil Code. The pledge on the Beneficiary Rights I will be notified to the Insurance Companies A and will, therefore, be a disclosed right of pledge (“*openbaar pandrecht*”).

In order to secure the obligation of the Sellers to transfer legal title to the Loan Receivables to the Issuer, the Sellers shall on the Closing Date grant a second ranking right of pledge (the “**Company Pledge Agreement**”) over the Loan Receivables and the Beneficiary Rights to the Issuer and in respect of any Substitute Loan Receivables undertakes to grant a second ranking right of pledge on the relevant Substitute Loan Receivables

and, if applicable, the Beneficiary Rights on the relevant Quarterly Payment Date. Since a right of pledge can only be vested as security for a monetary claim, this pledge will secure the payment of the penalty by the Sellers, provided in the Loan Receivables Purchase Agreement, as described above. This right of pledge on the Loan Receivables and the Beneficiary Rights II will also be a silent pledge as described above and the right of pledge on the Beneficiary Rights I will also be a disclosed right of pledge, as described above.

The Issuer will also vest a right of pledge (the “**Trustee Pledge Agreement II**”) in favour of the Security Trustee on the Closing Date. This right of pledge secures any and all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt and the Trust Deed and will be vested on all rights of the Issuer under or in connection with (i) the Loan Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Back-Up Servicing Agreement and in respect of (vii) the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (“*openbaar pandrecht*”).

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

THE SECURITY TRUSTEE

Stichting Security Trustee Chapel 2003-I (the “**Security Trustee**”) is a foundation (“*stichting*”) incorporated under the laws of the Netherlands on 11 August 2003. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee; (b) to act as surety in favour to acquire security rights as agent and/or trustee and/or for itself; (c) to act as sole priority shareholder of Hollands Welvaren Leven N.V.; (d) to hold, administer and to enforce the security rights mentioned under (b); (e) to borrow money and (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is N.V. Algemeen Nederlands Trustkantoor ANT, having its registered office at Amsterdam, the Netherlands. The sole managing director of N.V. Algemeen Nederlands Trustkantoor ANT is Mr. L. Lutz.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 890,000,000 floating rate Senior Class A Asset-Backed Notes 2003 due November 2064 (the ‘**Senior Class A Notes**’), the euro 39,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2003 due November 2064 (the ‘**Mezzanine Class B Notes**’), the euro 23,500,000 floating rate Junior Class C Asset-Backed Notes 2003 due November 2064 (the ‘**Junior Class C Notes**’) and the euro 47,500,000 floating rate Subordinated Class D Asset-Backed Notes 2003 due November 2064 (the ‘**Subordinated Class D Notes**’, and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the ‘**Notes**’) was authorised by a resolution of the managing director of Chapel 2003-I B.V. (the ‘**Issuer**’) passed on 10 December 2003. The Notes are issued under a trust deed dated 16 December 2003 (the ‘**Trust Deed**’) between the Issuer, Stichting Chapel 2003-I and Stichting Security Trustee Chapel 2003-I (the ‘**Security Trustee**’).

The statements in these terms and conditions of the Notes (the ‘**Conditions**’) include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the ‘**Coupons**’) and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the ‘**Paying Agency Agreement**’) dated 16 December 2003 between the Issuer, the Security Trustee, HSBC Bank plc. London Branch (the ‘**Principal Paying Agent**’) and ABN AMRO Bank N.V. as paying agent (the ‘**Paying Agent**’) and as reference agent (the ‘**Reference Agent**’), (iii) a servicing agreement (the ‘**Servicing Agreement**’) dated 16 December 2003 between, the Issuer, DSB Financieringen B.V. (the ‘**Pool Servicer**’), ATC Financial Services B.V. as (the ‘**Company Administrator**’) and the Security Trustee, (iv) a pledge agreement (the ‘**Trustee Pledge Agreement I**’) dated 16 December 2003 between the Sellers, the Security Trustee and the Issuer, (v) a pledge agreement (the ‘**Company Pledge Agreement**’) dated 16 December 2003 between the Sellers and the Issuer and (vi) a pledge agreement (the ‘**Trustee Pledge Agreement II**’) dated 16 December 2003 between the Issuer, the Security Trustee and others (jointly with the two other pledge agreements referred to under (iv) and (v) above, the ‘**Pledge Agreements**’).

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the ‘**Master Definitions Agreement**’) dated 24 June 2003 as amended and restated on 12 December 2003 and signed by the Issuer, the Security Trustee, the Sellers and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, ‘**Class**’ means either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection by holders of the Notes (the ‘**Noteholders**’) at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement and the Pledge Agreements.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 500,000 each. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery (“*levering*”) thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or

writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the ‘**Security**’) will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create the following security rights:
 - (i) a first ranking pledge by the Sellers to the Security Trustee over the Loan Receivables and the Beneficiary Rights;
 - (ii) a second ranking pledge by the Sellers to the Issuer over the Loan Receivables and the Beneficiary Rights; and
 - (iii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer’s rights (a) against the Sellers under or in connection with the Loan Receivables Purchase Agreement; (b) against the Pool Servicer and the Company Administrator under or in connection with the Servicing Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC and in respect of the Transaction Accounts; and (g) against the Back-Up Servicer under or in connection with the Back-Up Servicing Agreement.
- (d) The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Subordinated Class D Notes and the Junior Class C Notes will rank in priority to the Subordinated Class D Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholder, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee’s opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders, if, in the Security Trustee’s opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interest of the Junior Class C Noteholders, if, in the Security Trustee’s opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D

Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except to the extent permitted by the Loan Receivables Purchase Agreement, the Servicing Agreement, the Back-up Servicing Agreement, the Pledge Agreements, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Notes Purchase Agreements, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement and the Trust Deed (together the '**Relevant Documents**') or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Offering Circular dated 16 December 2003 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than the Transaction Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(iii).

4. Interest

(a) Period of Accrual

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(c)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual days elapsed in the Floating Rate Interest Period (as defined below) divided by 360 days.

(b) Interest Periods and Payment Dates

Interest on the Notes shall be payable by reference to successive interest periods (each a '**Floating Rate Interest Period**') and will be payable in arrear in euro on the 17th day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 17th day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in February 2004.

(c) Interest on the Notes up to the first Optional Redemption Date

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three months deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus up to but excluding the first Optional Redemption Date in respect of (i) the Senior Class A Notes a margin of 0.33 per cent. per annum, (ii) the Mezzanine Class B Notes a margin of 0.60 per cent. per annum, (iii) the Junior Class C Notes a margin of 0.75 per cent. per annum and (iv) the Subordinated Class D Notes a margin of 1.70 per cent. per annum.

(d) Interest following the first Optional Redemption Date

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to the relevant Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0.66 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.20 per cent. per annum;
- (iii) for the Junior Class C Notes, a margin of 1.50 per cent. per annum; and
- (iv) for the Subordinated Class D Notes, a margin of 2.70 per cent. per annum.

(e) Euribor

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

- (i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the sum of Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Telerate Page 248 (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 Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period (each an ‘**Interest Determination Date**’).

- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
- (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the ‘**Reference Banks**’) to provide a quotation for the rate at which three months Euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
 - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three months deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and the Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the Euro-interbank offered rate for Euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of Rates of Interest and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine the rates of interest in accordance with Conditions 4 (c) and (d) for each relevant Class of Notes (the “**Floating Rates of Interest**”) and calculate the amount of interest payable on each relevant Class of Notes for the following Floating Rate Interest Period (the “**Interest Amount**”) by applying the relevant Floating Rates of Interest to the Principal Amount Outstanding of each Class of Notes respectively. The determination of the relevant Floating Rates of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Floating Rates of Interest and Interest Amounts*

The Reference Agent will cause the relevant Floating Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the Company Administrator and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Official Daily List (“*Officiële Prijscourant*”) of Euronext Amsterdam N.V. as soon as possible after the determination. The Interest Amount and Floating Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(h) *Determination or Calculation by Security Trustee*

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

(i) *Reference Banks and Reference Agent*

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

5. Payment

- (a) Payment of principal and interest in respect of Notes will be made upon presentation of such Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of any of the Paying Agents by transfer to an Euro account maintained by the payee with a bank in the Netherlands, or such other Euro denominated account as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Paying Agents shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands or United Kingdom respectively. The name of the Paying Agents and of their offices are set out below.

- (d) The Issuer reserves the right at any time to vary or terminate the appointment of any of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V. the Issuer will at all times maintain a paying agent in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Principal Paying Agent will be given to the Noteholders in accordance with Condition 13.

6. Redemption and purchase

(a) Final redemption

Unless previously redeemed as provided below, the Issuer will, in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes subject to Condition 9(b), redeem the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in November 2064 (the '**Final Maturity Date**').

(b) Mandatory Redemption

Provided that no Enforcement Notice has been served in accordance with Condition 10, on a Quarterly Payment Date the Issuer shall be obliged to apply the Notes Redemption Available Amount to redeem (or partially redeem) on a pro rata basis the Notes at their Principal Amount Outstanding in the following order: (a) firstly the Senior Class A Notes until fully redeemed, and thereafter (b) the Mezzanine Class B Notes until fully redeemed, and thereafter (c) the Junior Class C Notes until fully redeemed, and finally (d) the Subordinated Class D Notes until fully redeemed.

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

(c) Definitions

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

- (i) The '**Principal Amount Outstanding**' on any Quarterly Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Quarterly Calculation Date.
- (ii) The term '**Principal Available Amount**' shall mean on any Quarterly Calculation Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
- (a) as repayment of principal under the Loan Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;

- (b) in connection with a repurchase of Loan Receivables pursuant to the Loan Receivables Purchase Agreement and any other amounts received pursuant to the Loan Receivables Purchase Agreement to the extent such amounts relate to principal;
 - (c) as Net Proceeds (as defined in Condition 6(c)(v) below) in respect of any Loan Receivable to the extent relating to principal;
 - (d) in connection with a sale of Loan Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
 - (e) as the amount equal to the amount by which the Principal Deficiency Ledger is credited on the immediately succeeding Quarterly Payment Date in accordance with the Servicing Agreement;
 - (f) as Reserved Amount and any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;
- (iii) The term “**Notes Redemption Available Amount**” shall mean, on any Quarterly Calculation Date, the Principal Available Amount less the sum of
- (a) the amount of the Principal Available Amount applied towards the purchase of Substitute Loan Receivables during the relevant Quarterly Calculation Period;
 - (b) the Interest Shortfall Amount; and
 - (c) the Reserved Amount;
- (iv) The terms “**Reserved Amount**” means until the Quarterly Payment Date falling in November 2006, an amount up to 1 per cent. of the aggregate Principal Amount Outstanding of the Notes on the last day of the relevant Floating Rate Interest Period, provided all conditions for substitution are met (other than (a) and (e)) on such Quarterly Payment Date which will remain deposited on the Issuer Collection Account and which amount shall be credited to a subledger of the Principal Ledger to be applied towards the purchase of Substitute Loan Receivables during the immediately succeeding Quarterly Calculation Period;
- (v) The term ‘**Net Proceeds**’ means the sum of (a) the principal received towards redemption, (b) the proceeds of a foreclosure on the mortgage right, (c) the proceeds of foreclosure on any other collateral securing the Loan Receivable, (d) the proceeds, if any, of collection of any insurance policies in connection with the Loan Receivable, (e) the proceeds of any guarantees or sureties and (f) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.
- (vi) The term ‘**Quarterly Calculation Date**’ means, in relation to a Quarterly Payment Date, the fifth business day prior to such Quarterly Payment Date.
- (vii) The term ‘**Quarterly Calculation Period**’ means a period of three consecutive months commencing on, and including the first day of each of February, May, August and November of each year, except for the first Quarterly Calculation Period which will commence on the Closing Date and end on and include the last day of January 2004.
- (d) *Determination of Principal Redemption Amount and Principal Amount Outstanding*
- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Company Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest

Period. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Principal Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Euronext Official Daily List (“*Officiële Prijscourant*”) of Euronext Amsterdam N.V., but in any event no later than three business days prior to the relevant Quarterly Payment Date. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13.
 - (iii) If the Issuer does not at any time for any reason determine (or cause the Company Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (b) and paragraph (a) above (but based upon the information in its possession as to the Notes Redemption Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.
- (e) *Optional Redemption*

Unless previously redeemed in full, on the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter (each an ‘**Optional Redemption Date**’) the Issuer may subject to Condition 9(b), at its option, on giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Conditions 13, redeem all (but not some only) Notes at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Subordinated Class D Principal Shortfall or, as the case may be, a Junior Class C Principal Shortfall or, as the case may be, a Mezzanine Class B Notes Principal Shortfall, in respect of the Junior Class C Notes or the Mezzanine Class B Notes or the Subordinated Class D Notes respectively, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) Subordinated Class D Notes or, as the case may be, Junior Class C Notes or, as the case may be, Mezzanine Class B Notes at their Principal Amount Outstanding less the Subordinated Class D Principal Shortfall or, as the case may be, Junior Class C Principal Shortfall or, as the case may be, Mezzanine Class B Principal Shortfall. Following such redemption the Principal Amount Outstanding of such Subordinated Class D Notes or, as the case may be, Junior Class C Notes or, as the case may be, Mezzanine Class B Notes shall be reduced accordingly and be equal to the Subordinated Class D Principal Shortfall or, as the case may be, the Junior Class C Principal Shortfall or, as the case may be, the Mezzanine Class B Principal Shortfall. The ‘**Subordinated Class D Principal Shortfall**’ shall mean the quotient of the balance on the Class D Principal Deficiency Ledger less any Anticipated Losses relating to items (i) (a), (ii) and (iii) of the definition thereof divided by the number of Subordinated Class D Notes then outstanding on such Optional Redemption Date. The ‘**Junior Class C Principal Shortfall**’ shall mean the quotient of the balance on the Class C Principal Deficiency Ledger less any Anticipated Losses relating to items (i) (a), (ii) and (iii) of the definition thereof divided by the number of Junior Class C Notes then outstanding on such Optional Redemption Date. The ‘**Mezzanine Class B Principal Shortfall**’ shall mean the quotient of the balance on the Class B Principal Deficiency Ledger less any Anticipated Losses relating to items less any Anticipated Losses relating to items (i) (a), (ii) and (iii) of the definition thereof of the definition thereof divided by the number of Mezzanine Class B Notes then outstanding on such Optional Redemption Date.

(f) *Redemption for Tax reasons*

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

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

(h) *Redemption for regulatory reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Security Trustee at their Principal Amount Outstanding together with interest accrued up to and including the date of redemption, if:

- (a) a change occurs in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**") or in the international, European or Dutch regulations, rules and instructions (the "**Bank Regulations**") applicable to DSB Financieringen (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent authority) which has the effect of adversely affecting the rate of return on capital of DSB Financieringen or increasing the cost or reducing the benefit to DSB Financieringen with respect to the transaction contemplated by the Notes (a "Regulatory Change");
- (b) DSB Financieringen directs the Issuer to exercise such option; and
- (c) the Issuer has sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all its liabilities in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

7. **Taxation**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that

event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings that was adopted on 3 June, 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

8. Prescription

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

9. Subordination

(a) Interest

Interest on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes shall be payable in accordance with the provisions of Conditions 4 and 6, subject to the terms of this Condition.

In the event that on any Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied pro rata to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Mezzanine Class B Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class C Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied pro rata to the amount of the interest due on such Quarterly Payment Date to the holders of the Junior Class C Notes. In the event of a shortfall, the Issuer shall credit the Junior Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class C Notes on Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Junior Class C Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class C Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class C Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class D Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied pro rata to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class D Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class D Interest Deficiency Ledger with

an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class D Notes on Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class D Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class D Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class D Note on the next succeeding Quarterly Payment Date.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Class B Principal Deficiency Ledger on such Quarterly Payment Date, divided by the number of Mezzanine Class B Notes then outstanding. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Loan Receivables and there are no balances standing to the credit of any of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes and the Mezzanine Class B Notes is reduced to zero, the Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Class C Principal Deficiency Ledger on such Quarterly Payment Date, divided by the number of Junior Class C Notes then outstanding. The Junior Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Loan Receivables and there are no balances standing to the credit of any of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes is reduced to zero, the Subordinated Class D Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class D Notes. If, on any Quarterly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Subordinated Class D Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Class D Principal Deficiency Ledger on such Quarterly Payment Date, divided by the number of Subordinated Class D Notes then outstanding. The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Loan Receivables and there are no balances standing to the credit of any of the Transaction Accounts.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under

the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

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

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (“*conservatoir beslag*”) or an executory attachment (“*executoriaal beslag*”) on any major part of the Issuer’s assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (“*akkoord*”) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (“*surséance van betaling*”) or for bankruptcy (“*faillissement*”) or is declared bankrupt;

provided that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes or the Junior Class C Notes or the Subordinated Class D Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Junior Class C Noteholders or the Subordinated Class D Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Senior Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Mezzanine Class B Noteholders or the Junior Class C Noteholders or the Subordinated Class D Noteholder.

11. Enforcement

- (a) At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think

fit to enforce the terms of the Trust Deed, including the making of a demand for payment under the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Junior Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Noteholders have been fully paid, the Subordinated Class D Noteholders and (ii) it shall have been indemnified to its satisfaction.

- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that, the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Relevant Documents without accounting for any profit resulting from such transaction.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V., in the English language in the Euronext Official Daily List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid an Event of Default, no such Extraordinary Resolution is required.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for

any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders or when it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

- (b) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified Moody's and S&P and (ii) Moody's and S&P have confirmed that the then current ratings of the Notes will not be adversely affected by any such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.
- (c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Junior Class C Noteholders and the Subordinated Class D Noteholders each as a Class and shall not have regard to the consequences of such exercise for

individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

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

16. Governing Law

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

17. Additional obligations

For as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V., the Issuer will comply with the provisions set forth in Article 2.1.20 Section a-g of Schedule B of the Listing and Issuing Rules (“*Fondsenreglement*”) of Euronext Amsterdam N.V. or any amended form of the said provisions as in force at the date of the issue of the Notes.

THE GLOBAL NOTES

Each Class of Notes shall be initially represented by (i) in the case of the Senior Class A Notes, a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 890,000,000, (ii) in the case of the Mezzanine Class B Notes, a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 39,000,000, (iii) in the case of the Junior Class C Notes, a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 23,500,000 and (iv) in the case of the Subordinated Class D Notes, a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 47,500,000. Each Temporary Global Note will be deposited with HSBC as common depository on behalf of Euroclear Bank S.A./N.V., as operator of Euroclear and for Clearstream, Luxembourg on or about 16 December 2003. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the “**Exchange Date**”) for interests in a permanent global note (each a “**Permanent Global Note**”), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression “**Global Notes**” meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression “**Global Note**” means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the common depository.

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

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

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

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after 16 December 2003, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

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

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

TAXATION IN THE NETHERLANDS

The following is a summary of the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes by entities as described in Sections 2 and 3 of the Dutch 1969 Corporate Income Tax Act. This summary does not describe the Netherlands tax consequences for individuals and does not purport to be a comprehensive description of all possible Netherlands tax considerations or consequences that may be relevant to a holder or prospective holder of Notes. In view of its general nature, it should be treated with corresponding caution. Each prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of investing in the notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses the Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on income and capital gains

A holder of Notes will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder is neither resident nor deemed to be resident of the Netherlands; and
- (ii) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable.

A holder of Notes will not become subject to Netherlands taxation on income or capital gains by reason only of the signing and/or enforcement of the issue documents and the issue of the Notes or the performance by the Issuer of its obligations there under.

Gift, estate and inheritance taxes

No Netherlands gift, estate or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless such holder at the time of the gift has an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable.

Turnover tax

No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal and interest on the Notes.

Other taxes and duties

No Netherlands registration tax, stamp duty or other similar documentary tax or duty, other than court fees, will be payable in the Netherlands by the holders of Notes in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

Proposed EU Directive on the Taxation of Savings income

For a description of the consequences of the proposed EU Directive on the Taxation of Savings Income, see *Special Considerations* above.

PURCHASE AND SALE

Merrill Lynch International, Morgan Stanley & Co. International Limited, CDC IXIS Capital Markets, Dresdner Bank AG (London Branch), Lehman Brothers International (Europe) and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “**Class A Managers**”) have pursuant to a Class A notes purchase agreement dated 12 December 2003, among the Class A Managers, the Issuer and the Sellers (the “**Class A Notes Purchase Agreement**”), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes at their issue price. Merrill Lynch International (the “**Class B, C and D Manager**”) and together with the Class A Managers the “**Managers**”) has pursuant to the Class B, C and D notes purchase agreement dated 12 December 2003 among the Class B, C and D Manager, the Issuer and the Sellers (the “**Class B, C and D Notes Purchase Agreement**”) jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Class B, C and D Notes at their respective issue prices. The Issuer and the Sellers have agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

United Kingdom

Each of the Managers has agreed that (i) it has not offered or sold and, prior to the expiration of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000, with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (iii) it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) Each Manager has agreed that it will not offer, sell or deliver the Notes, (i) as part of its distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes during such restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of US persons. In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 US 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 and regulations thereunder.

France

Each of the Managers has agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that it has not distributed or caused to be distributed and

will not distribute or cause to be distributed to the public in the Republic of France this Offering Circular or any amendment or supplement to it or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in the Republic of France to (i) qualified investors (investisseurs qualifiés) and/or (ii) a restricted group of investors (cercle restreint d'investisseurs), all as defined in and in accordance with Article L.411.2 of the French Code Monétaire et Financier and Decree no. 09-880 dated 1 October 1998.

In addition, each of the Managers has agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described above.

Germany

Each of the Managers has acknowledged that the Notes are issued under the “Euro 40,000 Exemption” pursuant to Section 2 No. 4 of the Securities Selling Prospectus Act of the Federal Republic of Germany (“*Wertpapier-Verkaufsprospektgesetz*”) of December 13, 1990, as amended (the “**Securities Selling Prospectus Act**”) and that no Securities Sales Prospectus (“*Verkaufsprospekt*”) has been published; in particular, the Notes may not be offered in Germany by way of public promotions. Each of the Managers represents and agrees that it has offered and sold and will offer and sell the Notes only (i) in denominations of at least Euro 40,000, or (ii) for an aggregate purchase price per purchaser of at least Euro 40,000 (or foreign currency equivalent), or (iii) if the selling price for all Notes offered does not exceed Euro 40,000 or such other amount as may be stipulated from time to time by applicable German law. In particular, each Manager undertakes not to engage in public offerings in the Federal Republic of Germany with respect to the Notes otherwise than in accordance with the Securities Selling Prospectus Act and any other act replacing or supplementing such Act, and all other applicable laws and regulations.

General

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

Notice to investors

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered or sold in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other laws. Accordingly, the Notes (and any interests therein) are being offered and sold outside the United States to non-US persons in compliance with Regulation S under the Securities Act.

The Notes will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ‘SECURITIES ACT’), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE ISSUE DATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.”

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 10 December 2003.
2. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. The Senior Class A Notes will bear common code 017967932, ISINCODE XS 0179679328 and Fondscode 14596.
3. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 017967967, ISINCODE XS 0179679674 and Fondscode 14597.
4. The Junior Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 017967991, ISINCODE XS 0179679914 and Fondscode 14598.
5. The Subordinated Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 018184214, ISINCODE XS 0181842146 and Fondscode 14616.
6. Ernst & Young Accountants has given and has not withdrawn its written consent to the issue of this Offering Circular with their report included herein in the form and context in which it appears.
7. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
8. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours within a period of 14 days after the date of this document:
 - (i) the Deed of Incorporation of the Issuer;
 - (ii) the Loan Receivables Purchase Agreement;
 - (iii) the Notes Purchase Agreements;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Trustee Pledge Agreement I;
 - (vii) the Trustee Pledge Agreement II;
 - (viii) the Company Pledge Agreement;
 - (ix) the Servicing Agreement;
 - (x) the Back-up Servicing Agreement;
 - (xi) the Liquidity Facility Agreement;
 - (xii) the Floating Rate GIC;
 - (xiii) the Swap Agreement;

- (xiv) the Master Definitions Agreement;
 - (xv) the Beneficiary Waiver Agreement;
 - (xvi) the Management Agreement I;
 - (xvii) the Management Agreement II;
 - (xviii) the Management Agreement III; and
 - (xix) the Parallel Debt Agreement.
9. The articles of association of the Issuer are incorporated herein by reference. A free copy of the Issuer's articles of association is available at the office of the Issuer.
10. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.

ANNEX I

Estimated Weighted Average Lives of the Notes and Assumptions

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in reduction of principal of such security (assuming no losses). The weighted average lives of the Notes will be influenced by, among other, the rate at which the principal on the Loans is paid which may be in the form of scheduled amortisation, prepayments, or Post Anticipated Loss Proceeds.

The model used in this Offering Circular for the Loans represents an assumed constant per annum rate of prepayment (“CPR”) for each month relative to the then outstanding principal balance of a pool of Loans. CPR does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any loans, including the Loans to be included in the Portfolio.

The following tables have been prepared on the basis of certain assumptions as described below regarding the characteristics of the Loans and the performance thereof. The tables assume, among other things, that:

- (a) as of the Closing Date the Loans consist of 21 hypothetical loans having the following characteristics:

	Aggregate Current Principal Margin Outstanding Balance (EURO)	Remaining Term (months)	Interest Only Period (months)	Interest (per cent per annum)
Loan 1	47,652.116	42	42	4.36
Loan 2	26,976.905	129	129	5.32
Loan 3	159,338.935	162	162	4.60
Loan 4	87,996.887	173	173	4.17
Loan 5	39,556.598	203	203	5.33
Loan 6	210,627.599	222	222	4.70
Loan 7	206,817.187	234	234	4.30
Loan 8	20,644.949	241	241	3.30
Loan 9	1,595.382	294	294	3.79
Loan 10	20.869	84	0	9.64
Loan 11	19.806	169	0	9.74
Loan 12	79,691.888	40	40	7.65
Loan 13	34,078.151	125	125	8.36
Loan 14	36,018.951	138	138	8.03
Loan 15	24,687.593	149	149	7.06
Loan 16	55,335.154	214	214	5.17
Loan 17	2,095.062	303	303	3.34
Loan 18	9,724.839	40	0	10.34
Loan 19	8,294.942	85	0	8.10
Loan 20	693.689	179	0	9.70
Loan 21	44.697	299	0	7.99

- (b) the Sellers do not repurchase any Loans;
- (c) until and including the Quarterly Payment Date falling in November 2006, all principal payments received under the Loans are used by the Issuer to purchase Substitute Loans;

- (d) after the Quarterly Payment Date falling in November 2006 the Notes are amortised sequentially starting with the Class A Notes;
- (e) there are no delinquencies or losses on the Loans;
- (f) no principal deficiency arises;
- (g) no Loan is sold by the Issuer;
- (h) principal repayments on the Notes will be received on the 17th day of February, May, August, and November commencing 17 February 2004;
- (i) in the case of tables stating “with Optional Redemption”, the Notes, if not redeemed earlier, are redeemed on the Interest Payment Date falling in November 2008;
- (j) in the case of tables stating “with Clean-up Call Only” the Notes are redeemed at their Principal Amount Outstanding on the Interest Payment Date following the Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than or equal to 10 per cent. of the initial aggregate Principal Amount Outstanding of the Notes;
- (k) 3 month EURIBOR is 2.15 per cent.; and
- (l) the Closing Date is 16 December 2003.

The actual characteristics and performance of the Loans will differ from the assumptions used in constructing the tables set forth below. The tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no delinquencies or losses on the Loans. Moreover, the diverse remaining terms to maturity of the Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Loans is as assumed. Any difference between such assumptions and the actual characteristics and performance of the Loans, or actual prepayment or loss experience, will affect the percentages of the initial amount outstanding over time and the weighted average lives of the Notes.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each class of Notes by the number of years from the date of issuance of the Notes to the related Interest Payment Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average life of each class of Notes and the percentages of the initial Principal Amount Outstanding of each such class of Notes after each year from the Closing Date at the CPRs shown.

**Percentage of Original Principal Amount Outstanding of the
Class A Notes at the Specified CPR Percentages
(without Optional Redemption or Clean-up Call Only)**

Date	0.00%	5%	10.0%	15.0%	20.0%	25.0%	30.0%
Closing Date	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-04	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-05	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-06	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-07	86.11%	82.91%	79.59%	76.18%	72.74%	69.30%	65.88%
17-Nov-08	85.94%	77.66%	69.95%	62.79%	56.15%	50.02%	44.37%
17-Nov-09	85.75%	72.68%	61.27%	51.33%	42.68%	35.15%	28.62%
17-Nov-10	85.54%	67.95%	53.46%	41.54%	31.74%	23.69%	17.08%
17-Nov-11	85.48%	63.70%	46.71%	33.47%	23.16%	15.14%	8.91%
17-Nov-12	85.47%	59.97%	41.05%	27.03%	16.66%	8.99%	3.33%
17-Nov-13	85.47%	56.42%	35.93%	21.50%	11.35%	4.21%	0.00%
17-Nov-14	78.94%	49.25%	29.09%	15.46%	6.26%	0.08%	
17-Nov-15	75.07%	43.95%	23.79%	10.77%	2.40%	0.00%	
17-Nov-17	72.39%	39.56%	19.35%	6.94%	0.00%		
17-Nov-17	55.32%	28.16%	11.72%	1.85%			
17-Nov-18	45.83%	21.09%	6.70%	0.00%			
17-Nov-19	45.74%	18.85%	4.31%				
17-Nov-20	41.44%	14.98%	1.46%				
17-Nov-21	35.45%	10.78%	0.00%				
17-Nov-22	12.90%	0.58%					
17-Nov-23	0.00%	0.00%					
Weighted Average Life (Years)	14.28	10.67	8.39	7.02	6.16	5.59	5.2
Principal Payment Window	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07
Aug-23	Aug-23	Nov-21	May-18	Nov-16	Feb-15	Nov-13	
(with Optional Redemption)							
Weighted Average Life (Years)	4.73	4.67	4.6	4.54	4.48	4.42	4.36
Principal Payment Window	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07
Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	
(with Clean-up Call Only)							
Weighted Average Life (Years)	14.28	10.67	8.39	7.02	6.16	5.59	5.2
Principal Payment Window	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07	Feb-07
Aug-23	Aug-23	Nov-21	May-18	Nov-16	Feb-15	Nov-13	

**Percentage of Original Principal Amount Outstanding of the
Class B Notes at the Specified CPR Percentages
(without Optional Redemption or Clean-up Call Only)**

Date	0.00%	5%	10.0%	15.0%	20.0%	25.0%	30.0%
Closing Date	100%	100%	100%	100%	100%	100%	100%
17-Nov-04	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-05	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-06	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-07	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-08	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-09	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-10	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-11	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-12	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-13	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	81.96%
17-Nov-14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	7.05%
17-Nov-15	100.00%	100.00%	100.00%	100.00%	100.00%	32.27%	0.00%
17-Nov-17	100.00%	100.00%	100.00%	100.00%	85.29%	0.00%	
17-Nov-17	100.00%	100.00%	100.00%	100.00%	8.09%		
17-Nov-18	100.00%	100.00%	100.00%	63.66%	0.00%		
17-Nov-19	100.00%	100.00%	100.00%	20.02%			
17-Nov-20	100.00%	100.00%	100.00%	0.00%			
17-Nov-21	100.00%	100.00%	71.79%				
17-Nov-22	100.00%	100.00%	0.00%				
17-Nov-23	0.00%	0.00%					
Weighted Average Life (Years)	19.68	19.68	18.42	15.39	13.54	11.81	10.47
Principal Payment Window	Aug-23	Aug-23	Nov-21	May-18	Nov-16	Feb-15	Nov-13
	Aug-23	Aug-23	Aug-22	Aug-20	Feb-18	Aug-16	Feb-15
(with Optional Redemption)							
Weighted Average Life (Years)	4.93	4.93	4.93	4.93	4.93	4.93	4.93
Principal Payment Window	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08
	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08	Nov-08
(with Clean-up Call Only)							
Weighted Average Life (Years)	19.68	19.68	17.94	14.85	13.15	11.39	10.14
Principal Payment Window	Aug-23	Aug-23	Nov-21	May-18	Nov-16	Feb-15	Nov-13
	Aug-23	Aug-23	Nov-21	Nov-18	Nov-16	May-15	Feb-14

**Percentage of Original Principal Amount Outstanding of the
Class C Notes at the Specified CPR Percentages
(without Optional Redemption or Clean-up Call Only)**

Date	0.00%	5%	10.0%	15.0%	20.0%	25.0%	30.0%
Closing Date	100%	100%	100%	100.00%	100%	100%	100%
17-Nov-04	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-05	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-06	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-07	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-08	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-09	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-10	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-11	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-12	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-13	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-15	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	23.56%
17-Nov-17	100.00%	100.00%	100.00%	100.00%	100.00%	66.34%	0.00%
17-Nov-17	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	
17-Nov-18	100.00%	100.00%	100.00%	100.00%	26.61%		
17-Nov-19	100.00%	100.00%	100.00%	100.00%	0.00%		
17-Nov-20	100.00%	100.00%	100.00%	60.95%			
17-Nov-21	100.00%	100.00%	100.00%	0.00%			
17-Nov-22	100.00%	100.00%	40.94%				
17-Nov-23	0.00%	0.00%	0.00%				
Weighted Average Life (Years)	19.68	19.68	19.05	17.33	14.76	13.26	11.75
Principal Payment Window	Aug-23 Aug-23	Aug-23 Aug-23	Aug-22 Aug-23	Aug-20 Nov-21	Feb-18 May-19	Aug-16 Aug-17	Feb-15 May-16
(with Optional Redemption)							
Weighted Average Life (Years)	4.93	4.93	4.93	4.93	4.93	4.93	4.93
Principal Payment Window	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08
(with Clean-up Call Only)							
Weighted Average Life (Years)	19.68	19.68	17.94	14.93	13.19	11.43	10.18
Principal Payment Window	Aug-23 Aug-23	Aug-23 Aug-23	Nov-21 Nov-21	Nov-18 Nov-18	Feb-17 Feb-17	May-15 May-15	Feb-14 Feb-14

**Percentage of Original Principal Amount Outstanding of the
Class D Notes at the Specified CPR Percentages
(without Optional Redemption or Clean-up Call Only)**

Date	0.00%	5%	10.0%	15.0%	20.0%	25.0%	30.0%
Closing Date	100%	100%	100%	100%	100%	100%	100%
17-Nov-04	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-05	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-06	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-07	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-08	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-09	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-10	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-11	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-12	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-13	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-15	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
17-Nov-17	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	80.14%
17-Nov-17	100.00%	100.00%	100.00%	100.00%	100.00%	91.05%	52.83%
17-Nov-18	100.00%	100.00%	100.00%	100.00%	100.00%	63.07%	34.94%
17-Nov-19	100.00%	100.00%	100.00%	100.00%	87.69%	46.13%	24.15%
17-Nov-20	100.00%	100.00%	100.00%	100.00%	65.13%	32.44%	16.08%
17-Nov-21	100.00%	100.00%	100.00%	99.57%	47.29%	22.34%	10.50%
17-Nov-22	100.00%	100.00%	100.00%	58.20%	27.64%	12.93%	0.00%
17-Nov-23	57.60%	67.72%	45.05%	25.20%	12.93%	0.00%	
17-Nov-24	13.50%	34.67%	24.73%	13.90%	0.00%		
17-Nov-25	10.71%	18.71%	12.41%	0.00%			
17-Nov-26	8.51%	0.00%	0.00%				
17-Nov-27	0.00%						
Weighted Average Life (Years)	20.34	20.81	20.45	19.6	18.05	16.27	14.77
Principal Payment Window	Aug-23 Feb-27	Aug-23 Nov-26	Aug-23 Aug-26	Nov-21 Nov-25	May-19 Nov-24	Aug-17 Aug-23	May-16 Aug-22
(with Optional Redemption)							
Weighted Average Life (Years)	4.93	4.93	4.93	4.93	4.93	4.93	4.93
Principal Payment Window	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08	Nov-08 Nov-08
(with Clean-up Call Only)							
Weighted Average Life (Years)	19.68	19.68	17.94	14.93	13.19	11.43	10.18
Principal Payment Window	Aug-23 Aug-23	Aug-23 Aug-23	Nov-21 Nov-21	Nov-18 Nov-18	Feb-17 Feb-17	May-15 May-15	Feb-14 Feb-14

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POOL SERVICER

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