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RMBS Presale Report

Provide Lowlands 1 B.V.
€63 million floating-rate credit-linked notes

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| Class | Prelim. rating* | Prelim. amount (Mil. €) | Recommended credit support (%) | Margin | Optional call date | Legal final maturity |
|-------|-----------------|-------------------------|--------------------------------|--|--|----------------------|
| A+ | AAA | 0.5 | 6.50 | EURIBOR plus a spread to be determined | March 2014 and every payment date thereafter | December 2036 |
| A | AAA | 40.0 | 2.50 | EURIBOR plus a spread to be determined | March 2014 and every payment date thereafter | December 2036 |
| B | AA | 12.5 | 1.25 | EURIBOR plus a spread to be determined | March 2014 and every payment date thereafter | December 2036 |
| C | BBB | 10.0 | 0.25 | EURIBOR plus a spread to be determined | March 2014 and every payment date thereafter | December 2036 |

**The rating on each class of securities is preliminary as of March 3, 2004 and subject to change at any time. Final credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal.
 N/A—Not applicable.*

Transaction Profile

| | |
|------------------------------|------------------------|
| Expected closing date | March 2003 |
| Originator | SNS bank N.V. |
| Arranger | Commerzbank Securities |
| Mortgage administrator | SNS bank N.V. |
| Security trustee | Beiten Burkhardt |
| Company administrator | SNS bank N.V. |
| Transaction account provider | SNS bank N.V. |
| Administrator | SNS bank N.V. |

Supporting Ratings

| | |
|--|-----------------|
| Institution/role | Ratings |
| KfW as sponsor of the synthetic securitization programme called "Provide". | AAA/Stable/A-1+ |

Transaction Key Features

| | |
|--|--|
| Collateral | Certificates of indebtedness ("Schuldscheine") issued by KfW |
| Arrears | None |
| Excess spread at closing | 25 basis points (bps) a year |
| Mortgage priority | First-ranking claim on all mortgages |
| Total pool amount (€) | 1,126,458,286 |
| Number of loans (borrowers) | 12,009 |
| Number of loan parts | 15,219 |
| Weighted-average loan to original foreclosure value ratio* (%) | 52.28 |
| Weighted-average current interest rate (%) | 4.95 |
| Weighted-average seasoning (months) | 41.7 |
| *Based on NVM index numbers. | |

Transaction Summary

Preliminary credit ratings are assigned to the floating-rate credit-linked notes to be issued by Provide Lowlands 1 B.V.

The transaction is structured as a synthetic, partially funded RMBS, not as a cash flow RMBS. The purpose is to transfer the credit risk associated with a pool of residential mortgage loans on SNS bank N.V.'s balance sheet. The initial aggregate principal balance amounts to €1.126 billion (the reference pool).

Strengths, Concerns, and Mitigating Factors

Strengths

- Distinct classes of "*Schuldscheine*", issued by KfW (AAA/Stable/A-1+), secure each class of notes.
- All loans are secured by one or more first-ranking low-LTV-ratio mortgages.
- Insurance set-off risk is eliminated by adjusting the loss definitions accordingly.

Concerns and Mitigating Factors

- Realized losses will include accrued uncapped interest and enforcement costs in respect of defaulted loans, whereby interest is capped at 12 months and enforcement costs at 5% of the reference claim. This has been taken into account when determining the loss severity and are consequently reflected in the available credit enhancement.

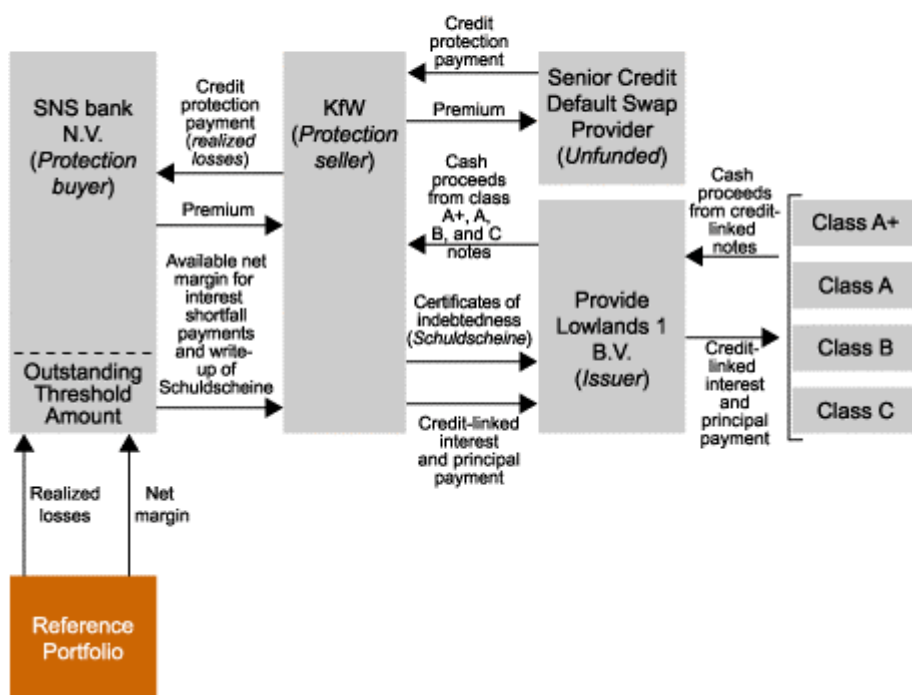
Transaction Structure

The transfer of credit risk will occur in several steps (see chart). At closing, SNS bank will enter into a credit default swap with KfW. In turn, KfW will buy credit protection on the reference pool through several separate instruments, including:

- A super-senior credit default swap; and
- A mezzanine hedge through the credit-linked certificates issued by KfW as collateral, and the associated note issuances of Provide Lowlands 1.

The loss allocation to the super-senior credit default swap is linked to the class A+ notes. This loss allocation will be engineered so that a potential loss allocation to the class A+ notes mirrors, in proportionate terms, the same potential loss allocation on the senior credit default swap.

Provide Lowlands 1 B.V. Structure



The mezzanine hedge provided to KfW by Provide Lowlands 1 is funded through the issuance of the notes. The proceeds of the notes will be invested by the issuer in KfW's Schuldscheine, which it will buy from KfW directly. KfW is the source of payments on the notes since it is providing the Schuldschein collateral. KfW is, therefore, a full supporting party to the ratings on the notes.

KfW's payment obligation under the Schuldscheine and the payment obligations on the notes are linked to the performance of the underlying reference pool with respect to loss allocation and amortization. The terms and conditions of each of the certificates fully match each class of rated notes to be issued by Provide Lowlands 1. This means that the certificates provide cash flows from a 'AAA' rated source (KfW) and will themselves generate all interest and principal payments needed to make payments on the notes, subject to the resulting outcome of the terms and conditions of the notes in respect of loss allocations and redemptions. The match between the certificates and the notes means that the outstanding amounts of the certificates decrease as and when losses are allocated to the notes, and increase when unjustified losses have to be reimbursed.

Loss Allocation

All investors run the risk at various rating levels that the nominal amount of their principal is written down as a result of loss allocation on the underlying reference pool. Losses that can be allocated to notes and senior swap investors include two net loss components: (i) realized losses through the lifetime and at the end of the transaction and under certain circumstances, (ii) appraised losses at the end of the transaction.

Credit events and foreclosures must take place according to certain standards to arrive at realized losses. Credit events include failure by the borrower to pay more than the aggregate of three monthly payments (or one quarterly payment if applicable) and the total amount of overdue payments exceeds €500 or 20% of the

outstanding amount of the loan. Also, bankruptcy of the borrower is a credit event. Not only can the principal proportions of the resulting net losses out of the loans that are securitized be allocated under the definition of realized losses but also accrued interest and enforcement costs. Accrued interest that can be claimed is capped up to 12 months and enforcement costs at 5% of the reference claim.

Resulting realized losses will be allocated to investors in the corresponding reverse order of seniority, first to reduce a net margin amount, which equals 6.25 basis points (bps) per quarter of the outstanding performing balance, then once this has been reduced to reduce the outstanding threshold amount as of the previous payment date. The threshold amount will be built up through margin payments to an amount equal to the initial principal balance multiplied by 25 bps. Once the available threshold amount has been reduced to zero, losses will reduce the outstanding principal amount of the notes in reverse order of seniority. Subsequent margin payments will be used to compensate for previous interest shortfalls and to reverse previous loss allocations.

Allocation of final and justified realized losses is subject to certain matters of compliance as determined under the documentation. Each reference claim that leads to allocation of realized losses will, therefore, be verified individually with respect to the eligibility criteria and servicing standards to determine the final compliance for loss allocation.

Credit Structure

Transaction Account and Reserve Account

The account provider is SNS bank. Proceeds from each of the certificates on each of the notes and SNS bank's payments under the issuer cost clauses will be paid through the bank account in the name of the issuer. The rating on the notes is dependent on both elements, namely, the payments under the certificates and the issuer cost payments from SNS bank.

SNS bank is subject to replacement within 30 days upon a lowering of the short-term rating on the bank below 'A-1'.

Terms and Conditions of the Credit-Linked Notes

Principal Repayment

The principal amount of the credit-linked notes is expected to be repaid on the legal maturity date in March 2036, at the latest.

Legal Maturity

The notes have to be redeemed subject to the final loss allocations through the certificates at the legal maturity date at the latest, independent of performing reference claims that are potentially still outstanding at that stage. A potential extension risk of the underlying loans is, therefore, covered.

Losses with respect to loans that are defaulted but whose foreclosure was not finalized will have to be appraised by independent experts. Due to the synthetic nature of this transaction, it is important to note that credit protection is being sold until March 2034 and the two-year period for remaining foreclosure up to March 2036 is reflected in the legal final maturity date. The two-year period exceeds Standard & Poor's average foreclosure period assumption for The Netherlands.

Scheduled Maturity

The notes are expected to be fully redeemed in March 2034, at their note principal amount unless redeemed earlier, or unless any reference claim is overdue and outstanding.

If overdue reference claims are outstanding on the scheduled maturity date, the portion of notes to which amounts relating to such outstanding reference claims would be allocated under the loss allocation reduced by the outstanding threshold amount will not be redeemed on the early redemption date, but will remain outstanding until the losses have crystallized and been allocated under the loss allocation.

Early Termination

The transaction agreements provide for different types of early redemption with respect to the notes. The issuer will terminate the transaction if KfW exercises its prepayment option under the certificates following a termination of the bank swap:

- In connection with a clean-up call once the remaining principal balance of the reference pool has been reduced to less than 10% of the initial principal balance;
- On the call option that is available in March 2014 and every following payment date being exercised;
- Due to a serious cause in respect of SNS bank or SNS' insolvency; or

- At any time because of tax or regulatory changes imposed on SNS bank, KfW, or the issuer.

An involuntary termination as a result of a default event on the part of the issuer occurs:

- If the issuer, for any reason, fails to make a payment within 15 days from the date when the payment was due and the noteholders call the transaction;
- If the issuer is insolvent, a moratorium is declared, or a similar event occurs; or
- On the expiration of 30 business days after the delivery of a resignation notice by the trustee, given that the trustee cannot resign without serious cause unless a successor trustee is in place.

Involuntary termination with respect to the issuer should not occur given that it is considered to be a bankruptcy-remote entity.

Interest

Interest will be payable quarterly in arrears on all credit-linked notes at a rate of three-month EURIBOR plus a class-specific margin yet to be determined. The interest on the class A+, A, B, and C notes will be fully collateralized by the interest paid on the certificates and paid through the priority of payments. There is a step-up interest date in March 2014, when interest will step up to EURIBOR plus 100 bps for the class A+ and A notes, to EURIBOR plus 150 bps for the class B notes, and to EURIBOR plus 200 bps for the class C notes.

Standard & Poor's Stress Test

The credit support levels have been sized based on the credit analysis of the reference pool to reflect the potential loss allocation to noteholders and swap counterparties.

In determining the credit quality of a pool of mortgages, an estimate must be made of potential losses that could occur because of foreclosures. As in cash flow mortgage-backed transactions, the estimate of potential losses of SNS bank's reference pool has been established using a weighted-average foreclosure frequency (WAFF) and weighted-average loss severity (WALS) approach.

The estimate of potential losses is the amount of loss protection that is required. Different stress assumptions were applied for each rating category. An analysis of the mortgage pool was conducted to derive the maximum losses that could occur at each rating level as a result of foreclosures on the underlying reference loans. The level of losses on the pool is, therefore, the product of the foreclosure frequency and the loss severity. In turn, the loss severity comprises three elements: the market value decline of the underlying property, the lost interest incurred while the loan is in arrears during the foreclosure period (accrued interest), and the costs of foreclosure.

In determining the severity of stresses of these assumptions, the historical experience of SNS bank as originator, other Dutch mortgage servicers, and Standard & Poor's experience in other European residential property markets were considered. Adjustments were made to the foreclosure frequency and loss severity with respect to high Loan-to-foreclosure-value ratios, "jumbo" properties, and the seasoning of the loans.

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