Prospectus for admission to trading on Euronext Brussels

EUR 3,200,000,000 Class A Asset-Backed Fixed Rate Notes due 24 April 2035

Issue Price 100 per cent.

issued by

MERCURIUS FUNDING N.V. / S.A.

(*Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge*)

Acting through its Compartment MERCURIUS – 1

(a Belgian public limited liability company (naamloze vennootschap /société anonyme))

The date of this Prospectus is 12 May 2014 (the ***Prospectus***).

Mercurius Funding N.V. / S.A., *Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge*, acting through its Compartment Mercurius-1 (the ***Issuer***) will issue the Notes, comprising the EUR 3,200,000,000 Class A Asset-Backed Fixed Rate Notes due 24 April 2035 (the ***Class A Notes***) and the EUR 924,000,000 Class B Asset-Backed Fixed Rate Notes due 24 April 2037 (the ***Class B Notes*** and together with the Class A Notes, the ***Notes***, and ***Class*** or ***Class of Notes*** means, in respect of the Notes, the class of Notes being identified as the Class A Notes or the Class B Notes). The Notes will be issued on or about 12 May 2014 (the ***Closing Date***).

Application has been made to Euronext Brussels to admit the Class A Notes to trading on Euronext Brussels (***Euronext Brussels***). Prior to admission to trading there has been no public market for the Notes.

This Prospectus constitutes a prospectus for the purposes of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market (the ***Prospectus Act***) and the listing and issuing rules of Euronext Brussels (the ***Listing Rules***). No application will be made to list the Notes on any other stock exchange.

The Notes may only be subscribed for, purchased or held by Eligible Holders such as defined in this Prospectus.

The Notes will be solely the obligations of Compartment Mercurius-1 and have been allocated to Compartment Mercurius-1. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Administrator, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider and the Corporate Services Provider (each as defined herein). Furthermore, the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Administrator, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider or any other person acting in whatever capacity will not accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Administrator, the Account Bank, the Domiciliary Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider or any other person acting in whatever capacity will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described in this Prospectus).

Each of the Class A Notes shall bear a fixed rate of interest on its Principal Amount Outstanding from (and including) the Closing Date to but excluding its Final Maturity Date.

Each of the Class B Notes shall bear a fixed rate of interest on its Principal Amount Outstanding on the Closing Date, from and including the Closing Date to but excluding its Final Maturity Date.

Interest on the Notes is payable by reference to successive Interest Periods. Each successive Interest Period will commence on (and include) a Payment Date and end on (but exclude) the next following Payment Date (each an ***Interest Period***). For the avoidance of doubt,the first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the first

Payment Date, being 24 June 2014 (the ***First Payment Date***).

Interest on each of the Class A Notes shall be payable monthly in arrears in euro, in each case in respect of its Principal Amount Outstanding on the 24th day of each calendar month (or, if such day is not a Business Day, the next following Business Day) (each a ***Payment Date***), or, in respect of the first Interest Period, on the Principal Amount Ouststanding on the Closing Date, commencing on the First Payment Date. Interest in respect of any Interest Period (or any other period) will be calculated as set out in the paragraph on "Interest Rate" in Section 2 – Interest Rate ("*Actual/Actual – ICMA*").

Interest on each of the Class B Notes shall be payable monthly in arrears in euro, in each case in respect of its Principal Amount Outstanding on the Closing Date, commencing on the First Payment Date. Interest in respect of any Interest Period (or any other period) will be calculated as set out in Section 2 – Interest Rate ("*Actual/Actual – ICMA*"). On the Payment Date falling on the 24th of December of every year, the Principal Amount Outstanding of the Class B Notes will be adjusted to an amount, determined after the application of the relevant Priorities of Payment, equal to the higher of:

(a) The Principal Amount Outstanding of the Class B Notes on such Payment Date less the Class B Waiver; and

(b) EUR 1 per note.

Interest in respect of each Class of Notes for each Interest Period will accrue at an annual rate equal to (i) for the Class A Notes, 2.75 per cent. per annum; and (ii) for the Class B Notes, 4.5 per cent. per annum.

Unless previously redeemed, the Issuer shall redeem the Class A Notes in full on 24 April 2035 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***Class A Notes Final Maturity Date***).

Unless previously redeemed, the Issuer shall redeem the Class B Notes in full on 24 April 2037 (or, if such day would at that time not be a Business Day, the next following Business Day) (the ***Class B Notes Final Maturity Date***).

On the Payment Date falling on 24 May 2017 (the ***First Optional Redemption Date***) and on each Payment Date thereafter (each such date an ***Optional Redemption Date***), the Issuer will have the option to redeem all of the Notes of the relevant Classes provided that it has sufficient funds available to redeem the Class A Notes in full on such date, subject to and in accordance with the Conditions.

If there is any withholding or deduction of taxes, duties, assessments or charges 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 holders of the Notes (***Noteholders***).

It is a condition to the issue that the Class A Notes, on the Closing Date, be assigned a rating of A+(sf) by Fitch Ratings (***Fitch***) and A1(sf) by Moody's Investors Service Limited (***Moody's***) and be assigned a rating of A(high)(sf) by DBRS Ratings Limited (***DBRS***). As of the date of this Prospectus each of the Rating Agencies is established in the European Union and has been registered under the Regulation (EU) No 1060/2009, as amended (the ***CRA Regulation***) with the European Security and Markets Authority in accordance with Article 18(3) of the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Particular attention is drawn to the section entitled *Risk Factors*.

The Class A Notes will be issued in the form of dematerialised notes under the Belgian Company Code (*Wetboek van Vennootschappen / Code des Sociétés*) (the ***Company Code***). The Class A Notes will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium (the ***Clearing System***).

The Class B Notes will be issued in the form of registered notes (*obligaties op naam / obligations nominatives*) under the Company Code.

The Seller, an entity that qualifies as an EU financial institution within the meaning of Article 405 paragraph (2) of the EU Regulation n°575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (the ***Capital Requirements Regulation***) has undertaken to retain a material net economic interest of not less than 5 per cent. in the transaction in accordance with Article 405of the Capital Requirements Regulation (which does not take into account any corresponding implementing rules or other measures, if any, in any EEA state). As at the Closing Date, such interest will in accordance with Article 405 paragraph (1) sub-paragraph (d) of the Capital Requirements Regultation be comprised of an interest in the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. Any change in the manner in which this interest is held shall be notified to investors. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period when the Notes are outstanding to the Issuer and the Security Agent in the First Loan Sale Agreement and the Second Loan Sale Agreement and to the Arranger,

the Manager and the Issuer in the Subscription Agreement. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the Capital Requirements Regulation, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare investor reports wherein relevant information with regard to the Loans will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller. Such information can be obtained from the website www.belfius.be/securitisation. For the avoidance of doubt, none of the Issuer, the Seller, the Arranger or the Manager makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 405 of the Capital Requirements Regulation and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Administrator, the Arranger or the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each prospective noteholder should ensure that it complies with the implementing provisions, if any, in respect of Article 405 of the Capital Requirements Regulation in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set out in this Prospectus. The section entitled *Index of Defined Terms* at the back of this Prospectus specifies on which page a capitalised word or phrase used in this Prospectus is defined.

This Prospectus constitutes a listing prospectus and has been approved by the Financial Services and Markets Authority (***FSMA***) on 6 May 2014 in accordance with the procedure set out in Article 32 of the Prospectus Act. This approval cannot be considered a judgement as to the quality of the transaction, or on the situation or prospects of the Issuer.

Given the complexity of the terms and conditions of the Notes, an investment in the Notes is suitable only for experienced and financially sophisticated investors who understand and are in a position to evaluate the merits and risks inherent thereto and who have sufficient resources to be able to bear any losses which may result from such investment.

For a discussion of certain risks that should be considered in connection with an investment in any of the Notes, see Section 4 "Risk Factors".

Manager and Arranger

Belfius Bank N.V. – S.A.

IMPORTANT INFORMATION

Selling and holding restrictions – Only Eligible Holders

The Notes offered by the Issuer may only be subscribed, purchased or held by investors (***Eligible Holders***):

(a) that qualify as eligible investors within the meaning of Article 5 § 3/1 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement),* as amended from time to time (the ***UCITS Act***), and as further defined by the Royal Decree of 26 September 2006 on the register of eligible investors and adapting the notion of eligible investors (*Koninklijk besluit over het register van de in aanmerking komende beleggers en tot aanpassing van het begrip in aanmerking komende beleggers / Arrêté royal relatif au registre des investisseurs éligibles et portant adaptation de la notion d'investisseurs éligibles*), as amended from time to time ("***Eligible Investors***" and the "***Eligible Investors Royal Decree"***), as described in Annex 2 to this Prospectus that are acting for their own account (see for more detailed information *Section 4*); and

(b)

(i) in respect of the Class A Notes, that hold an exempt securities account (***X-Account***) with the Clearing System or (directly or indirectly) with a participant in such system; or

(ii) in respect of the Class B Notes, that certify to the Issuer that they qualify for an exemption from Belgian withholding tax on interest payments under the Class B Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

For each Note in respect of which the Issuer becomes aware that it is held by an investor other than an Eligible Holder, in breach of the above requirement, the Issuer will suspend interest payments until such Note will have been transferred to and held by an Eligible Holder. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

Selling restrictions

General

This Prospectus does not constitute an offer or an invitation 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 Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in *Section 18.1*. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the ***U.S. Securities Act***) and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are or may be deemed to be in bearer form for U.S. tax law purposes and could therefore be subject to certain U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or its possessions, or to U.S. Persons (including, for purposes of this paragraph, persons treated as United States persons under the U.S. tax laws). For a more complete description of restrictions on offers and sales, see Section 18.1.

Neither the US Securities and Exchange Commission, nor any state securities commission or any other regulatory authority, has approved or disapproved the Notes or determined that this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

Excluded holders

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the Belgian Income Tax Code 1992) or who is resident or established in a tax haven country or a low-tax jurisdiction (within the meaning of Article 307 of the Belgian Income Tax Code 1992).

Responsibility Statements

The Issuer is responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information from third-parties identified in this Prospectus as such has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Seller accepts responsibility solely for the information contained in Sections 13, 14 and 16 of this Prospectus. To the best of the knowledge and belief of the Seller (having taken all reasonable care to ensure that such is the case), the information contained in Sections 13, 14 and 16 of this Prospectus is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and, as far as the Seller is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Servicer is responsible solely for the information contained in Sections 15 and 22.2 of this Prospectus. To the best of the knowledge and belief of the Servicer (having taken all reasonable care to ensure that such is the case), the information contained in these sections is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and, as far as the Servicer is aware and is able to ascertain from information

published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Security Agent is responsible solely for the information contained in Section 22.3 of this Prospectus. To the best of the knowledge and belief of the Security Agent (having taken all reasonable care to ensure that such is the case), the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and, as far as the Security Agent is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

Representations about the Notes

No person is, or has been, authorised by the Issuer or the Seller to give any information or to make any representation concerning the issue and sale of the Notes which is not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, any such information or representation must not be relied upon as having been authorised by, or on behalf of, the Issuer, the Seller, the Security Agent, the Manager, the Arranger, the Administrator, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider or any of their respective affiliates, directors or employees. Neither the delivery of this Prospectus nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Seller or the information contained herein since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof.

Financial Condition of the Issuer

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained in this Prospectus is correct at any time after the date of this Prospectus. The Issuer and the Seller have no obligation to update this Prospectus, except when required by any regulations, laws or rules in force from time to time.

The Arranger, the Manager and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, amongst other things, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

Related or additional information

The deed of incorporation and the by-laws (*statuten/statuts*) of Mercurius Funding N.V. / S.A. will be available at the specified offices of the Domiciliary Agent and the registered office of the Issuer and will be available on the website: www.belfius.be/securitisation.

Every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Prospectus is approved and the time when trading on a regulated market begins shall be mentioned in a supplement to this Prospectus.

Such a supplement, if any, shall be approved in the same way in a maximum of seven Business Days and published in accordance with at least the same arrangements as for the publication of this Prospectus. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement.

Cancellation of the Offer

The Manager shall be entitled to cancel its obligations to subscribe the Notes in certain circumstances by notice to the Issuer, the Seller and the Security Agent at any time on or before the Closing Date. As a consequence of such cancellation, the issue of the Notes and all acceptances and sales shall be cancelled automatically and the Issuer and Manager shall be released and discharged from their obligations and liabilities in connection with the issue and the sale of the Notes.

Contents of the Prospectus

The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

Currency

Unless otherwise stated, references to ***€***, ***EUR*** or ***Euro*** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Compartments

Mercurius Funding N.V. / S.A. *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* consists of several subdivisions (each subdivision a ***Compartment***) (see Sections 4.3 and 6.7 below). In this Prospectus the term "Issuer" shall generally refer only to Mercurius Funding N.V. / S.A. *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* acting through and for the account of its Compartment named Mercurius-1 (***Compartment Mercurius-1***), unless where the context requires, and such term may refer to the entire company as such, but in each case without prejudice to the limitation of recourse set out in Section 5.5.4 below.

Capitalised Terms

Capitalised terms that are not defined in the body of the Prospectus shall have the meaning given to them in the Conditions of the Notes attached as Annex 1 to this Prospectus.

TABLE OF CONTENTS

Page

SECTION 1
OVERVIEW OF THE FEATURES OF THE NOTES

The information on this page is an overview and summary of the features of the Notes. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of the summary or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

Certain features of the Notes are summarised below (*see Section 7*):

	Class A	**Class B**
Principal amount	EUR 3,200,000,000	EUR 924,000,000
Issue Price	100%	100%
Credit Enhancement	Subordination of Class B Notes	None
Interest Rates	2.75% p.a.	4.5% p.a.
Day count convention	Act/Act (*ICMA*)	Act/Act (*ICMA*)
Payment Dates	Interest and principal will be payable in arrears on the twenty-fourth (24^{th}) day of each calendar month (or the first following Business Day if such day is not a Business Day), commencing on the First Payment Date.	
Principal Payments	The Notes will be redeemed in sequential order starting from the most senior then outstanding Class of Notes. The Notes of each Class will rank *pari passu* and *pro rata* without preference or priority among themselves. Payment of principal and interest on any outstanding Class of Notes will be subordinated in relation to principal and interest payments made on any other outstanding Class of Notes ranking higher than such Class of Notes.	
Prepayments	Notes may be subject to voluntary and mandatory prepayment on any Payment Date starting from the First Payment Date, with prepayments applied to the Notes in sequential order starting from the then most senior outstanding Class of Notes.	
Optional Redemption Date	The Payment Date falling on 24 May 2017 and any Payment Date thereafter	
Denomination	EUR 250,000	EUR 250,000
Form	The Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System operated by the National Bank of Belgium.	The Notes will be issued in the form of registered notes under the Company Code and will be represented exclusively by entries in the notes register held by the Issuer.
Listing	Euronext Brussels	Not listed
Expected Rating	Fitch A+(sf)	Not rated

	Moody's A1(sf) DBRS A(high)(sf)	
ISIN	BE0002469444	BE6265766517
Common Code	105938772	N/A

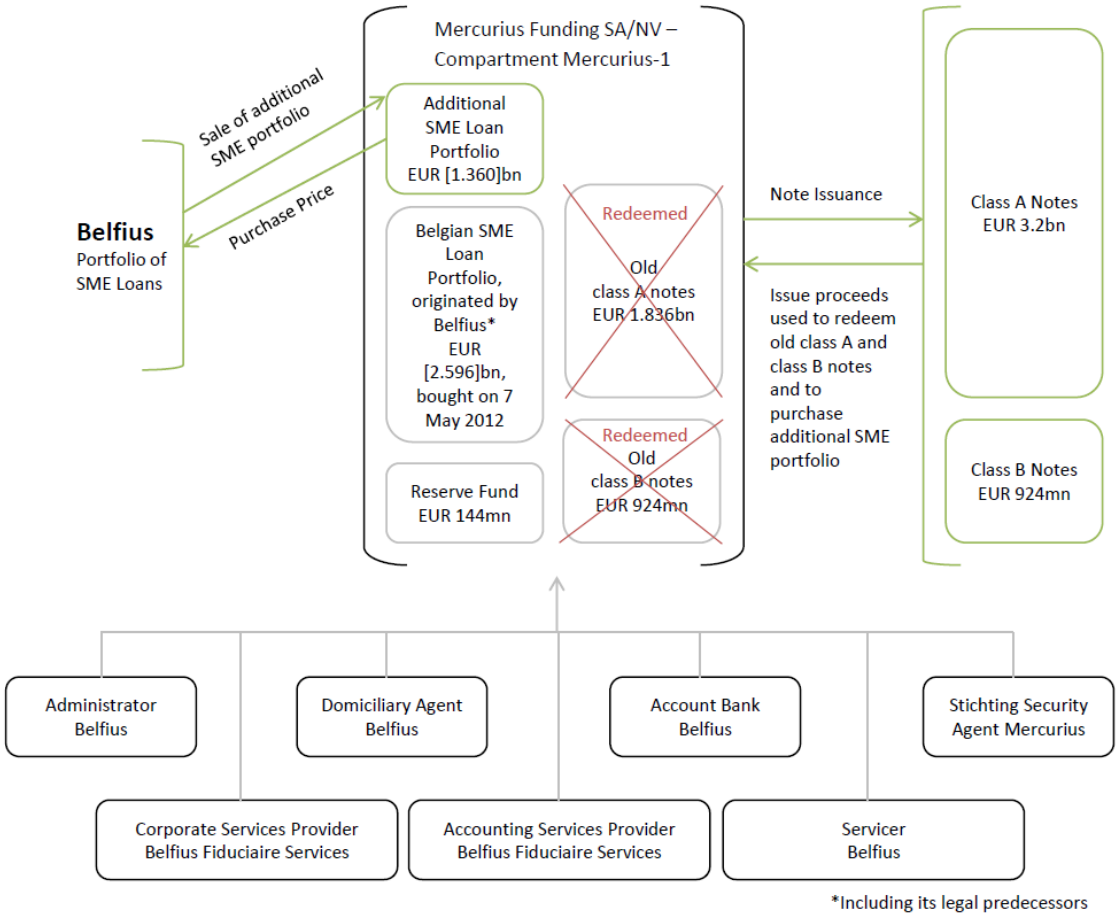
SECTION 2
TRANSACTION STRUCTURE DIAGRAM

The information on this page is a summary of and introduction to the transaction and the Transaction Parties. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of the summary or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

This basic structure diagram below describes the principal features of the transaction. The diagram must be read in conjunction with, and is qualified entirely by, the detailed information presented elsewhere in this Prospectus.

Transaction Structure



SECTION 3
SUMMARY OF THE TRANSACTION AND THE TRANSACTION PARTIES

The information in this Section 3 is a summary of and introduction to the transaction and the Transaction Parties. This summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of the summary or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

The Parties

Issuer	Mercurius Funding N.V. / S.A., *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* organised as a Belgian public limited liability company (*naamloze vennootschap / société anonyme*), registered with the Belgian Federal Public Service for Finance (*Federale overheidsdienst Financiën / Service Public Fédéral Finances*) as an institutional company for investment in receivables (*institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*) (an ***Institutional VBS***) since 18 January 2012 and acting through its Compartment Mercurius-1 (registered with the Belgian Federal Public Service for Finance (*Federale overheidsdienst Financiën / Service Public Fédéral Finances*) as a compartment of an Institutional VBS since 18 January 2012), is the Issuer of the Notes. Such registration cannot be considered a judgement as to the quality of the transaction or on the situation or prospects of the Issuer. The Issuer has been incorporated under Belgian law and has its registered office at Pachecolaan 44, 1000 Brussels, Belgium. It is registered with the Crossroad Bank for Enterprises under number 0842.094.414. The Issuer is a special purpose vehicle. The Issuer is, as an Institutional VBS, subject to the rules set out in the UCITS Act.
Seller	Belfius Bank N.V. / S.A. (***Belfius*** or the ***Seller***) is organised as a limited liability company (*naamloze vennootschap / société anonyme*) under Belgian law with its registered office at 1000 Brussels, Pachecolaan 44, Belgium, registered with the Crossroad Bank for Enterprises under number 0403.201.185, licensed as a credit institution by the National Bank of Belgium (***NBB***). Belfius acted as Seller of the First Batch of Loans pursuant to

	the First Loan Sale Agreement. Belfius will act as Seller of the Second Batch of Loans pursuant to the Second Loan Sale Agreement, to be entered into on or before the Closing Date. *See Section 12*.
Originator	Belfius, including its legal predecessors Bacob Bank C.V. (***BACOB***) and Gemeentekrediet van België N.V.
Manager	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as manager pursuant to the Subscription Agreement to be entered into on or before the Closing Date (the ***Manager***).
Arranger	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as arranger pursuant to the Subscription Agreement, to be entered into on or before the Closing Date (the ***Arranger***).
Servicer	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, acts as servicer pursuant to the Servicing Agreement (acting in its capacity as the ***Servicer***). *See Section 15.1*.
Security Agent	Stichting Security Agent Mercurius (the ***Security Agent***), organised as a foundation (*stichting*) under the laws of the Netherlands, and established in Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the Dutch trade register of the Chamber of Commerce under number 54734525. The Security Agent represents the interests of the holders of the Notes and holds the security granted under the Pledge Agreement in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders and the other Secured Parties.
Administrator	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, acts as administrator of the Issuer pursuant to the Administration, Corporate Services and Accounting Services Agreement (in its capacity as the ***Administrator***).
Domiciliary Agent	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as domiciliary agent pursuant to the Agency Agreement (in its capacity as the ***Domiciliary Agent***).
Calculation Agent	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, will act as the calculation agent pursuant to the Agency Agreement (in its capacity as the ***Calculation Agent***).
Account Bank	Belfius, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, acts as account bank pursuant to the Account Bank Agreement (in its capacity as the ***Account Bank***).
Rating Agencies	FITCH RATINGS, with its registered office at 30 North Colonnade, London E14 5GN, United Kingdom, and MOODY'S INVESTORS SERVICE LIMITED, with its registered office at One Canada Square, London E14 5FA,

	United Kingdom, and DBRS RATINGS LIMITED, with its registered office at 1 Minster Court, 10th Floor, Mincing Lane, London EC3R 7AA, United Kingdom , ***Rating Agencies*** means any rating agency, which, on the day of determination, is rating the Class A Notes upon instructions given on behalf of the Issuer to rate the Class A Notes, which on the Closing Date includes Fitch, Moody's and DBRS.
Issuer Auditor	Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, with its registered office at Berkenlaan 8B, 1831 Diegem, Belgium has been appointed as statutory auditor of the Issuer (the ***Auditor***). *See Section 6.5*.
Corporate Services Provider	Belfius Fiduciaire N.V. - S.A, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, provides general corporate services to support the Issuer in terms of the corporate management of the Issuer, pursuant to the Administration, Corporate Services and Accounting Services Agreement (the ***Corporate Services Provider***).
Accounting Services Provider	Belfius Fiduciaire N.V. - S.A, acting through its office at 1000 Brussels, Pachecolaan 44, Belgium, provides certain accounting and bookkeeping services to the Issuer, pursuant to the Administration, Corporate Services and Accounting Services Agreement(the ***Accounting Services Provider***).
Transaction Parties	The Issuer, the Seller, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Security Agent, the Administrator, the Listing Agent, the Domiciliary Agent, the Account Bank, the Calculation Agent, the Corporate Services Provider, the Accounting Services Provider, the Manager and the Issuer Directors, each a ***Transaction Party*** and together the ***Transaction Parties,*** which term, where the context permits, shall include their permitted assigns and successors.
The Notes	
The Notes	The Class A Notes and the Class B Notes will be issued by the Issuer on the Closing Date. The aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date will be EUR 3,200,000,000. The aggregate Principal Amount Outstanding of the Class B Notes on the Closing Date will be EUR 924,000,000. *See Sections 5 and 7*.
Closing Date	The date on which the Notes will be issued, 12 May 2014, or such later date as may be agreed between the Issuer and the Manager. *See Section 18.1*.
Status, Ranking and Subordination	The Notes of each Class rank *pari passu* without any preference

	or priority among Notes of the same Class. Redemption of and interest payments on the Class B Notes will be subordinated to redemption of and interest payments on the Class A Notes.
Denomination	The Notes will be issued in denominations of EUR 250,000. *See Section* 7.
Issue Price	The Issue Price of each Note shall be 100 per cent. of the denomination of the Note (the ***Issue Price***).
Dematerialised Notes	The Class A Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System. ***Company Code*** means the Belgian "*Wetboek van vennootschappen/Code des sociétés*". Access to the Clearing System is available through its clearing system participants whose membership extends to securities such as the Class A Notes (the ***Clearing System Participants***). Clearing System Participants include certain Belgian banks, stock brokers (*beursvennootschappen/sociétés de bourse*), Clearstream and Euroclear. Transfers of interests in the Class A Notes will be effected between the Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes. The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System Participants of their obligations under their respective rules and operating procedures. Investors will only be able to hold the Class A Notes through an X-account with Euroclear or Clearstream or with another Clearing System Participant. The investors will therefore need to confirm their status as WHT Eligible Investor.
Registered Notes	The Class B Notes will be issued in the form of registered notes under the Company Code and will be represented exclusively by entries in the notes register held by the Issuer. Transfers of interests in the Class B Notes will be effected by registration of such transfer in the notes register in accordance with the provisions of the Company Code.
Conditions	The Conditions of the Notes are set out in full in Annex 1 (*Terms and Conditions of the Notes*) to this Prospectus. Capitalised terms that are not defined in the body of the Prospectus shall have the meaning given to them in the Conditions of the Notes attached Annex 1 (*Terms and*

Conditions of the Notes).

Interest Rate

Each Class A Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Class B Note shall bear interest on its Principal Amount Outstanding on the Closing Date, from and including the Closing Date. Interest on the Notes will accrue by reference to successive Interest Periods. Interest on the Notes will be payable in arrears in Euros on the 24th calendar day of each month (or, if such day is not a Business Day, the next succeeding Business Day) in each year and for the first time on the First Payment Date.

Interest on the Notes will be calculated on the basis of the following day count convention ("*Actual/Actual – ICMA*"):

(i) If the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Determination Period and (y) the number of Determination Periods in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

1 the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (a) the actual number of days in such Determination Period and (b) the number of Determination Periods in any year,

2 the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (a) the actual number of days in such Determination period and (b) the number of Determination Periods in any year,

where,

Determination Period means the period from (and including) a Determination Date (or the Closing Date in respect of the first Determination Period) to (but excluding) the immediately succeeding Determination Date.

Determination Date means the 24th of each calendar month starting on the 24th of May 2014.

Calculation Period means an Interest Period.

A ***Business Day*** means a day (other than a Saturday or Sunday) on which:

(a) banks are open for business in Brussels; and

(b) the Trans-European Automated Real-Time Gross Settlement Express Transfer System (***TARGET System***) or

any successor TARGET System is operating credit or transfer instructions in respect of payments in Euros.

Interest on the Notes will accrue at an annual rate equal to:

(a) in respect of the Class A Notes: 2.75 per cent. per annum; and

(b) in respect of the Class B Notes: 4.5 per cent. per annum.

Interest Payments

Interest on the Notes will be paid on each Payment Date in accordance with the Interest Priority of Payments under *Section 5*.

To the extent that, on any Payment Date, the Interest Available Funds are insufficient to pay the interest due on the Class B Notes, the payment of such shortfall shall be deferred and such amount shall be debited to the Class B Interest Deficiency Ledger, after application of the Interest Priority of Payments on such date.

Redemption Structure

The Notes will be redeemed in sequential order starting from the most senior then outstanding Class of Notes.

The Notes of each Class will rank *pari passu* and *pro rata* without preference or priority among themselves. Payments of principal and interest on any outstanding class of Notes will be subordinated in relation to principal and interest payments made on any other outstanding class of Notes ranking higher than such class of Notes.

On the Payment Date falling on the 24th of December of every year, the Principal Amount Outstanding of the Class B Notes will be adjusted to an amount, determined after the application of the relevant Priorities of Payment, equal to the higher of:

(a) The Principal Amount Outstanding of the Class B Notes on such Payment Date less the Class B Waiver; and

(b) 1 EUR per note

The ***Class B Waiver*** represents on any Payment Date an amount equal to the minimum of:

1 The difference between the Reserve Fund Required Amount and the sum of the previous Class B Waivers, if any; and

2 The Net Variation.

Net Variation represents on any Payment Date, an amount equal to the higher of:

1 Zero; and

2 The difference between (1) the Impairment Variation and (2) the sum of (i) the PDL Allocations of the First Batch of Loans from (and excluding) the corresponding Payment Date in the previous year to (and including) the Payment

Date when the determination is done and (ii) the PDL Allocations of the Second Batch of Loans from (and excluding) the most recent of a) the corresponding Payment Date in the previous year and b) the Closing Date to (and including) the Payment Date when the determination is done.

Impairment Variation means, in relation to the Portfolio on any Payment Date, an amount, calculated on the related Calculation Date, equal to:

(a) the sum of (i) the aggregate Loan Reductions of the First Batch of Loans from and including 7 May 2012 (the ***First Sale Date***) until the end of the current Collection Period and (ii) the aggregate Loan Reductions of the Second Batch of Loans from and including the Closing Date until the end of the current Collection Period; less

(b) the sum of (i) the aggregate Loan Reductions of the First Batch of Loans from and including the First Sale Date until the end of the corresponding Collection Period in the previous year and (ii) the aggregate Loan Reductions of the Second Batch of Loans from and including the Closing Date until the end of the corresponding Collection Period in the previous year, or, in respect of the First Payment Date, zero;

Optional Redemption Call

Unless previously redeemed in full, the Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 5.9, have the right (but not the obligation) to redeem all the Notes, but not some only, on 24 May 2017 and on any Payment Date falling thereafter, provided that it has sufficient funds available to redeem the Class A Notes in full on such date (the ***Optional Redemption Call***). For the avoidance of doubt, if on the Optional Redemption Date there are insufficient funds to cover the redemption in full of the Class B Notes, they shall be redeemed for the amount then available with the Issuer, after payment of all amounts that are due and payable in priority to such Class B Notes. See the detailed provisions contained in Conditions 5.11 to 5.13.

Principal Amount Outstanding in respect of a Note on any date shall be the principal amount of that Note upon issue (i) less the aggregate amount of all payments of principal in respect of such Note that have been paid by the Issuer since the Closing Date on or prior to such date and (ii) with respect to the Class B Notes, as may have been adjusted as set out in the paragraph on "Redemption structure" in *Section 3* and in Condition 4.14.

Clean-Up Call

The Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice

in accordance with Condition 5.10, have the right (but not the obligation) to redeem all the Notes on each Payment Date if on the Calculation Date immediately preceding such Payment Date the aggregate Principal Amount Outstanding of the Notes is less than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date (being the ***Clean-Up Date***), after payment of all amounts that are due and payable in priority to the Notes subject to and in accordance with the Conditions and provided that it has sufficient funds available to redeem the Class A Notes in full on such date (the ***Clean-Up Call***). See the detailed provisions contained in Conditions 5.10 to 5.13.

Optional Redemption for Tax Reasons

The Issuer shall, by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days' notice, have the right (but not the obligation) to redeem all of the Notes, on any Payment Date, upon the occurrence of one or more of the following circumstances:

(a) If, on the next Payment Date, the Domiciliary Agent is or would become required to deduct or withhold for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or any sub division thereof or therein) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been a WHT Eligible Investor; or

(b) If the total amount payable in respect of a Collection Period as interest on any of the Loans ceases to be receivable by the Issuer during such Collection Period due to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(c) if, after the Closing Date, the Belgian tax regulations introducing income tax and VAT concessions for Belgian companies for investment in receivables (including the Issuer) (the ***IIR Tax Regulations***) are changed (or their application is changed in a materially adverse way to the Issuer or in the event that the IIR Tax Regulations would no longer be applicable to the Issuer);

after payment of all amounts that are due and payable in

	priority to the Notes subject to and in accordance with the Conditions and provided that it has sufficient funds available to redeem the Class A Notes in full on such date (an ***Optional Redemption for Tax Reasons***). See the detailed provisions contained in Conditions 5.14 and 5.15.
Optional Redemption in case of a Change of Law	On each Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all of the Notes, if there is a change in, or any amendment to, the laws, regulations, decrees or guidelines of the Kingdom of Belgium (which, for the avoidance of doubt, includes any new laws, regulations, decrees or guidelines entering into force after the Closing Date) or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could adversely affect the Issuer or any Class of Notes (an ***Optional Redemption in case of Change of Law***), as certified by the Security Agent, by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice. No Class of Notes may be redeemed under such circumstances unless all Class A Notes (or such of them as are then outstanding) are also redeemed in full at the same time. See the detailed provisions contained in Conditions 5.16 and 5.17.
Regulatory Call Option	On each Payment Date, the Issuer has the obligation to redeem all (but not some only) of the Notes, if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date (i) in the Basle Capital Accords promulgated by the Basle Committee on Banking Supervision (the ***Basle Accords***) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB) (the ***Bank Regulations***) applicable to Belfius (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accords) or a change in the manner in which the Basle Accords 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 the NBB or other competent regulatory or supervisory authority) which, in the opinion of Belfius, has the effect of adversely affecting the rate of return on capital of Belfius or increasing its cost or reducing its benefit with respect to the transaction contemplated by the Notes or (ii) in the eligible collateral framework of the European Central Bank as result of which the Class A Notes no longer qualify as eligible collateral for Eurosystem monetary policy purposes and

intra-day credit operations by the Eurosystem (a ***Regulatory Change***), by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice.

No Class of Notes may be redeemed under such circumstances unless all Class A Notes (or such of them as are then outstanding) are redeemed in full. See the detailed provisions contained in Conditions 5.18 and 5.19.

Optional Redemption in case of Ratings Downgrade Event

On each Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all (but not some only) of the Notes, upon the occurrence of a downgrade of the Seller by a Rating Agency on or after the Closing Date as a result of which the Seller no longer meets the relevant Minimum Ratings (a ***Ratings Downgrade Event***), by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice (an ***Optional Redemption in case of Ratings Downgrade Event***).

No Class of Notes may be redeemed under such circumstances unless all Class A Notes (or those as are then outstanding) are redeemed in full. See the detailed provisions contained in Conditions 5.20 and 5.21.

Notice of early redemption

Any notice of early redemption shall be sent to the Noteholders and the Security Agent in accordance with Condition 14.

Minimum Ratings

(a) As applicable to an Account Bank:

(i) a long-term issuer default rating of BBB+ and a short-term issuer default rating of F-2 from Fitch;

(ii) the short-term, unsecured and unsubordinated debt obligations of the party are assigned at least a Baa3 rating from Moody's; and

(iii) a long-term rating or internal assessment or credit view assigned and maintained of BBB(high) from DBRS,

and such ratings or internal assessment or credit view are in each case not withdrawn.

(b) As applicable to the Seller for the purposes of a Notification Event and a Ratings Downgrade Event:

(i) a long-term issuer default rating of BB+ and a short-term issuer default rating of F-3 from Fitch;

(ii) the long-term, unsecured and unsubordinated debt or counterparty obligations of the party are assigned at least a Ba1 rating from Moody's; and

(iii) a long-term rating or internal assessment or credit view assigned and maintained of BBB(low) from

DBRS,

and such ratings or internal assessment or credit view are in each case not withdrawn.

(c) As applicable to the Seller for the purposes of a Deposit Event:

(i) a long-term issuer default rating of BBB+ and a short-term issuer default rating of F-2 from Fitch;

(ii) the long-term, unsecured and unsubordinated debt or counterparty obligations of the party are assigned at least a Baa3 rating from Moody's; and

(iii) a long-term rating or internal assessment or credit view assigned and maintained of BBB(low) from DBRS,

and such ratings or internal assessment or credit view are in each case not withdrawn.

(d) As applicable to the Servicer for the purposes of an Appointment Trigger Event:

(i) a long-term issuer default rating of BBB- from Fitch;

(ii) the long-term, unsecured and unsubordinated debt or counterparty obligations of the party are assigned at least a Baa3 rating from Moody's; and

(iii) a long-term rating or internal assessment or credit view assigned and maintained of BBB(low) from DBRS,

and such ratings or internal assessment or credit view are in each case not withdrawn.

(e) As applicable to the Seller for the purposes of a Repurchase:

a long-term, unsecured and unsubordinated debt or counterparty obligations of the party are assigned at least a Baa3 rating from Moody's,

and such ratings are not withdrawn.

Withholding Tax

No Grossing up

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 (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature, unless the withholding or deduction for or on account of such taxes, duties, assessments or charges are required by law. In that event, the Issuer, the Clearing System Operator, the

	Domiciliary Agent or any other person (as the case may be) will make the required withholding or deduction for or on account 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 respect of any such withholding or deduction. Neither the Issuer, the Clearing System Operator, the Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders. The Issuer, the Clearing System Operator, the Domiciliary Agent or any other person being required to make a tax deduction shall not constitute an Event of Default. *See Section 11.2.1*.
Final Maturity Date	Unless previously redeemed in full, the Issuer will redeem the Notes at their respective Principal Amount Outstanding, together with accrued interest thereon, on their Final Maturity Date. ***Final Maturity Date*** means each of the Class A Notes Final Maturity Date and the Class B Notes Final Maturity Date, as applicable.
Use of Proceeds	The Issuer will use the proceeds from the issue of the Notes to pay to the Seller the Initial Purchase Price for the Second Batch of Loans transferred to the Issuer by the Seller pursuant to the SLSA and to redeem the notes with ISIN BE0002414861 and BE6235803614. *See Section 19*.
Transaction Structure And Documents	
First Loan Sale Agreement (or the FLSA) and Second Loan Sale Agreement (or the SLSA)	On the First Sale Date, the Seller, the Security Agent and the Issuer entered into the First Loan Sale Agreement (the ***First Loan Sale Agreement*** or the ***FLSA***) pursuant to which the Issuer purchased certain loans listed in the FLSA from the Seller on the First Sale Date. On or before the Closing Date, the Seller, the Security Agent and the Issuer will enter into the Second Loan Sale Agreement (the ***Second Loan Sale Agreement*** or the ***SLSA***) pursuant to which the Issuer purchases certain loans listed in the SLSA. *See Section 12*. The ***Portfolio of Loans*** refers to the loans purchased under the FLSA and the SLSA together. For the purpose of this Prospectus, a ***Loan*** refers to each loan which is part of the Portfolio of Loans. ***Borrowers*** means, in respect of a Loan, the borrower under that Loan. The ***First Batch of Loans*** refers to the portfolio of loans which was sold under the FLSA on the First Sale Date. The ***Second Batch of Loans*** refers to the portfolio of loans which will be sold under the SLSA on or before the Closing Date. On the First Cut-Off Date, each Borrower under the FLSA was incorporated in Belgium (for companies) and was a Belgian tax

	resident (for companies and individuals). On the Second Cut-Off Date, each Borrower under the SLSA is incorporated in Belgium (for companies) and is a Belgian tax resident (for companies and individuals).
Mandatory Repurchase under the FLSA and the SLSA	If, at any time after the Closing Date, any of the Sale Asset Warranties relating to the Loan(s) as set out in the FLSA or the SLSA proves to be untrue, incorrect or incomplete and the Seller has not remedied this within five (5) Business Days after being notified thereof in writing or it cannot be remedied, the Seller shall (at the direction of the Issuer or the Security Agent) by the next Payment Date following the end of the Collection Period in which the five (5) Business Days period mentioned above expired, repurchase the relevant Loan(s) and the Loan(s) Security at a price equal to the aggregate of the then Current Balance of the repurchased Loan(s) plus accrued interest thereon and reasonable *pro rata* costs up to (but excluding) the date of completion of the repurchase. *See Section 12.3.1*. In addition, if a variation proposed by a Borrower under any Loan to the Servicer is not a Permitted Variation (a ***Non-Permitted Variation***), then the Servicer shall (a) on a monthly basis inform the Seller and the Administrator in respect thereof and (b) if and to the extent the Servicer, in consultation with the Seller, decides to accept such Non-Permitted Variation, the Seller shall, by the next Payment Date following the end of the Collection Period when the variation occurred, repurchase and accept re-assignment of the relevant Loan(s) at a price equal to the aggregate of: (a) the Current Balance of such Loan less any Loan Reductions on such Loan as of the Repurchase Date; plus (b) accrued interest thereon up to but excluding the Repurchase Date; plus (c) *pro rata* costs up to (but excluding) the Repurchase Date. *See Section 12.3.1*.
Servicing Agreement	The Issuer, the Servicer and the Security Agent have entered into the Servicing Agreement on 7 May 2012, pursuant to which the Servicer is responsible for the performance of administration and management services to the Issuer with respect to the Loans on a day-to-day basis, including, without limitation, the collection of payments of interest, principal and all other amounts due by Borrowers in respect of the Loans (as amended from time to time, the ***Servicing Agreement***). *See Section 15*.
Collections	Principal and interest payments made by the Borrowers in respect of Loans collected by the Servicer during a Collection Period will be transferred by the Servicer to the Transaction

	Account on a daily basis. *See Section 5.2*.
Reserve Fund	On 7 May 2012, the Issuer has used part of the proceeds of the issue of the notes with ISIN BE6235803614 to establish and maintain a reserve fund (the ***Reserve Fund***) held on an account at the Account Bank (the ***Reserve Account***). The Issuer will pay on the Closing Date from the Reserve Account the accrued interest component of the Initial Purchase Price for the Second Batch of Loans and the accrued interest component on the redemption of the notes with ISIN BE0002414861 and of the notes with ISIN BE6235803614. Save as otherwise described below, on every Payment Date, the money standing to the credit of the Reserve Fund will form part of the Interest Available Funds and be available to the Issuer to meet certain obligations under the Interest Priority of Payments. See *Interest Priority of Payments* in *Section 5.7* On the earlier of the Payment Date when the Notes stand to be fully redeemed and the First Payment Date when the Class A Notes are no longer outstanding, all money standing to the credit of the Reserve Account after the application of the Interest Priority of Payments on such date will form part of the Principal Available Funds and be available to the Issuer to meet certain obligations under the Principal Priority of Payments. See *Principal Priority of Payments* in *Section 5.7*. For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (iii) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Account (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Account is an amount not less than the Reserve Fund Level 1 under item (iv) of the Interest Priority of Payments. For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (vi) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Account (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Level 2, or to the extent more than 50 per cent. of the Class A notes have amortized or the Notes are to be redeemed in full on the relevant Payment Date, the Reserve Fund Required Amount under item (vii) of the Interest Priority of Payments. ***Reserve Fund Required Amount*** shall be an amount of EUR

124,000,000.

Reserve Fund Level 1 shall be an amount of EUR 48,000,000.

Reserve Fund Level 2 shall be an amount of EUR 144,000,000.

Cash Buffer

On any Payment Date amounts will be credited to the Cash Buffer as funds become available for such purpose in accordance with the Interest Priority of Payments.

The Pledge

Parallel Debt Agreement

The Issuer, the Security Agent and the other Secured Parties (other than the Noteholders) have entered into a parallel debt agreement on 7 May 2012 (as amended from time to time, the ***Parallel Debt Agreement***) pursuant to which the Issuer undertakes to pay to the Security Agent amounts (the ***Parallel Debt***) equal to the amounts, from time to time, payable by the Issuer to the Secured Parties.

Pledged Assets

On or before the Closing Date, the Issuer, the Security Agent and the other Secured Parties (other than the Noteholders) have entered into a pledge agreement (the ***Pledge Agreement***) pursuant to which the Notes and the obligations owed by the Issuer to the other Secured Parties, including the Parallel Debt, have been secured by a first ranking commercial pledge by the Issuer to the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt and as representative of the Noteholders, over:

(a) all sums owing to the Issuer under or in connection with the Loans and the Loan Security and Ancillary Assets in respect thereof;

(b) all sums owing to the Issuer under or in connection with the Transaction Documents and all other documents to which the Issuer is a party; and

(c) the balance (including principal and interest) standing from time to time to the credit of any of the Issuer Accounts,

(together, the ***Pledged Assets***).

Under the Pledge Agreement, the Security Agent may, at any time and at its entire discretion, request the Issuer to grant a first ranking commercial pledge over any of its other assets.

Notification Events

The Borrowers and their security providers have not and will not be notified of the sale and the assignment of the Loans to the Issuer and the pledge over the Loans and the relevant Loan Security in favour of the Secured Parties. Upon the occurrence of certain events (including the service of an Enforcement Notice), the Seller, unless otherwise instructed by the Security Agent, will be required (and, failing which, the Issuer and the Security Agent shall be entitled) to notify, or to procure that the Servicer notifies, the Borrowers and their security providers of

	such sale and assignment (a ***Notification Event***) and/or the pledge (a ***Pledge Enforcement Event***) of the Loans and the relevant Loan Security in favour of the Secured Parties. *See Section 12.4.*
Limited Recourse and Non-Petition	To the extent that the Principal Available Funds and the Interest Available Funds are insufficient to repay any principal or accrued interest outstanding on any Class of Notes on the relevant Final Maturity Date, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Mercurius-1 and the recourse for such obligations is limited so that only the assets of Compartment Mercurius-1 subject to the Pledge will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Pledge and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer acting through its Compartment Mercurius-1 towards the Noteholders and the other Secured Parties will cease to be payable by the Issuer. Except as otherwise provided by Conditions 11 and 12, none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any steps to enforce any Pledge. *See Sections 4.3* and *5.5.4* and Condition 11.
The Loans	The Loans sold by the Seller to the Issuer under the FLSA are all loans that: (a) were originated by the Seller, including its legal predecessors Gemeentekrediet van België N.V. and Bacob Bank C.V., in its capacity as Originator; and (b) on 31 January 2012 (the ***First Cut-Off Date***) or on the First Sale Date, as applicable, met the Sale Asset Warranties. The Loans sold by the Seller to the Issuer under the SLSA are all loans that: (a) were originated by the Seller, including its legal predecessors Gemeentekrediet van België N.V. and Bacob Bank C.V., in its capacity as Originator; and (b) on 30 November 2013 (the ***Second Cut-Off Date***) or on the Closing Date, as applicable, met or will meet the Sale Asset Warranties.
Representations, Warranties and Sale Asset Warranties	A Loan transferred pursuant to the FLSA has satisfied, and a Loan transferred pursuant to the SLSA will satisfy all of the

	Sale Asset Warranties. See *Section 12.2*.
Corporate and Administrative	
Administration, Corporate Services and Accounting Services Agreement	The Administrator, the Corporate Services Provider, the Accounting Services Provider, the Issuer, the Seller, the Servicer, the Security Agent and the Domiciliary Agent have entered into the Administration, Corporate Services and Accounting Services Agreement, dated 7 May 2012 relating to, inter alia, the provision of certain administrative, corporate and accounting services to the Issuer (as amended from time to time, the ***Administration, Corporate Services and Accounting Services Agreement***).
Master Definitions Agreement	The Issuer and all Secured Parties (other than the Noteholders) have entered into the Master Definitions Agreement on 7 May 2012 (as amended from time to time, the ***Master Definitions Agreement***).
Agency Agreement	The Issuer, the Security Agent, the Calculation Agent, the Listing Agent and the Domiciliary Agent have entered into the Agency Agreement on 7 May 2012, pursuant to which the Domiciliary Agent will act as domiciliary agent in respect of the Notes, provide certain payment services in respect of the Notes on behalf of the Issuer and pursuant to which the Calculation Agent will provide interest rate determination services to the Issuer (as amended from time to time, the ***Agency Agreement***).
Account Bank Agreement	The Account Bank, the Issuer, the Administrator and the Security Agent have entered into the Account Bank Agreement on 7 May 2012, relating to, *inter alia*, the duties of the Account Bank in relation to the Issuer Accounts on the terms and subject to the conditions set out in the Account Bank Agreement (as amended from time to time, the ***Account Bank Agreement***).
Transaction Documents	***Transaction Documents*** means each of the First Loan Sale Agreement, the Second Loan Sale Agreement, the Account Bank Agreement, the Administration, Corporate Services and Accounting Services Agreement, the Agency Agreement, the Servicing Agreement, the Pledge Agreement, the Subscription Agreement, the Master Definitions Agreement, the Parallel Debt Agreement, the Issuer Management Agreements, the Stichting Vesta Management Agreement, the Back-Up Servicing Agreement and all other agreements, forms and documents executed pursuant to or in relation to such documents collectively.
General Information	
Clearing	On 3 May 2012, the Issuer, the Domiciliary Agent and the National Bank of Belgium have entered into the Clearing Agreement pursuant to which the Class A Notes will be cleared

	(the ***Clearing Agreement***).
	The Class A Notes will be cleared through the X/N securities and cash clearing system currently operated by the National Bank of Belgium, to which certain Belgian credit institutions, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank N.V. (*Euroclear*) and Clearstream Bank S.A. (***Clearstream***) participate, each of them in their capacity as Clearing System Participants.
Expected Rating on Closing Date	It is expected that the Class A Notes will be assigned a rating of A(high)(sf) by DBRS, A+(sf) by Fitch and A1(sf) by Moody's.
	The Class B Notes will not be rated.
Governing Law	The Notes will be governed by, and construed in accordance with, Belgian law. The Transaction Documents will also be governed by Belgian law.

SECTION 4
RISK FACTORS

The risk factors described below represent the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payments to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all. Prospective Noteholders should read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decisions. The description of the risk factors below should not be read as legal advice. If you are in any doubt about the contents of this Prospectus, you should consult an appropriate professional adviser.

4.1 Status of the Issuer

4.1.1 Belgian regulatory framework for securitisation vehicles

Belgian law provides for a specific legal framework designed to facilitate securitisation transactions. These rules are set out in the UCITS Act. This legislation provides for a dedicated category of collective investment undertakings, which are designed for making investments in receivables. These vehicles can be set up as an investment company *(vennootschap voor belegging in schuldvorderingen* (or ***VBS)*** */ société d'investissement en créances* (or ***SIC)),*** i.e. as a commercial company under Belgian law in the form of a public limited liability company *(naamloze vennootschap/société anonyme)* or in the form of a limited liability partnership *(commanditaire vennootschap op aandelen/société commandite en actions).* The operations of a VBS are mainly governed by the UCITS Act, its by-laws *(statuten/statuts)* and, except to the extent provided in the UCITS Act, the Company Code.

The legislation provides for two types of VBS: a "public VBS" and an "institutional VBS". If a VBS wishes to offer its securities and/or to attract funding from parties who are not solely Eligible Investors, it must be licensed by the FSMA as a "public VBS". A VBS that attracts its funding exclusively from Eligible Investors is an Institutional VBS.

In order to facilitate securitisation transactions, a VBS benefits from certain special rules for the assignment of receivables (see *Section 4.12*) and from a special tax regime (see *Section 6.8*). The status of Institutional VBS is in particular a requirement for the true sale of the Loans, for the absence of corporate tax on the revenues of the Issuer and for an exemption of VAT on certain expenses of the Issuer. The loss of such Institutional VBS status would impact adversely on the Issuer's ability to satisfy its payment obligations to the Noteholders.

4.1.2 Status of the Issuer as an Institutional VBS

The Issuer has been established so as to have and maintain the status of an Institutional VBS. Under the UCITS Act, the regulatory status of an Institutional VBS *inter alia* depends on the securities it issues being acquired and held at all times by Eligible Investors only.

Measures to safeguard the Issuer's status as an Institutional VBS

Article 123 § 3 of the UCITS Act provides expressly that a listing on a regulated market accessible to the public (such as Euronext Brussels) and/or the acquisition of securities

(including shares) of an institutional VBS by investors that are not Eligible Investors outside the control of the VBS would not adversely affect the status of an investment vehicle as an Institutional VBS, provided that:

(a) the VBS has taken "adequate measures" to guarantee that the investors of the VBS are Eligible Investors acting for their own account; and

(b) the VBS does not contribute to the holding of securities by investors that are not Eligible Investors acting for their own account and does not promote in any way the holding of its securities by investors that are not Eligible Investors acting for their own account.

The "adequate measures" the Issuer has undertaken and will undertake for such purposes are described below.

The Royal Decree of 15 September 2006 relating to some measures on institutional companies for collective investment in receivables *(Arrêté royal portant certaines mesures d'exécution relatives aux organismes de placement collectif en créances institutionnels / Koninklijk besluit houdende bepaalde uitvoeringsmaatregelen voor de institutionele instellingen voor collectieve belegging in schuldvorderingen)* (the ***Institutional Royal Decree***) sets out the circumstances and conditions in which a VBS will be deemed to have taken such "adequate measures".

In order to procure that the securities issued by the Issuer are held only by Eligible Investors acting for their own account, the Issuer has taken the following measures:

(a) in respect of the shares of the Issuer:

  (i) the shares of the Issuer will be registered shares; and

  (ii) the by-laws of the Issuer contain transfer restrictions stating that its shares can only be transferred to Eligible Investors acting for their own account, with the sole exception, if the case arises, of shares which in accordance with Article 123 § 3 of the UCITS Act, would be held by the Seller as credit enhancement; and

  (iii) the by-laws of the Issuer provide that the Issuer will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not an Eligible Investor acting for its own account (with the sole exception, if the case arises, of shares which, in accordance with Article 123 § 3 of the UCITS Act, would be held by the Seller as credit enhancement); and

  (iv) the by-laws of the Issuer provide that the Issuer will suspend the payment of dividends in relation to its shares of which it becomes aware that these are held by a person who is not an Eligible Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 123 § 3 of the UCITS Act, would be held by the Seller as credit enhancement); and

(b) in respect of the Notes:

  (i) the Notes will have the selling and holding restrictions described in *Section 18.1 - Subscription and Sale;* and

  (ii) the Manager will undertake, pursuant to the Subscription Agreement, in respect of primary sales of the Notes, to sell the Notes solely to Eligible Investors acting on their own account; and

(iii) the Class A Notes are issued in dematerialised form and will be included in the X/N clearing system operated by the National Bank of Belgium; and

(iv) the Class B Notes are issued in registered from; and

(v) the nominal value of each individual Note is EUR 250,000 upon issuance; and

(vi) in the event that the Issuer becomes aware that Notes are held by investors other than Eligible Investors acting for their own account in breach of the above requirement, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and are held by Eligible Investors acting for their own account; and

(vii) the Conditions of the Notes, the by-laws of the Issuer, the Prospectus and any other document issued by the Issuer in relation to the issue and initial placing of the Notes will state that the Notes can only be acquired, held by and transferred to Eligible Investors acting for their own account; and

(viii) all notices, notifications or other documents issued by the Issuer (or a person acting on its account) and relating to transactions with the Notes or the trading of the Class A Notes on Euronext Brussels will state that the Notes can only be acquired, held by and transferred to Eligible Investors acting for their own account; and

(ix) the Conditions provide that the Class A Notes may only be held by persons that are holders of an X-Account with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system and that the Class B Notes may only be held by a person that certifies to the Issuer that it is an WHT Eligible Investor and qualifies for an exemption from Belgian withholding tax on interest payments under the Class B Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

By implementing these measures, the Issuer has complied with the conditions set out in the Institutional Royal Decree. Without prejudice to the obligation of the Issuer not to contribute or to promote the holding of the Notes by investors other than Eligible Investors, the measures guarantee to the Issuer, provided that it complies with these measures, that its status as Institutional VBS will not be challenged as a result of the admission to trading of the Class A Notes on Euronext Brussels or if it would appear that Notes are held by investors other than Eligible Investors. The Issuer has undertaken in the Transaction Documents to comply at all times with the requirements set out in the Institutional Royal Decree in order to qualify and remain qualified as an Institutional VBS.

4.2 Liabilities under the Notes

The Notes will be solely obligations of the Issuer. The Notes will not be obligations or liabilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including (without limitation), any of the Transaction Parties (other than the Issuer). Furthermore, none of the Transaction Parties (other than the Issuer) or any other person, acting in whatever capacity, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

4.3 Compartments - Limited recourse nature of the Notes

The Issuer consists of separate subdivisions, each a Compartment, and each such Compartment legally constitutes a separate group of assets to which corresponding liabilities are allocated. (*see Section 6.7*)

The Notes are issued by the Issuer, acting through its Compartment Mercurius-1.

Article 28 § 4 of the UCITS Act, which applies to an Institutional VBS pursuant to Article 126 § 1 of the UCITS Act, has the effect that:

(a) the rights of the shareholders and the creditors, which have arisen in respect of a particular compartment or in relation to the creation, operation or liquidation of such compartment, only have recourse to the assets of such compartment; similarly, the creditors in relation to liabilities allocated or relating to other compartments of the same VBS only have recourse against the assets of the compartment to which their rights or claims have been allocated or relate;

(b) in case of the dissolution and liquidation *(ontbinding en vereffening/dissolution et liquidation)* of a compartment, the rules on the dissolution and liquidation of companies must be applied *mutatis mutandis*. Each compartment must be liquidated separately and such liquidation does not entail the liquidation of any other compartment. Only the liquidation of the last compartment will entail the liquidation of the VBS; and

(c) the Belgian law rules on judicial reorganization *(gerechtelijke reorganisatie/réorganisation judiciaire)* and bankruptcy *(faillissement/faillite)* are to be applied separately for each compartment and a judicial reorganization or bankruptcy of a compartment does not as a matter of law entail the judicial reorganization or the bankruptcy to the other compartments or of the VBS.

All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated exclusively to Compartment Mercurius-1 and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment Mercurius-1.

Article 28 § 2 of the UCITS Act provides that the by-laws of the VBS determine the allocation of costs to the VBS and each compartment.

However, when no clear allocation of liabilities (including costs and expenses) to compartments of the Issuer has been made in a particular contract entered into by the VBS, it is unclear under Belgian law whether in such case the relevant creditor would have recourse to all compartments of the Issuer. A similar uncertainty exists in relation to creditors whose claims are not based on a contractual relationship (e.g. social security authorities or creditors with claims in tort) and cannot be clearly allocated to a particular compartment. However, the parliamentary works to the predecessor of the UCITS Act (whose provisions have been incorporated in the UCITS Act) and legal writers suggest that, in the absence of clear allocation, the relevant creditor may claim against all compartments and the investors in notes issued in connection with these compartments would only have a liability claim against the directors of the VBS. Consequently and from that perspective, the liabilities of one compartment of the Issuer may affect the liabilities of its other compartments.

In this respect, the by-laws of the Issuer provide that the costs and expenses which cannot be allocated to a compartment will be allocated to all compartments *pro rata* the outstanding balance of the debts of each compartment.

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay principal of, and interest on, the Notes will be dependent on the receipt by it of funds under the Loans, the proceeds of the sale of any Loans, the receipt by it of

interest in respect of the balances standing to the credit of the Issuer Accounts and the availability of amounts standing to the credit of the Reserve Fund and the Deposit Account. *See Section 5*.

Security for the payment of principal and interest on the Notes will be given by the Issuer to the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders pursuant to the Pledge Agreement. If the Security granted pursuant to the Pledge Agreement is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Notes, then, as Compartment Mercurius-1 has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the Pledged Assets (based on assets belonging to Compartment Mercurius-1) by the Security Agent pursuant to the terms of the Pledge Agreement and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes.

4.4 Insolvency of the Issuer

The Issuer has been incorporated in Belgium under the laws of Belgium as a commercial company and is subject to Belgian insolvency legislation. There can be no legal assurance that the Issuer will not be declared insolvent.

However, limitations on the corporate purpose of the Issuer are included in the by-laws, so that its activities are limited to the issue of negotiable financial instruments for the purpose of acquiring receivables. Outside the framework of the activities mentioned above, the Issuer is not allowed to hold any assets, enter into any agreements or carry out any other activities. The Issuer may carry out the commercial and financial transactions and may grant security to secure its own obligations or to secure obligations under the Notes or the other Transaction Documents, to the extent only that they are necessary to carry out the corporate purpose as described above. The Issuer is not allowed to have employees.

Pursuant to the Pledge Agreement, none of the Secured Parties, including the Security Agent, (or any person acting on their behalf) shall initiate or join any person in initiating any insolvency proceeding or the appointment of any insolvency official in relation to the Issuer or any of its compartments.

4.5 Limited capitalisation of the Issuer

The Issuer is incorporated under Belgian law as a limited liability company *("naamloze vennootschap/société anonyme")* with a share capital of EUR 62,000. In addition, the main shareholder is a Belgian foundation ("*stichting/fondation")* which has been capitalised for the purpose of its shareholding in the Issuer. There is no assurance that the shareholder will be in a position to recapitalise the Issuer, if the Issuer's share capital falls below the minimum legal share capital.

4.6 Risks inherent to the Notes

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the Conditions. The Issuer or the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or the Clearing System Participants of their obligations under their respective rules, operating procedures and calculation methods. *See Section* 7.

4.6.1 Subordination

The subordination of the Class B Notes with respect to the Class A Notes ranking higher in point of payment and security is designed to provide credit enhancement to the Class A Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Loans, Noteholders may receive an amount that is less than what is due and payable by the Issuer in respect of the Principal Amount Outstanding and/or interest owed in respect of the Notes. Any losses on the Loans will be allocated as described in *Section 5*.

4.6.2 Credit Risk

The security for the Notes created under the Pledge Agreement may be affected by, among other things, a decline in the value of the Pledged Assets given as security for the Notes. No assurance can be given that the value of the Pledged Assets has remained or will remain at the level at which it was on the date of origination of the related Loans. A decline in value may result in losses to the Noteholders if any of the relevant security rights over the Pledged Assets are required to be enforced.

There is, in particular, a risk of loss on principal and interest on the Notes due to losses on principal and interest on the Loans. This risk is addressed and mitigated by:

(a) in the case of the Class A Notes, the subordinated ranking of the Class B Notes;

(b) the funds standing to the credit of the Reserve Fund;

(c) the share capital of the Issuer; and

(d) funds standing to the credit of the Transaction Account.

4.6.3 Liquidity Risk

There is a risk that interest and/or principal on the underlying Loans is not received on a timely basis thus causing temporary liquidity problems to the Issuer. This risk is addressed and mitigated by: (a) the Reserve Fund, and (b) the Principal Available Funds which in accordance with the Principal Priority of Payments can be applied to cover any Class A Interest Shortfall. *See Sections 5.4* and 5.7.

4.6.4 Prepayment Risk

The ability of the Issuer to meet its obligations in full to pay principal on each of the Notes on the maturity of each Class of Notes will depend on, *inter alia,* the amount and timing of payment of principal (including full and partial prepayments) in respect of the Loans and the net proceeds upon enforcement of the Loan Security relating to a Loan and the repurchase by the Seller of the Loans.

The Weighted Average Life of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors. No guarantee can be given as to the level of prepayments of principal on any Loan prior to its scheduled due date in accordance with the provisions for prepayments provided for in the relevant Loan documentation that the Loans may experience, and variation in the rate of prepayments of principal on the Loans may affect each Class of Notes differently.

This risk is mitigated by the contractual penalty in the event of a Prepayment (each a ***Prepayment Penalty***), which in most cases of prepayment is payable by the Borrower.

4.6.5 Maturity Risk

The ability of the Issuer to redeem all the Notes in full or to pay all amounts due to the Noteholders of the Notes on the Optional Redemption Date (or on the relevant Final Maturity Date) will depend on whether the value of the Loans sold or otherwise realised is sufficient to redeem the Notes and on its ability to find a purchaser for the Loans.

4.6.6 Reduction of the Principal Amount Outstanding of the Class B Notes

The Principal Amount Outstanding of the Class B Notes may be reduced by the amount of the Class B Waiver, which may impact the principal amount to be redeemed to the Noteholders as described in the paragraph on "Redemption structure" of Section 3.

4.6.7 Optional Redemption of all Notes

There is no guarantee that the Issuer will exercise its right to redeem the Notes on the First Optional Redemption Date or on any later Optional Redemption Date. The exercise of such option will, *inter alia,* depend on whether or not the Issuer has sufficient funds available to redeem the Notes, for example through a sale or other realisation of Loans still outstanding at that time, and on its ability to find a purchaser for the Loans.

4.6.8 Commingling Risk

The Issuer's ability to make payments in respect of the Notes and to pay its operating and administrative expenses depends on funds being made available by the Borrowers and such funds subsequently being swept on a daily basis by the Servicer to the Issuer's Transaction Account. In case of insolvency of the Seller, the recourse the Issuer would have against the Seller would be an unsecured claim against the insolvent estate of the Seller for collection moneys obtained by the Seller from the Borrowers (by direct debit of the accounts of the Borrowers) in connection with the Loans and not yet transferred to the Issuer's Transaction Account.

This risk is mitigated by:

(i) a daily sweep of the cash representing the collection of moneys in respect of the Loans by the Servicer on behalf of the Issuer to the Transaction Account; and

(ii) a rating trigger on the Seller according to which a downgrade below the relevant Minimum Ratings constitutes a Notification Event; and

(iii) a rating trigger according to which the Seller is required to make a deposit on a cash deposit account to be held in the name of the Issuer in accordance with the provisions of Clause 12 of the FLSA and Clause 12 of the SLSA in order to indemnify the Issuer against Losses resulting from commingling risk.

See also Section 12.6 – Mitigation of Commingling Risk.

4.6.9 Weighted Average Life of the Notes

Details of the Weighted Average Life of the Notes can be found in *Section 8*. The Weighted Average Life of the Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the estimates and assumptions in *Section 8* will prove in any way to be correct. The estimated Weighted Average Life must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

4.6.10 No Gross-Up for Taxes

If withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatever nature are imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

4.6.11 Reliance on third parties

Counterparties to the Issuer may not perform or may be prevented from performing their obligations under the Transaction Documents due to, *inter alia*, a force majeure event out of their control which may result in the Issuer not being able to meet its obligations under the Notes and the Transaction Documents to which it is a party.

4.6.12 The Security Agent may agree to modifications without the Noteholders' prior consent

Pursuant to the terms of the Pledge Agreement, the Security Agent may agree without the consent of the Noteholders and the other Secured Parties, to (i) any modification of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of Belgian law (or European law with direct effect in Belgium), and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents which is in the opinion of the Security Agent not materially prejudicial to the interests of the Noteholders and the other Secured Parties, provided that (i) the Security Agent has notified the Rating Agencies and (ii) the relevant Rating Agency confirms that (a) the then current ratings assigned to the Class A Notes will not be adversely affected by or withdrawn as a result of such a change or (b) it does not consider such confirmation or response to such notification necessary in the circumstances (a ***Rating Agency Confirmation***). Any such modification, authorisation or waiver shall be binding on the Noteholders and the other Secured Parties.

4.7 Rating of the Class A Notes

The ratings address timely payment of interest and ultimate repayment of principal at the Final Maturity Date for the Class A Notes in accordance with the Conditions.

The ratings expected to be assigned to the Class A Notes by the Rating Agencies are based on the value and cash flow generating ability of the Loans and other relevant structural features of the Transaction, including, *inter alia,* the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the Transaction, such as the Account Bank and reflect only the views of the Rating Agencies.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Any rating agency other than the Rating Agencies could seek to rate the Class A Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Class A Notes. For the avoidance of doubt, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Rating Agencies only. Future events and/or circumstances relating to the Loans and/or

the Belgian SME loans market in general could have an adverse effect on the rating of the Class A Notes.

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.

4.8 Rating Agency Confirmation

By subscribing for or purchasing Class A Notes, each Noteholder shall be deemed to have acknowledged and agreed that a credit rating of the Notes by the Rating Agencies is an assessment of credit risk and does not address other matters that may be of relevance to Noteholders, including, without limitation, in the case of a Rating Agency Confirmation, that any action proposed to be taken by the Issuer, the Seller, the Servicer, or any other party to a Transaction Document (i) will not have an adverse effect on the then current rating of the Notes or cause such rating to be withdrawn or (ii) such confirmation or response is not necessary in the circumstances and whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the holders of the Class A Notes.

In being entitled to have regard to the fact that a Rating Agency has confirmed that (i) the then current rating of the Class A Notes would not be adversely affected or withdrawn or (ii) it does not consider such confirmation or response to such notification necessary in the circumstances, each of the Issuer, and the Secured Parties are deemed to have acknowledged and agreed that a Rating Agency Confirmation does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the Secured Parties or any other person or create any legal relations between the Rating Agencies and the Issuer, the Secured Parties or any other person whether by way of contract or otherwise.

By subscribing for or purchasing Class A Notes, each holder of Notes shall be deemed to have acknowledged and agreed that:

(a) a Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency;

(b) depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;

(c) a Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the Transaction; and

(d) a Rating Agency Confirmation represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Noteholder or any other party.

4.9 Absence of public rating

To the extent that certain Rating Agencies have not published a public rating on any of the Transaction Parties to which the Minimum Ratings apply, there may be a delay in updating the information regarding such party's credit view with those Rating Agencies. This risk is mitigated by the undertaking of each of the relevant Transaction Parties that it will provide such information, to the extent available and if permitted by the relevant rating agency, in due time and publish or update, as the case may be, such information in the Investor Report.

4.10 **Rating Agency Criteria**

The rating criteria used by a Rating Agency to assign a rating to the Class A Notes may be amended by such Rating Agency from time to time. Such amendments may result in a downgrade of the ratings assigned to the Class A Notes. Following amendments to the relevant rating criteria by a Rating Agency the relevant parties to a Transaction Document may agree (but are under no obligation) to amend and restate the relevant Transaction Document in order to implement the new rating criteria so as to maintain the ratings then assigned to the Class A Notes, subject to the terms of the relevant Transaction Document. Such amendments and/or the costs associated with the implementation of such amendment may be prejudicial to the interest of one or more than one Class of Noteholders.

4.11 **Value of the Notes and limited liquidity of the Notes**

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond with the price at which the Notes will be traded after the offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell 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. The Manager has not entered into an obligation to establish and/or maintain a secondary market in the Notes.

4.12 **True Sale of Loans**

(a) True Sale

Pursuant to the FLSA, the Seller has transferred, and, pursuant to the SLSA, the Seller shall transfer to the Issuer the full economic benefit of, and the legal title to, the Loans and (subject to certain restrictions set out herein) the Loan Security and Ancillary Assets in respect thereof. The sale of the Loans and (subject to certain restrictions set out herein) the Loan Security and Ancillary Assets in respect thereof has been (as far as the FLSA is concerned) and will be (as far as the SLSA is concerned) a true sale to the effect that, upon an insolvency or bankruptcy of the Seller, the Loans will not form part of the insolvent estate or be subject to claims by the Seller's liquidator or creditors except as set out in *Section 12*.

The sale has the following characteristics:

(a) the Issuer shall have no recourse to the Seller except that the Seller may be required to repurchase Loans in relation to which there is a breach of Sale Asset Warranties at the time of the transfer of the Loans or in the case of a Non-Permitted Variation;

(b) the sale will be for the Current Balance of the Loans including accrued interest and default interest.

For further details on the FLSA and the SLSA, see *Section 12*.

(b) Effectiveness of sale of and pledge over Loans secured by a Mortgage

The effectiveness of a transfer of or pledge over loans secured by a mortgage (*hypotheek / hypothèque*) (a ***Mortgage***) towards third parties, including the creditors of the Seller, is in principle subject to Article 5 and Article 92, lid 3 of the Belgian Act of 16 December 1851 on

liens and mortgages (the ***Mortgage Act***) which prescribe a notary deed and marginal notation of the transfer or pledge in the local mortgage register.

Articles 50 and following of the Law of 4 August 1992 on mortgage credit (the **Mortgage Credit Act)** grant an exemption from Article 5 of the Mortgage Act in relation to a transfer of and pledge over loans secured by a Mortgage by or to a (public or institutional) VBS, so that a transfer of or pledge over loans secured by a Mortgage to or by a VBS is enforceable against third parties *(tegenwerpelijk aan derden/opposable aux tiers)* without marginal notation.

Article 4/1 of the Belgian Act of 15 December 2004 on financial collateral (the ***Financial Collateral Act***) grants a similar exemption from Article 5 of the Mortgage Act in relation specifically to a pledge over loans granted by a credit institution.

As to the (maintenance of) the status of the Issuer as an Institutional VBS, see *Section 4.1.2*. A loss of the status as an Institutional VBS may result in the exemption set out in Article 51of the Mortgage Credit Act not being available and therefore in an absence of an effective sale of and pledge over the Loans secured by a Mortgage.

(c) No notification of the Sale and Pledge

Article 1690 of the Belgian Civil Code *(Belgisch Burgerlijk Wetboek / Code Civil Belge)* applies to the transfer of the Loans. Between the Seller and the Issuer, as well as against third parties (other than the Borrowers), the Loans are transferred on the Sale Date without the need for Borrowers' involvement. The sale of the Loans to the Issuer and the pledge of the Loans to the Noteholders and the other Secured Parties have not and will not be notified to the Borrowers or to the insurance companies or third party providers of additional collateral.

Until such notice to the Borrowers, the insurance companies and third party providers of collateral:

(a) The liabilities of the Borrowers under the Loans (and the liabilities of the insurance companies or, as the case may be, the third party providers of additional collateral) will be validly discharged by payment to the Seller. The Seller, having transferred all rights, title, interest and the benefit in and to the Loans to the Issuer, will however, be the agent of the Issuer (for so long as it remains Servicer under the Servicing Agreement) for the purposes of the collection of moneys relating to the Loans and will be accountable to the Issuer accordingly. The absence of notice of the transfer also means that the Seller can agree with the Borrowers, the insurance companies or the other collateral providers to vary the terms and conditions of the Loans, the Insurance Policies or the other collateral and that the Seller in such capacity may waive any rights under the Loans, the Loan Security and the Ancillary Assets in respect thereof. The Seller and the Servicer will, however, undertake for the benefit of the Issuer that they will not vary, or waive any rights under any of the Loan documentation, the Insurance Policies or the other collateral other than in accordance with the FLSA or the SLSA, as applicable, and the Servicing Agreement;

(b) If the Seller were to transfer or pledge the same Loans, Insurance Policies or other collateral to a party other than the Issuer either before or after the Closing Date (or if the Issuer were to transfer or pledge the same to a party other than the Security Agent) the assignee who first notifies the Borrowers or, as the case may be, the insurance companies or, as the case may be, the other collateral providers and acts in good faith would have the first claim to the relevant Loan, Insurance Policies or the additional

collateral. The Seller will, however, represent to the Issuer and the Security Agent that it has not made any such transfer or pledge on or prior to the Closing Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the Closing Date and the Issuer will make a similar undertaking to the Security Agent;

(c) Payments made by Borrowers, insurance companies or other collateral providers to creditors of the Seller will validly discharge their respective obligations under the Loans, the Insurance Policies or the additional collateral provided that (i) the Borrowers, the insurance companies or the other collateral providers, as the case may be and (ii) such creditors act in good faith. However, the Seller will undertake:

(i) to notify the Issuer of any *bewarend beslag / saisie conservatoire* or *uitvoerend beslag / saisie exécutoire* (attachment) by its creditors to any Loan, Insurance Policy or other collateral which may lead to such payments;

(ii) not to give any instructions to the Borrowers, insurance companies or other collateral providers to make any such payments; and

(iii) to indemnify the Issuer and the Security Agent against any reduction in the obligations to the Issuer of the Borrowers, insurance companies or other collateral providers due to payments to creditors of the Seller; and

(d) Borrowers, insurance companies or other collateral providers may raise against the Issuer (or the Security Agent) all rights and defences which existed against the Seller prior to notification of the transfer or pledge in accordance with Article 6 of the Mobilisation Act. Under the FLSA, the Seller warrants in relation to each Loan in the First Batch of Loans and the Insurance Policies and the other collateral relating thereto that, subject to certain exceptions, no such rights and defences have arisen in favour of the Borrower, Insurance Company or other collateral provider up to the First Sale Date. Under the SLSA, the Seller will warrant in relation to each Loan in the Second Batch of Loans and the Insurance Policies and the other collateral relating thereto that, subject to certain exceptions, no such rights and defences have arisen in favour of the Borrower, Insurance Company or other collateral provider up to the Closing Date. If a Borrower, Insurance Company or other collateral provider subsequently fails to pay in full any of the amounts which the Issuer is expecting to receive, claiming that such a right or defence has arisen in his favour against the Issuer, the Seller will either repurchase the relevant Loan or indemnify the Issuer and the Security Agent against the amount by which the amounts due under the relevant Loan, Insurance Policy or other collateral are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrower's, Insurance Company's or other collateral provider's claim at the time it gave the warranty described above).

The FLSA and the SLSA provide that, upon the occurrence of certain Notification Events, including the giving of a notice by the Security Agent under Condition 9 declaring that the Notes are immediately due and repayable (an ***Enforcement Notice***), the Seller or, in case of failure by the Seller, the Issuer shall give notice to the Borrowers, the insurance companies or any other debtor of any assigned right or collateral of the assignment thereof to the Issuer (as described in *Section 12.4*). If the Seller fails to comply with any such request of the Security Agent forthwith upon such Notification Events, the Issuer and the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s). The Pledge Agreement provides that,

upon the giving of an Enforcement Notice, the Security Agent may give notice of the Pledge to the Borrowers, the insurance companies and any other debtor of any Pledged Receivable (including any assigned right or collateral).

4.13 Risk of change of Servicer

Pursuant to the Servicing Agreement, the Servicer will assist the Issuer in order to allow the Issuer to appoint a suitable Back-Up Servicer within 180 calendar days from such time when the Servicer no longer complies with the relevant Minimum Ratings. The Back-Up Servicer will be under an obligation to, amongst other things, review the Servicer Reports and request any assistance it may require so that it is able, on its assumption of the Servicer role, to immediately perform services contained in the Servicing Agreement. On appointment, the Back-Up Servicer will have a stand-by role until the termination of the appointment of the Servicer. In the event the Servicer is replaced following the termination of the appointment of the Servicer, there may be losses or delays in processing payments or losses on the Portfolio due to a disruption in servicing during a transfer to the Back-Up Servicer. Any such delay or losses during such transaction period could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

If upon the termination of the appointment of the Servicer no Back-Up Servicer has been appointed, the Back-Up Servicer Facilitator, if any, shall, pursuant to the Servicing Agreement, use its reasonable endeavours to identify and approach any potential Suitable Entity to arrange for the appointment by the Issuer of a substitute servicer. If a Suitable Entity has been found, the Back-Up Servicer Facilitator will arrange for the appointment by the Issuer of such substitute servicer subject to the terms and conditions set out in the Servicing Agreement, provided that such appointment (i) shall be approved by the Security Agent; (ii) shall be effective not later than the date of the termination of the appointment of the Servicer; (iii) shall be on substantially the same terms as the terms of the Servicing Agreement, providing for remuneration at such a rate that does not exceed the rate then commonly charged by providers of credit management and administration services for provision of such services on such terms; and (iv) shall be notified to the Rating Agencies.

There is no guarantee that a Back-Up Servicer and/or substitute servicer providing servicing at the same level as the Servicer can be appointed on a timely basis or at all. In addition, no assurance can be given that a Back-Up Servicer (acting either as Back-Up Servicer or Servicer) or substitute servicer will not charge fees in excess of the fees to be paid to the Servicer. The payment of fees to the Back-Up Servicer (acting either as Back-Up Servicer or Servicer) or any substitute servicer will rank in priority to amounts paid to Noteholders in accordance with the relevant Priority of Payments and any increase in the level of fees paid to the Back-Up Servicer (acting either as Back-Up Servicer or Servicer) or substitute servicer would reduce the amounts available to the Issuer to make payments in respect of the Notes.

Suitable Entity means an entity which has experience in delivering the relevant Loan Services and Foreclosure Procedure Services (each as set out in the Servicing Agreement) and holds all required licences under applicable law therefore.

4.14 No Searches and Investigations

None of the Issuer or the Security Agent have made or caused to be made or will make or cause to be made, any enquiries, investigations or searches to verify the details of the loans originated by Belfius (or any of the other Originators) and sold by the Seller pursuant to the FLSA or the SLSA or the Loan Security, or to establish the creditworthiness of any Borrower, or any other enquiries, investigations or searches which a prudent purchaser of the Loans would ordinarily make, and each will rely instead on

the representations and warranties given by the Seller in the FLSA and the SLSA. These representations and warranties have been and will be given in relation to the Loans, Loan Security and all rights related thereto.

If there is an unremedied material breach of any representation and/or warranty in relation to any Loan and Loan Security relating thereto and the Seller has not remedied this within five (5) Business Days after being notified thereof in writing by the Issuer or it cannot be remedied, the Seller (i) shall (at the direction of the Issuer or the Security Agent) by the next Payment Date following expiry of the five (5) Business Day period mentioned above, indemnify the Issuer for all damages, loss and costs caused by the breach of representation or warranty and (ii) will be required to repurchase such Loans and Loan Security. The Loans and Loan Security will be repurchased for an aggregate amount equal to the aggregate of the Current Balance of the repurchased Loan(s) plus accrued interest thereon and *pro rata* costs up to (but excluding) the date of completion of the repurchase. Such repurchase will be subject to the conditions set out below under *Section 12.3.1*.

4.15 Set-Off and Defence of Non-Performance

4.15.1 Set-Off

(i) Principle: Borrowers' right of set-off in the absence of notification of the sale/pledge

The sale of the Loans to the Issuer and the pledge of the Loans to the Security Agent and the other Secured Parties has not been and will not be notified to the Borrowers or to the insurance companies or third party providers of Loan Security, except in certain circumstances. Pending such notification, set-off rights may therefore continue to arise in respect of cross-claims between a Borrower (or the Insurance Company or third party provider of collateral) and the Seller, potentially reducing amounts receivable by the Issuer, as assignee, and the beneficiaries of the Pledge.

(ii) Limitations

(a) Limitation to the Borrowers' right of set-off after notification of the sale/pledge

After notification of the sale to the Borrowers , pursuant to the Law of 3 August 2012 on various measures facilitating the mobilisation of claims in the financial sector (the ***Mobilisation Act***), a Borrower may invoke set-off only if the conditions of set-off have been met prior to the notification (i.e. to the extent that both debts were due and payable prior to the receipt of the notice). In that respect, it is irrelevant whether the Loan documentation provides for contractual set-off or not, or whether the respective debts are closely related or not.

(b) Limitation to the Borrowers' right of set-off, whether or not the sale/pledge has been notified

Pursuant to the Mobilisation Act, whether or not the sale has been notified, a Borrower may not invoke set-off if the conditions of set-off have only been met at the occasion of, or as a consequence of, the Seller's bankruptcy or situation of *concursus creditorum.* In that respect, it is irrelevant whether the Loan documentation provides for contractual set-off or not, or whether the respective debts are closely related or not.

(c) Exceptions to the limitations of the Borrowers' right to invoke set-off

The rules under *Limitation to the Borrowers' right of set-off after notification of the sale/pledge* and *Limitation to the Borrowers' right of set-off, whether or not the sale/pledge has been notified* above do not apply:

- where (i) the Borrower is a public or financial entity within the meaning of the Financial Collateral Act and (ii) the Borrower and the Seller have entered into a netting agreement within the meaning of the Financial Collateral Act; or
- where the set-off is invoked in view of the enforcement of a pledge or other security interest over the claim to be set off.

(iii) Risk mitigation:

(a) Prior to bankruptcy of the Seller

To mitigate the risk under (i) above, under the FLSA, the SLSA and the Servicing Agreement, the Seller has agreed and will agree to indemnify the Issuer if a Borrower, Insurance Company or provider of Loan Security claims a right to set-off against the Issuer. The rights to payment of such indemnity will be pledged in favour of the Secured Parties.

(b) Following bankruptcy of the Seller

A set-off following the bankruptcy of the Seller would result in a loss of collections for the Issuer and could therefore adversely affect the Issuer's ability to make full payments of principal and interest to the Noteholders.

This risk under (i) above (as limited by the rule set out under (ii)(a) above) is, however, mitigated by the following considerations:

(i) the Transaction Documents provide mechanics to procure that notice of the assignment is to be given by the Seller, the Issuer or the Security Agent prior to bankruptcy of the Seller;

(ii) as from the date of receipt of such notice a Borrower will no longer be entitled to set off amounts not yet due and payable on such date (see above under (ii)(a) and to the extent (ii)(c) would not apply);

(iii) notice of the assignment can still be validly given following the commencement of bankruptcy proceedings in respect of the Seller;

(iv) in case of bankruptcy of the Seller, a Borrower will in principle be entitled to claim from the Protection Funds a compensation in the maximum amount of EUR 100,000 for deposits made with the Seller and would therefore not be allowed to set off such amount against its debt to the Issuer under a Loan; please see, however, *Section 4.15.3*.

4.15.2 Defence of non-performance

Defence of non-performance

Borrowers may raise against the Issuer all rights and defences, including the defence of non-performance (*exceptio non adimpleti contractus*), which existed against the Seller prior to notification or acknowledgement of the sale of the Loans.

Under Belgian law a debtor may in certain circumstances, in case of default of its creditor, invoke the defence of non-performance, pursuant to which it would be entitled to suspend payment under its obligations until its counterparty has duly discharged its due and payable obligations to the debtor. Therefore, a Borrower may raise the defence of non-performance and

suspend payments under a Loan to the Issuer in case the Seller would default under any of its obligations to the Borrower, e.g., under a deposit made by the Borrower with the Seller.

The exception of non-performance is subject to various conditions, the most important ones being: (a) that the breach by the other party must be material, (b) that the suspension by the debtor must be proportional to the amount/value of the default and (c) that there must be an inherent connection between the two debts, which must form an indissociable unit (*ensemble indissociable/onlosmakelijk geheel*).

The successful claim of the defence of non-performance would result in a loss of collections for the Issuer and could therefore adversely affect the Issuer's ability to make full payments of principal and interest to the Noteholders.

General limitation to the use of the defence on non-performance

The Issuer has been advised that:

(a) certain authors consider that the defence of non-performance may only be used to suspend the full performance of a party's obligations (as opposed to a partial suspension, up to the amount/value of the breach under the other debt), which would mean that a Seller's default under a debt (e.g., a deposit) of a limited amount as compared to amounts outstanding under a Loan would not allow the Borrower to even partially suspend its payment obligations; the Issuer has been advised that this view should be considered as the better view;

(b) to date it is not established that the opinion that a contractual extension of connection between debts (i.e. by way of general provisions of unicity of account or a unilateral set-off provision, without the confirmation of the existence of more inherent links between the debts involved) would lead to conclude that the debts constitute an indissociable unit; the interest connection test may require a stronger level of connection; the better view is that there is an inherent connection when, in the intention of the parties, one contract/obligation may not be performed independently from the other; it could be argued that the obligations of a Borrower under a Loan and the obligations of the Seller under a deposit each have their own rationale and their performance does not depend on the other.

Specific limitation to the use of the defence on non-performance under the Mobilisation Act

Pursuant to the Mobilisation Act:

- whether the sale or pledge has been notified to the Borrower or not, the Borrower may not invoke the defence of non-performance if the conditions of such defence have only been met at the occasion of, or as a consequence of, the Seller's bankruptcy or situation of *concursus creditorum*; in that respect, it is irrelevant whether the respective debts are closely related or not;

- where the sale has been notified to the Borrower, the latter may only invoke the defence of non-performance if the conditions of such defence have been met prior to the notification of the sale.

These rules do not apply where the set-off is invoked in view of the enforcement of a pledge or other security interest over the claim to be set off.

Risk mitigation

The risk that a Borrower would seek to invoke the defence of non-performance in order to suspend payments under a Loan is mitigated by the compensation available to Borrowers from the Protection Funds (see *Section 4.15.3*) for deposits in the maximum amount of EUR 100,000 made with the Seller.

4.15.3 Protection Funds

Description

The Seller, in its capacity as Belgian credit institution, is a compulsory member of the "Deposits and Financial Instruments Protection Fund" and of the "Special Deposits and Life Insurance Protection Fund" (together, the ***Protection Funds***). The Protection Funds protect, under certain conditions, deposits held by the Seller on behalf of its clients.

Borrowers that fall within the definition of an SME of Article 11 of the 4th Directive 78/660/EEC (i.e., enterprises having the authorisation to draw up abbreviated balance sheets) fall within the scope of application of the Protection Funds. As a result, such Borrowers will be able to make a claim against the Protection Funds in case of a bankruptcy of the Seller in order to recover their deposits (up to a total cumulative amount of EUR 100,000 per obligor).

As a consequence of the payment of such compensation by the Protection Funds, a Borrower would in principle not be allowed to set off such amount of deposit against the amounts owed by such Borrower to the Issuer under a Loan.

Impact on set-off analysis

In accordance with the rules applicable to interventions by the Protection Funds (as most recently updated on 1 January 2011 (the ***Intervention Rules***), a claim of a debtor against a credit institution will in principle only be taken into account by the Protection Funds after the application of any contractual or legal set-off between such claim and any other obligations of such debtor against that same credit institution (for example any loans).

In addition, if no contractual or legal set-off is possible between a deposit and the loans of a debtor with the same credit institution, those loans will in any event be deducted from the claim of such debtor. However, this will not be the case if those loans are secured by security interests that are considered by the Protection Funds to be adequate.

However, after the notification of the sale of the Loans to the Borrowers, the latter will no longer be required to do any set-off, since the claim under the deposit and the debt under the Loan will no longer be against the same credit institution.

Impact on defence of non-performance analysis

The Intervention Rules provide that a claim of a debtor against a credit institution will in principle only be taken into account by the Protection Funds after the application of any contractual or legal set-off. The Intervention Rules do not explicitly refer to other defences, such as the defence of non-performance. However, it cannot be excluded that the Protection Funds will argue, in certain circumstances, that the defence of non-performance must be assimilated to set-off for the purpose of the Intervention Rules. The Issuer has been advised that the better view is that the risk of such position being upheld is remote.

Given the relatively short and strict deadlines to obtain compensation following the bankruptcy of a credit institution, it is reasonable to assume that a prudent Borrower will file a claim with the Protection Funds to obtain compensation in case of a bankruptcy of the Seller, even if it

may raise a set-off or defence of non-performance. Once payment has been made by the Protection Funds, the latter will be subrogated to the rights of the Borrower against the Seller in the liquidation procedure, for an amount equal to the compensation paid. As from that moment, the Borrower will no longer be able to invoke its rights and defences against the Issuer (to the extent the cumulative amount of its deposits with the Seller does not exceed EUR 100,000) and as a result will have to repay to the Issuer any amounts outstanding under the Loans.

4.16 Parallel Debt

Under Belgian law no 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, except for certain types of security rights, such as a pledge over the credit balance of bank accounts and loans granted by credit institutions. Consequently, in order to secure the valid creation of the pledge (other than over the credit balance of Issuer Accounts and over the Loans) in favour of the Security Agent and the other Secured Parties, 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 Agent amounts equal to the amounts due by it to all the Secured Parties.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent may in the case of an insolvency of the Security Agent not be separated from the Security Agent's other assets, so the Secured Parties accept a credit risk on the Security Agent. However, the Issuer has been advised that, according to legal authors (but this is not expressly provided in the Financial Collateral Act), such risk does not exist with respect to the credit balance of Issuer Accounts and Loans pledged under the Pledge Agreement.

In addition, the Security Agent has been designated (i) as representative *(vertegenwoordiger / représentant)* of the Noteholders in accordance with Article 29 § 1, first to seventh indent and Article 126 of the UCITS Act, (ii) as representative (*vertegenwoordiger/représentant*) of the Secured Parties in accordance with Article 5 of the Financial Collateral Act, to the extent of the application of Article 5 to the pledge) and (iii) as irrevocable agent *(mandataris / mandataire)* of the Secured Parties. In each case its powers include the acceptance of the Pledge and the enforcement of the rights of the Secured Parties.

Based on the above and even though there is no Belgian statutory law or case law in respect of parallel debt or case law in respect of Articles 29 and 126 of the UCITS Act to confirm this, the Issuer has been advised that such a parallel debt should create a claim of the Security Agent thereunder which can be validly secured by a pledge such as the pledge created by the Pledge Agreement and that, even if that were not the case, the pledge created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties.

In addition, as from the moment the Law of 11 July 2013 on security over moveable assets (the ***Moveable Assets Security Act***) will come into force, the Security Agent shall be the representative of all Secured Parties. The pledge under the Pledge Agreement shall be considered as granted to the benefit of the Secured Parties and all enforcement proceeds shall be automatically part of the Secured Parties' assets (therefore limiting the credit risk on the Security Agent referred to above).

4.17 Enforcement of the Pledge

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the Pledge, the Security Agent, acting in its own name, as creditor of the Parallel Debt, as representative of the Noteholders and/or as agent and representative of the other Secured Parties, will be permitted to

collect any moneys payable in respect of the Loans, any moneys payable under the other receivables pledged to it and any moneys standing to the credit of the Issuer Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted to apply to the president of the commercial court *(rechtbank van koophandel/tribunal de commerce)* for authorisation to sell the pledged assets. The Secured Parties will have a first ranking claim over the proceeds of any such sale. Other than claims under the FLSA and the SLSA against the Seller in relation to a breach of certain representations and warranties and a right against the Servicer to be indemnified for all damages, loss and costs caused by such breach and a right of action for damages in relation to a breach of the Servicing Agreement, the Issuer, the Security Agent and the other Secured Parties will have no other recourse to the Seller or the Servicer.

The terms of the Pledge Agreement provide that, upon enforcement, certain payments (including *inter alia* all amounts payable to Secured Parties other than the Noteholders by way of fees, costs and expenses) will be made in priority to payments of interest and principal on the Notes. All such payments which rank in priority to the Notes and all payments of interest and principal on the Notes will rank ahead of all amounts then owing to the Seller under the FLSA and the SLSA.

The ability of the Issuer to redeem all the Notes in full (including after the occurrence of an event of default in relation to the Notes) while any of the Loans are still outstanding may depend upon whether the Loans can be sold, otherwise realised or refinanced so as to obtain an amount sufficient to redeem the Notes. There is not an active and liquid secondary market for SME loans in Belgium. Accordingly, there is a risk that neither the Issuer nor the Security Agent will be able to sell or refinance the Loans on appropriate terms should either of them be required to do so.

The enforcement rights of creditors are stayed during bankruptcy proceedings. The Secured Parties will be entitled to enforce their security, but only after the verification of claims submitted in the bankrupt estate has been completed and the liquidator *(curator/curateur)* and the supervising judge have drawn up a record of all liabilities. This normally implies a stay of enforcement of about two (2) months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgement. This stay of enforcement does not apply, however, to the enforcement of a pledge over a bank account and over bank loans and would not be applicable to the credit balance of Issuer Accounts and to the Loans, in accordance with the Financial Collateral Act.

4.18 Foreclosure of the Loan Security

Without prejudice to the information set out in *Section 14*, in case of the procedures set out in Schedule 2 to the Servicing Agreement *(Foreclosure Procedures),* the sale proceeds of the sale of the Loan Security may not entirely cover the outstanding amount under such Loan. Subject to the availability of credit enhancement, there is a risk that a shortfall will affect the Issuer's ability to make the payments due to the Noteholders. Moreover, if action is taken by a third party creditor against a Borrower prior to Belfius acting as Servicer following the sale of the Loans to the Issuer, the Seller will not control the foreclosure procedures but rather will become subjected to any prior foreclosure procedures initiated by a third party creditor prior to the institution of foreclosure procedures by Belfius.

4.19 Shared Security

Certain Loans constitute term advances under Credit Facilities. In many cases, the Loans Securities secure all advances made from time to time under such Credit Facility and, in addition all other amounts which the Borrower owes or in the future may owe to the Seller. As a consequence of the sale of a Loan to the Issuer, the Issuer and the Seller shall thus share the benefit of the same Loan Security

(a ***Shared Security***) since it will secure both the Loan (security in favour of the Issuer) and other loans, if any, or any other obligations owing from time to time to the Seller, if any (security in favour of the Seller).

4.20 Loans only partially secured by a Mortgage or Pledge over Business Assets

Certain Loans are only partially secured by a Mortgage or a pledge over business assets (*pand op handelszaak/gage sur fonds de commerce*) (a ***Pledge over Business Assets***). Where a Loan is not fully secured by a Mortgage and/or a Pledge over Business Assets, the Borrower of the relevant Loan or a third party provider of Loan Security may have granted a Mortgage Mandate and/or a Pledge over Business Assets Mandate. A Mortgage Mandate or a Pledge over Business Assets Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the mortgaged or pledged assets, but is an irrevocable power of attorney granted by a Borrower or a third party provider of Loan Security to certain attorneys enabling them to create a Mortgage or a Pledge over Business Assets as security for the Loan.

4.21 Preferred Creditors under Belgian Law

Belgian law provides that certain preferred rights *(privilèges/voorrechten)* may rank ahead of a mortgage or other security interest. These liens include the lien for legal costs incurred in the interest of all creditors, or the lien for the maintenance or conservation of an asset.

In addition, if a debtor is declared bankrupt (or a decision to liquidate a debtor is taken) while or after being subject to a judicial reorganization with creditors *(gerechtelijke reorganisatie / réorganization judiciaire),* then any new debts incurred during the judicial reorganization procedure may be regarded as being debts incurred by the bankrupt estate ranking ahead of debts incurred prior to the judicial reorganization. These debts may rank ahead of debts secured by a security interest to the extent they contributed to safeguarding such security interest. Similarly, debts incurred by the liquidator of a debtor after such debtor's declaration of bankruptcy may rank ahead of debts secured by a security interest if the incurring of such debts were beneficial to the secured creditor.

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant Priority of Payments referred to therein. See further *Section 5*.

4.22 Insurance policies

(a) Life Insurance

Article 23, paragraph 4 of the UCITS Act provides that, in case of assignment of a receivable to or by a VBS, the assignment of all rights in the Insurance Policies which have been conferred to an originator as collateral for the assigned receivable is governed by the general principles applying to all receivables (i.e., Article 1690 of the Belgian Civil Code). This rule is confirmed by Article 7 §2 of the Mobilisation Act. The specific formalities and approvals required by the Belgian law of 25 June 1992 on terrestrial insurance contracts *(Wet van 25 Juni 1992 op de Landverzekeringovereenkomst/Loi du 25 juin 1992 sur le contrat d'assurance terrestre)* (the ***Insurance Act***) need therefore not be complied with or be obtained for the effectiveness of the assignment to the Issuer.

(b) Hazard Insurance

The same consideration as the one under *Section 4.22(a)* in respect of life insurance policies also applies to the hazard insurance policies. Moreover, the Issuer, to the extent that it benefits from a Mortgage for a particular Loan, enjoys statutory protection under Article 10 of the

Mortgage Act and Article 58 of the Insurance Act, pursuant to which any indemnity which third parties (including insurance companies) owe for the reason of the destruction of or damage to the mortgaged property will be allocated to the mortgagee-creditors to the extent these indemnities are not used for the reconstruction of the mortgaged property.

Article 58 §2 of the Insurance Act, however, provides that the Insurance Company can pay out the indemnity to the insured in case the holder of an unpublished/undisclosed security over the property does not oppose this by prior notification. As the assignment of the Loan and, where applicable, the Mortage to the Issuer will not be noted in the margin of the mortgage register, the question arises to what extent the lack of disclosure of the assignment could prejudice the Issuer's rights to the insurance proceeds. Although there are no useful precedents, the assignment should not prejudice the Issuer's position because (i) the Mortgage will remain validly registered notwithstanding the assignment and (ii) the Issuer would be the assignee and successor of the Seller. Whether the Insurance Company needs to pay to the Seller or to the Issuer would not be of any interest to the Insurance Company.

A notification issue also arises in connection with Article 66 §1 of the Insurance Act which provides that the Insurance Company cannot invoke any defences which derive from facts arising after the accident has occurred (for instance a late filing of a claim) against mortgagee-creditors the mortgages of whom are known to the insurance company. Again, for the same reasons set out above, the Insurance Company should not have a valid interest in disputing the rights of the Issuer.

Pursuant to Article 66 §2 of the Insurance Act:

(a) the Insurance Company can invoke the suspension, reduction or termination of the insurance coverage only after having given the Seller one month prior notice; and

(b) if the suspension or termination of the insurance coverage is due to the non-payment of premiums, the Seller has the right to pay the premiums within the one-month notice period and thus avoid the suspension or termination of the insurance coverage.

Insurance Company means any insurance company granting a hazard insurance or a life insurance (in respect of a Loan);

Insurance Policy/ies means any and all hazard insurance(s), fire insurance(s) or life insurance(s).

4.23 **Assignment of salary**

The assignment by a Borrower (who is an employee) of his/her salary is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees). In the absence of reported precedents, it is not certain to which extent the Seller can validly assign the benefit of an assignment of salary by a Borrower to the Issuer. Therefore, there is the risk that the Issuer may not have the benefit of such arrangement in case of insolvency of the Seller, which may adversely impact on the ability of the Issuer to meet its obligations in full to pay interest and principal in respect of the Notes.

Moreover:

(a) the Borrower may have assigned his salary as security for debts other than the Loans; the assignee who first starts actual enforcement of the assignment against the Borrower would have priority over the other assignees; and

(b) there are arguments that a transfer of salary in a notarised deed still requires a bailiff notification to be enforceable against third parties.

4.24 Change in law

The structure of the transaction described in this Prospectus and, *inter alia,* the issue of the Notes are based on law, tax rules, regulations, guidelines, rates and procedures, and administrative practice in effect at the date of this Prospectus. No assurance can be given that there will be no change to such law, tax rules, rates, procedures or administrative practice after the date of this Prospectus which change might have an adverse impact on the Notes and the expected payments of interest and repayment of principal in respect of the Notes. See also Condition 5.16 and 5.17 on Optional Redemption in case of Change of Law.

4.25 Data Protection

To the extent the transfer of Loans entails the transfer of personal data in relation to the Borrowers or third parties, the transfer of Loans by the Seller to the Issuer in connection with the Transaction includes a processing of personal data under the Belgian Act of 8 December 1992 on the protection of privacy (the ***Belgian Privacy Act)***.

The Belgian Privacy Act permits the processing of personal data under several grounds, including (a) the prior consent of the data subject, (b) the necessity to process the personal data in order to execute an agreement to which a data subject is a party, and (c) the necessity to process the personal data for legitimate interests of the controller of the processing (insofar as these interests are not outweighed by the legitimate interests of the data subject). It seems reasonable to take the view that the transfer of data relating to the Loans by the Seller to the Issuer is permitted under the latter two grounds, so that the prior consent of the Borrowers must not be obtained.

Without regulatory guidance, there is however no complete certainty whether this is sufficient to fully comply with the Belgian Privacy Act and its implementing regulations.

4.26 Reliance on Belfius

The ability of the Issuer to duly perform its obligations under the Notes will depend to a large extent on the due performance by other Transaction Parties of their obligations and duties under the Transaction Documents. Thus the Issuer will in particular be dependent on Belfius as Account Bank, Servicer, Administrator, Calculation Agent and Domiciliary Agent or on any other entity substituting Belfius in any of these capacities in accordance with the Transaction Documents.

4.27 Limited provision of information

Except if required by law, the Issuer will not be under any obligation to disclose to the Noteholders any financial information in relation to the Loans. The Issuer will not have any obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Loans, except for the information provided in the Investor Report produced by the Administrator and which will be made available as set out in *Section 21 - General Information.*

4.28 Portfolio Information

An audit has been performed by PwC on a statistically significant sample randomly selected out of the Seller's eligible SME loan pool as existed on 16 September 2011. The size of the sample has been determined on the basis of a confidence level of 99 per cent. and an accepted error rate of 1 per cent.. The audit assessed the consistency in data as registered in the systems of the Seller with the data as

provided for in the physical files. The outcome of the audit showed that not in all cases a full consistency could be found or that not in all files all required documents were available to perform such audit.

4.29 **Force Majeure**

Belgian law recognised the doctrine of *overmacht/force majeure,* permitting a party to a contractual obligation to be relieved from such obligation upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that any of the parties to the Transaction Documents will not be subject to a *overmacht/force majeure* event leading them to be relieved from their obligations under the Transaction Documents to which they are a party. This could prejudice the ability of the Issuer to meet its obligations.

4.30 **Eurosystem collateral**

The European Central Bank does not provide any pre-issuance advice regarding the eligibility of assets as Eurosystem collateral. The Eurosystem only provides counterparties with advice regarding the eligibility of assets as Eurosystem collateral if such assets are submitted to it as collateral. No representations or warranties are therefore given by the Issuer, the Manager or any affiliated person as to whether the Class A Notes will be accepted as eligible collateral within the Eurosystem and none of the Issuer and the Manager nor any affiliated person will have any liability or obligation in relation thereto if the Class A Notes are at any time deemed ineligible for such purposes.

4.31 **Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes issued under the Transaction**

Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of their own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined herein, placing such investor at a greater risk of receiving a lesser return on his investment:

(a) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined herein;

(b) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;

(c) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(d) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable to any fluctuations in the financial markets generally; and

(e) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

4.32 **Implementation of regulatory changes that may affect the liquidity of the Notes**

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

In particular, investors subject to European supervision should be aware of Article 405 of the Capital Requirements Regulation. Article 405 of the Capital Requirements Regulation restricts a EU regulated credit institution or investment firm from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution or investment firm that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures, as contemplated by Article 405 of the Capital Requirements Regulation. Article 406 of the Capital Requirements Regulation also requires a EU regulated credit institution or investment firm to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 405 of the the Capital Requirements Regulation will result in the imposition of a penal capital charge on the notes acquired by the relevant investor. Article 405 of the Capital Requirements Regulation applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 405 of the Capital Requirements Regulation (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

The Seller has undertaken to retain a material net economic interest of not less than 5 per cent. in the securitisation transaction in accordance with Article 405 of the Capital Requirements Regulation(which does not take into account any corresponding implementing rules or other measures made in any EEA state). As at the Closing Date, such interest will be comprised of a portion of the Class B Notes. Any change in the manner in which this interest is held shall be notified to investors. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period wherein the Notes are outstanding to the Issuer and the Security Agent in the FLSA and the SLSA. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the Capital Requirements Regulation, which can be obtained from the Seller upon request. The Issuer will prepare periodical Investor Reports wherein relevant information with regard to the Loans will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller as confirmed by the Seller to the Issuer for each Investor Report. Such information can be obtained from the website www.belfius.be/securitisation. For the avoidance of doubt, none of the Issuer, the Seller, the Arranger or the Manager makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 405 of the Capital Requirements Regulation and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Administrator, the Arranger or the Manager makes any representation

that the information described above or in the Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective noteholder should ensure that it complies with the implementing provisions, if any, in respect of Article 405 of the Capital Requirements Regulation in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

4.33 **Tax treatment of interest payments by the Borrowers under the Loans under Article 198, 11° of the BITC 1992**

Under Belgian income tax, at arm's length interest payments by a borrower on loans relating to such borrower's professional activities (such as the Loans) are generally tax deductible as professional expenses. In respect of entities subject to Belgian corporate income tax, the deduction of such interest payments as professional expenses is nevertheless refused in the event that:

(i) the real beneficiary of the interest payments is either (a) not subject to income tax or, in respect of that income, is subject to a taxation regime which is considerably more advantageous than the regular income tax regime for Belgian corporate residents or (b) an affiliated company of the debtor of the interest payments within the meaning of Article 11 of the Belgian Company Code; and

(ii) the aggregate amount of the relevant loans of such borrower exceeds five times the sum of:

  (a) the taxed reserves of such borrower at the beginning of the taxable period; and

  (b) the paid-up capital of such borrower at the end of the taxable period,

whereby the tax deduction is refused to the extent that the 5 to 1 debt to equity ratio as referred to under (ii) is exceeded (Article 198, 11° of the Belgian Income Tax Code 1992 - *BITC 1992*).

Article 198, 11° BITC 1992 has been amended by Article 147, 2° and 3° of the Program Law of 29 March 2012 (*Programmawet (I)/Loi-programme (I)*) and Article 89 of the Program Law of 22 June 2012. The new version of Article 198, 11° BITC 1992 described above entered into force on 1 July 2012.

The below analysis only refers to the new version of Article 198, 11° BITC 1992. However, the analysis is also applicable *mutatis mutandis* to situations prior the entry into force of Article 147, 2° and 3° of the Program Law of 29 March 2012 and Article 89 of the Program Law of 22 June 2012, provided however that the rules described above are applicable with the exclusion of transactions referred under section (i) (b) and with the application of a higher debt to equity ratio of 7 to 1 (instead of 5 to 1).

With respect to beneficiary benefiting from a favourable tax regime

As set out below, an Institutional VBS such as the Issuer is subject to corporation tax at the current ordinary rate of 33.99 per cent, but its tax base is notional. The Issuer can only be taxed on any disallowed expenses and any abnormal or gratuitous benefits received. Interest payments which the Issuer receives on the Loans are therefore not included in its tax base.

Based on a strict reading of Article 198, 11° BITC 1992 and in the absence of case law and/or commentaries by the tax administration formally discarding the application of this Article for interest payments made to an Institutional VBS, it cannot be entirely excluded that the Issuer might be considered as an entity which is subject to a taxation regime which is considerably more advantageous than the regular income tax regime for Belgian corporate residents and that interest payments made to

the Issuer under Loans are not tax deductible for the Borrowers in respect of which, and to the extent that, the 5 to 1 debt equity ratio is exceeded.

However, the Issuer has been advised that:

(a) Article 1690 of the Civil Code provides that a transfer of any type of receivables will be enforceable against third parties upon the mere conclusion of a transfer agreement. No other formality is needed to make the transfer effective against the Seller's creditors. In contrast, the transfer will not be effective against the borrower until the transfer is notified or is acknowledged by the borrower (e.g., the transfer is acknowledged by the borrower whenever it pays the purchaser). This means that the Borrower will continue to discharge its debt by paying the Seller.

In order to determine the applicability of Article 198, 11° BITC to interest paid by the Borrower, one must look at the legal reality as it presents itself to the taxpayer who faces the application of Article 198, 11° BITC, i.e., the Borrower. Under the First Loan Sale Agreement, the Second Loan Sale Agreement and the Servicing Agreement, the Servicer will act as an undisclosed collection agent for the account of the Issuer and the Borrowers will continue to make validly all interest payments under the Loans to the Seller (i.e., its initial creditor). Therefore, from the Borrowers' perspective, the legal reality is that the actual beneficiary of the interest is still the Seller (i.e., the initial creditor) and the Borrowers are legally and actually not in a position to examine whether or not Article 198, 11° BITC could possibly apply.

(b) It could be argued, whether the transfer is notified or not to the Borrowers, that, from a legal and economical perspective, the real beneficiaries of the interest on the Loans are ultimately the Noteholders since (i) the Issuer will not be allowed to dispose autonomously of the payments from the Borrowers, but interest paid by the Borrowers with respect to the Loans will unconditionally be used to pay interest to the Noteholders or to pay the deferred purchase price to the Seller according to the First Loan Sale Agreement and the Second Loan Sale Agreement, (ii) the attribution of interest to the Noteholders depends on the payments made by the Borrowers under the Loans, so that in case of a Borrower payment default, the loss incurred is ultimately borne by the Noteholders, and (iii) in case of a bankruptcy of the Issuer, the Noteholders would have a direct claim on the interest income from the Loans by way of a pledge over the claims against the Borrowers under the Loans.

(c) Article 198, 11° BITC 1992 should be interpreted and applied as an anti-abuse clause. The fact that a large number of the Loans were already granted for quite a long time prior to the securitisation transaction shows that there was no "abuse" at the outset and hence the anti-abuse provision should in principle not be applied, especially since the Borrowers, which would lose tax deductions, were not involved in the transfer of the portfolio to the Issuer. This argument is thus based on the true rationale of the provision in question, the main purpose of which is to avoid profit shifting to non-resident lenders based in tax heavens or benefiting from a preferential tax regime or to combat thin capitalization within a group of companies.

(d) The application of Article 198, 11° BITC 1992 in the case of this transaction would lead to inequitable results given that the Borrowers who would lose the tax deduction were not involved with and, before being notified thereof, were even not aware of, the transfer of their Loan to the Issuer;

(e) In respect of the income derived under the Loans, one can argue that the Issuer, as creditor, is not subject to an income tax regime that is considerably more advantageous than the regular income tax regime. Article 198, 11° BITC 1992 requires that, regarding the interest income, the

beneficial owner benefits from a tax regime that is considerably more advantageous. However, for any company subject to regular corporate income tax, interest paid to the Noteholders would offset interest payments received by the Borrowers and therefore the taxable basis of any company subject to regular corporate income tax should effectively be very similar to the taxable basis of the Issuer for the income concerned. Indeed, the taxable income in either case should in principle be close to zero.

On the basis of the above considerations, there are strong arguments to uphold that, in case of a silent transfer, Article 198, 11° BITC 1992 should in principle not apply.

However, in the event Article 198, 11° of the BITC 1992 would be invoked successfully by the tax administration, as a result of which the Borrower of a Loan might incur a loss due to the reduced deductibility of its interest payments, the Borrower might want to hold the Seller liable for its loss and might refuse to pay an amount under its Loan corresponding to its loss. This unlikely risk is, however, mitigated by the fact that, under the FLSA, the SLSA and the Servicing Agreement, the Seller will agree to indemnify the Issuer for any such reduction in payment resulting from the Seller being found liable for the loss of the Borrower and the Borrower refusing to pay a corresponding amount under its Loan.

With respect to beneficiary qualifying as affiliated company

The Issuer cannot be regarded as an affiliated company of any Borrower within the meaning of Article 11 of the Company Code because neither the Issuer nor any Borrower have any direct or indirect ownership of more than 50 per cent. of the share capital or similar rights of ownership of the other entity or the power to direct the management and the policies of the other entity whether through the ownership of share capital, contract or otherwise.

In this respect Article 198, 11° BITC 1992 should not apply.

The Issuer believes that the risks described above are certain of the principal risks inherent in the transaction for the Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various structural elements described in the Prospectus are intended to lessen some of these risks for Noteholders there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of interest and principal on such Notes on a timely basis or at all.

SECTION 5
CREDIT STRUCTURE

The following section is a summary of certain aspects of the issue of the Notes and the transaction in connection with the issue of the Notes of which prospective Noteholders should be aware, but it is not intended to be exhaustive. Prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus. If you are in any doubt about the contents of this Prospectus, you should consult an appropriate professional adviser.

5.1 Interest and interest rates on the Loans

5.1.1 Interest and interest rates

The Loans sold and assigned to the Issuer on the First Sale Date and on the Closing Date bear interest whereby the rate is fixed for the entire term of the Loan or subject to reset from time to time as agreed with the relevant Borrower.

The actual amount of revenue received by the Issuer under the Loans will vary during the life of the Notes as a result of the level of delinquencies, defaults, repurchases, repayments and prepayments in respect of the Loans. Similarly, the actual amounts payable under the Interest Priority of Payments will vary during the life of the Notes as a result of possible variations in certain costs and expenses of the Issuer. The potential effect of such variations could lead to drawings, and the replenishment of such drawings, under the Reserve Fund and to non-payment of certain items under the Interest Priority of Payments.

5.1.2 Prepayment Penalties and default interest

In accordance with the contractual terms included in the loan documentation and loan regulations (*kredietreglement/règlement de crédit*) applicable to the Loans (the ***Loan Regulations***), prepayment penalties (*wederbeleggingsvergoeding/indemnité de remploi*) may be due on the Loans in the event of a voluntary prepayment of principal on the Loans prior to their scheduled due date (the ***Prepayment Penalties***). Furthermore, the Loan Regulations provide for default interest (*nalatigheidsinterest/intérêt moratoire*).

5.2 Cash Collection

5.2.1 Cash Collection

All payments on each Loan are settled by way of a direct debit (save in respect of Loans being enforced).

Before the occurrence of a Notification Event (and afterwards), the Servicer, on behalf of the Seller, procures that all amounts of principal, interest, Prepayment Penalties and default interest received by the Seller in respect of the Loans are swept on a daily basis to the Transaction Account held by the Issuer at the Account Bank (the ***Transaction Account***).

5.2.2 Collection Period

In respect of any relevant Payment Date, the period from (and including) the first (1st) calendar day of the month in which the immediately preceding Payment Date fell to (but excluding) the first (1st) calendar day of the month in which such relevant Payment Date falls shall be the ***Collection Period*** except for the first Collection Period which shall be the period (a) from (and including) 1 April 2014 to (but excluding) 1 June 2014 for the First Batch of Loans and (b)

from (and including) the Closing Date to (but excluding) 1 June 2014 for the Second Batch of Loans.

The Transaction Account, the Share Capital Account, the Deposit Account (if any) and the Reserve Account (together the ***Issuer Accounts***) will be held at the Account Bank.

5.2.3 Account Bank termination

If at any time while any of the Class A Notes is outstanding, the Account Bank no longer complies with the relevant Minimum Ratings, the Account Bank shall, in relation to each of the Issuer Accounts with the exception of the Share Capital Account (other than where the Account Bank ceases to be authorised to conduct business), within thirty (30) calendar days from the date of such downgrade, use its best efforts to:

(a) transfer the balance of such Issuer Accounts to (i) a substitute account bank with the relevant Minimum Ratings that has been approved by the Issuer and the Security Agent (which approval is not to be unreasonably delayed or withheld) or (ii) a substitute account bank that does not have the relevant Minimum Ratings directly, but in respect of which an Eligible Guarantee has been put in place to guarantee the obligations of such institution in relation to the Issuer Accounts to be transferred, which is authorised to conduct its business in Belgium and has been approved by the Issuer and the Security Agent (which approval is not to be unreasonably delayed or withheld); or

(b) obtain an Eligible Guarantee to guarantee the obligations of the Account Bank in relation to the Issuer Accounts that were not transferred; or

(c) find any other solution or take any other suitable action that, in and of itself and at this time, will not negatively impact the rating of the Class A Notes then outstanding or, to the extent that the rating of the Class A Notes was reduced pursuant to the Account Bank Termination Event, will upgrade the rating of the Class A Notes to the level that existed immediately prior to the Account Bank Termination Event or above.

For the avoidance of doubt, to the extent that the Account Bank has determined that several of the actions listed under (a) to (c) above are available in relation to the Issuer Accounts (with the exception of the Share Capital Account), the Issuer may, in its sole discretion, decide for each of the relevant Issuer Accounts individually which of the available actions shall be taken by the Account Bank.

Eligible Guarantee means an unconditional and irrevocable guarantee provided to the Issuer, directly enforceable by the Issuer, by a guarantor which has the relevant Minimum Ratings and which will act as principal debtor rather than surety and in respect of which the guarantor has waived any right of set-off or counterclaim in relation to any payment under such guarantee.

For the avoidance of doubt, each period of time referred to in this Prospectus shall be calculated so as to start at 00h00 on the date immediately following the event which triggers the period (*dies a quo*) and will end at 23h59 on the last day of such period (*dies ad quem*).

5.3 The Transaction Account

5.3.1 Funds to be credited to the Transaction Account

The Issuer will maintain with the Account Bank the Transaction Account into which, in addition to any interest accrued on the Transaction Account, the Servicer, on a daily basis on behalf of the Issuer, or the Administrator shall credit all amounts received:

(a) in respect of the Loans;

(b) from any of the other parties to the Transaction Documents (except funds related to the Deposit Account, if any);

(c) as accrued interest on the Reserve Account or as funds drawn from the Reserve Account;

(d) as retained interest for non-Eligible Holders.

Prior to an Enforcement Event, payments will be made from the Transaction Account as set out in *Section 5.7*.

5.4 Reserve Fund

5.4.1 Reserve Fund

The Issuer has established the Reserve Fund on the First Sale Date, which is held in the Reserve Account. Amounts will be credited to the Reserve Fund as funds become available for such purpose in accordance with the Interest Priority of Payments.

5.4.2 Utilising the Reserve Fund

Save as otherwise described below, on every Payment Date, the money standing to the credit of the Reserve Fund will form part of the Interest Available Funds and be available to the Issuer to meet its obligations under the Interest Priority of Payments. *See Section 5.7*.

On the earlier of the Payment Date when the Notes stand to be fully redeemed and the first Payment Date when the Class A Notes are no longer outstanding (for the avoidance of doubt, after application of the Priority of Payments on such date), all money standing to the credit of the Reserve Fund will form part of the Principal Available Funds and be available to the Issuer to meet its obligations under the Principal Priority of Payments. *See Section 5.7*

5.4.3 Reserve Fund Replenishment

The Issuer will pay on the Closing Date from the Reserve Account the accrued interest component of the Initial Purchase Price for the Second Batch of Loans and the accrued interest component on the redemption of the notes with ISIN BE0002414861 and BE6235803614.

For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (iii) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Level 1, under item (iv) of the Interest Priority of Payments.

For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (vi) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Level 2, or to the extent more than 50 per cent. of the Class A notes have amortized or the Notes are to be redeemed in full on the relevant Payment Date, the Reserve Fund Required Amount, under item (vii) of the Interest Priority of Payments.

5.4.4 Cash Buffer

If, and to the extent, amounts are credited to the Principal Deficiency Ledgers on a Payment Date, those amounts will be used to fund a cash buffer (the ***Cash Buffer***) in accordance with the Interest Priority of Payments (the ***PDL Allocation***). For the avoidance of doubt, on any Payment Date where there is a Class A Interest Shortfall, the PDL Allocation for such date is zero. The Cash Buffer will be credited to the Reserve Account.

Operation of the Cash Buffer

The Issuer shall procure that on every Payment Date the following amounts are released from the Cash Buffer and credited to the Transaction Account:

(a) the Interest Cash Buffer Allocation determined on the previous Payment Date, or, in respect of the First Payment Date, EUR 1,390,176.62; and

(b) the Principal Cash Buffer Allocation as of such Payment Date.

Such amounts will form part of the Interest Available Funds and the Principal Available Funds, respectively, on the Payment Date by reference to the applicable Collection Period. *See Section 5.7*.

The ***Principal Cash Buffer Allocation*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the lowest of:

(a) the Cash Buffer Available for Principal; and

(b) the Cash Buffer Required for Principal.

The ***Cash Buffer Available for Principal*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to:

(a) the sum of the Cash Buffer balance on the immediately previous Payment Date and the PDL Allocation on such Payment Date; less

(b) the Interest Cash Buffer Allocation determined on the immediately previous Payment Date or with respect to the First Payment Date the relevant amounts due with regard to the notes with ISIN BE0002414861 and BE6235803614;

The ***Cash Buffer Required for Principal*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the sum of the New Write-Offs on such Payment Date and of the Unallocated Write-Offs as of the immediately previous Payment Date.

The ***Interest Cash Buffer Allocation*** in respect of any Payment Date, to form part of the Interest Available Funds on the following Payment Date, represents an amount (calculated on the related Calculation Date) equal to the lowest of:

(a) the Cash Buffer Available for Interest; and

(b) the Cash Buffer Required for Interest.

The ***Cash Buffer Available for Interest*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the Cash Buffer balance on the respective Payment Date after application of the relevant Priorities of Payments.

The ***Cash Buffer Required for Interest*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to:

(a) the Start PDL on such Payment Date; less

(b) the sum of

(a) the Loan Reductions Variation; and

(b) the End PDL on the immediately previous Payment Date

If the Notes have been redeemed in full and all other obligations in respect of the Notes have been satisfied on the Payment Date immediately before such Calculation Date or will be satisfied on the next Payment Date, all amounts standing to the credit of the Cash Buffer may be released and thus the Cash Buffer will be reduced to zero, save for any amounts reasonably determined by the Administrator. In such circumstances, all amounts standing to the credit of the Cash Buffer will thereafter be credited to and form part of the Principal Available Funds and will be available towards the satisfaction of the Issuer's obligations under the Principal Priority of Payments.

5.5 Subordination

5.5.1 Class A Notes

The Class A Notes will be senior to the Class B Notes.

5.5.2 Class B Notes

The Class B Notes will be subordinated to the Class A Notes as follows:

(a) no payment of principal by the Issuer on the Class B Notes will be made whilst any Class A Note remains outstanding;

(b) interest on the Class B Notes will only be paid in accordance with the Interest Priority of Payments; and

(c) in case of enforcement of the Pledge by the Security Agent, any amounts due in respect of the Class A Notes will rank in priority to any amounts due in respect of the Class B Notes, in accordance with the Post-enforcement Priority of Payments.

5.5.3 General Subordination

In the event of insolvency (which term includes bankruptcy (*faillissement / faillite*), winding-up (*vereffening / liquidation*)) and judicial reorganization (*gerechtelijke reorganisatie / réorganization judiciaire*) of the Issuer, any amount due or overdue in respect of the Class B Notes will:

(i) rank lower in priority in point of payment and security than any amount due or overdue in respect of the Class A Notes; and

(ii) only become payable after any amounts due in respect of any Class A Notes have been paid in full.

5.5.4 Limited Recourse - Compartments

To the extent that Principal Available Funds and Interest Available Funds are insufficient to repay any principal and accrued interest outstanding on any Class of Notes on the relevant Final Maturity Date, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time will cease to be payable by the Issuer.

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Mercurius-1 and the recourse for such obligations is limited so that only the assets of Compartment Mercurius-1 subject to the Pledge will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Pledge and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer acting through its Compartment Mercurius-1 will cease to be payable by the Issuer. Except as otherwise provided by Conditions 11 and 12, none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or, in case of the Secured Parties, take any steps to enforce any Pledge. See *Section 4.3, Section 5.5.4* and Condition 11.

5.6 Principal Deficiency

5.6.1 Principal Deficiency Ledgers

Principal deficiency ledgers have been established on behalf of the Issuer by the Administrator in respect of the Class A Notes (***Class A Principal Deficiency Ledger***), and the Class B Notes (***Class B Principal Deficiency Ledger***) (together, the ***Principal Deficiency Ledgers***) in order to record (i) the Loan Reductions of any Loan(s); (ii) the Additional Loan Reductions of any Written-Off Loan(s) and (iii) any Principal Available Funds which in accordance with the Principal Priority of Payments are used to cover any Class A Interest Shortfall.

Loan Reductions ("*waardeverminderingen/réductions de valeur*" or "*verlies/perte*") means, in relation to a Loan with Loan Status "B", "C", "D" or "Z" and on any day, the valuation reserve as calculated by the Servicer in its daily operations, representing the amount needed to cover estimated losses or, as the case may be the realized loss, in relation to such Loan.

Loan Status means the internal code assigned by the Servicer to a Loan in accordance with the Servicer criteria as applicable from time to time, currently as follows:

(i) "0" indicates that no payments are overdue;

(ii) "A" indicates that payments have remained overdue for more than 1 day but no more than 90 days;

(iii) "B" indicates that payments have remained overdue for more than 90 days (Infringed agreements (*"Precontentieuze overeenkomsten/Contrats précontentieux"*));

(iv) "C" indicates that the Loan is due and payable and foreclosure procedures are initiated (Agreements defined as uncertain (*"Overeenkomsten aangeduid als onzeker/Contrats dénoncés incertains"*));

(v) "D" indicates that the Loan is due and payable with a loss equal to its outstanding balance (Agreements defined as irrecoverable (*"Overeenkomsten aangeduid als oninbaar/Contrats dénoncés irrécouvrables"*).

(vi) "Z" indicates that the Loan is closed and any outstanding balance is taken as a loss (*"verlies/perte"*) (Agreements taken as a loss (*"Overeenkomsten met aangenomen verlies/Contrats pris en pertes"*).

Additional Loan Reductions means, in relation to a Written-Off Loan, the amount that corresponds to the difference between the Current Balance of the Loan immediately prior to it becoming a Written-Off Loan and the Loan Reductions recorded as of such date.

Total Write-Off means, in relation to a Loan, on any day, the Current Balance of a Loan immediately prior to it becoming a Written-Off Loan. For the avoidance of doubt, the Total Write-Off in respect of a Written Off Loan under (iii) of the definition of Written-Off Loan will be equal to the Loan Reductions at such date.

Written-Off Loan means a Loan which (i) has been assigned Loan Reductions for an uninterrupted period of two years, (ii) has received an internal code "D" or "Z" or (iii) has Loan Reductions higher than zero and which has been repurchased.

Loan Reductions Variation means, in relation to the Portfolio on any Payment Date, an amount, calculated on the related Calculation Date, equal to:

(a) the aggregate Loan Reductions on Loans which are not Written-Off Loans at the end of the current Collection Period and Total Write-Offs from and including the Closing Date for the Second Batch of Loans or the First Sale Date for the First Batch of Loans until the end of the current Collection Period; less

(b) the aggregate Loan Reductions on Loans which were not Written-Off Loans at the end of the previous Collection Period and Total Write-Offs from and including the Closing Date for the Second Batch of Loans or the First Sale Date for the First Batch of Loans until the end of the immediately preceding Collection Period (or, with regards to the Second Batch of Loans in respect of the First Payment Date, zero); plus

(c) the Redirected Principal on the immediately previous Payment Date or with respect to the First Payment Date the relevant amounts due with regard to the notes with ISIN BE0002414861.

Start PDL in respect of a Payment Date represents an amount, calculated on the related Calculation Date, equal to the sum of:

(a) the Loan Reductions Variation at the end of the relevant Collection Period; and

(b) the End PDL on the previous Payment Date, or, with regards to the Second Batch of Loans in respect of the First Payment Date, zero;

subject to a minimum of zero.

End PDL in respect of a Payment Date represents the difference between the Start PDL on such date and the PDL Allocation, calculated on the related Calculation Date.

New Write-Offs in respect of a Payment Date represents an amount, calculated on the related Calculation Date, equal to the aggregate Total Write-Offs corresponding to the Loans that became Written-Off Loans during the immediately preceding Collection Period.

Unallocated Write-Offs in respect of a Payment Date represents an amount, calculated on the related Calculation Date, equal to:

(a) the sum of the Unallocated Write-Offs as of the previous Payment Date and of the New Write-Offs and the Redirected Principal on such Payment Date, or, in respect of the First Payment Date, zero; less

(b) the Principal Cash Buffer Allocation on such Payment Date.

5.6.2 Allocation

On every Calculation Date and for the purposes of the immediately following Payment Date, any debit balance on the Principal Deficiency Ledger shall be deemed to be covered and the Start PDL on such date will be debited to the Principal Deficiency Ledgers sequentially as follows:

(a) *first*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes less the Reserve Fund Required Amount plus all Class B Waivers until such Payment Date, and if there are sufficient Interest Available Funds then any debit balance on the Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (vi) of the Interest Priority of Payments.

(b) *second*, to the Class A Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class A Notes, and if there are sufficient Interest Available Funds then any debit balance on the Class A Principal Deficiency Ledger shall be reduced by crediting such funds at item (v) of the Interest Priority of Payments.

Any debit balance recorded on the respective Principal Deficiency Ledgers shall be a ***Class A Principal Deficiency***, or a ***Class B Principal Deficiency***, each a ***Principal Deficiency***, as applicable and as the context requires.

5.6.3 Calculation of Principal Available Funds and Interest Available Funds

The calculation date shall be, in relation to any Payment Date, the third (3rd) Business Day preceding the relevant Payment Date (the ***Calculation Date***). On each Calculation Date the Administrator will calculate the amount of the Interest Available Funds and the Principal Available Funds which will be available to the Issuer in the Transaction Account on the immediately following Payment Date to satisfy its obligations in respect of certain expenses and costs to the Transaction Parties in accordance with the Interest Priority of Payments and the Principal Priority of Payments.

The Interest Available Funds shall be calculated by reference to the interest receipts and other amounts received by the Issuer in the Transaction Account during the previous Collection Period.

The Principal Available Funds shall be calculated by reference to principal amounts and other amounts received by the Issuer during the previous Collection Period.

5.7 Application of cash flow and Priority of Payments

5.7.1 Payments during any Interest Period

Provided no Enforcement Notice has been given, amounts due and payable by the Issuer in respect of:

(a) satisfaction of any expenses referred to in items (i) and (ii) of Condition 2.7 that become due and payable at such time; and

(b) payments to the Servicer of any amount previously credited to the Issuer Accounts in error;

may be paid by the Issuer on a date that is not a Payment Date provided there are sufficient funds available in the Transaction Account or (solely for the purposes of (a) above) that can be drawn from the Reserve Fund.

Dividends may be paid annually out of the Dividend Reserve held in the Share Capital Account and interest accrued thereon.

Share Capital Account means the bank account opened by the Issuer in which (i) the share capital portion allocated to Compartment Mercurius-1, (ii) the Dividend Reserve and (iii) the interests accrued on the Share Capital Account are held.

5.7.2 Interest Available Funds

On each Calculation Date, the Administrator will calculate the amount of interest funds which will be available to the Issuer in the Transaction Account on the following Payment Date by reference to amounts received in the Transaction Account during the applicable Collection Period, or to be received on the following Payment Date and such interest funds (the ***Interest Available Funds***) shall be the sum of the following:

(i) any interest received by the Issuer on the Loans;

(ii) any Prepayment Penalties and default interest received by the Issuer under the Loans;

(iii) all other moneys received by the Issuer in respect of the Loans to the extent these do not relate to principal;

(iv) all amounts received in connection with a repurchase or sale of a Loan or in respect of other amounts received under the FLSA or the SLSA, to the extent they do not relate to principal;

(v) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 12 of the FLSA and the SLSA, which are to be transferred from the Deposit Account to the Transaction Account;

(vi) any interest accrued and received on sums standing to the credit of the Issuer Accounts (with the exception of the Share Capital Account and the Deposit Account);

(vii) any Recoveries;

(viii) the Reserve Fund;

(ix) the Interest Cash Buffer Allocation as of the previous Payment Date;

(x) any remaining amounts standing to the credit of the Transaction Account, excluding amounts in respect of the new Collection Period and amounts retained for the non-Eligible Holders to the extent they do not relate to principal;

(xi) to the extent on any Payment Date, the amount of Interest Available Funds determined as the sum of (i) to (x) (included) above would be insufficient to cover amounts due in respect of items (i) to (iii) in the Interest Priority of Payments (such shortfall, the ***Class A Interest Shortfall***), the amount of principal applied to meet such shortfall (using the Principal Priority of Payments).

5.7.3 Pre-enforcement Interest Priority of Payments

On each Calculation Date, the Administrator shall calculate the amount of Interest Available Funds which is to be applied on the immediately succeeding Payment Date.

On each Payment Date prior to the issuance of an Enforcement Notice, the following payments will be made, each as may be due at such moment in time:

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses of the Issuer:

(a) the amounts due and payable to the Servicer;

(b) the amounts due and payable to the Back-Up Servicer;

(c) the amounts due and payable to the Back-Up Servicer Facilitator;

(d) the amounts due and payable to the Corporate Services Provider;

(e) the amounts due and payable to the Accounting Services Provider;

(f) the amounts due and payable to the National Bank of Belgium;

(g) the amounts due and payable to the FSMA;

(h) the amounts due and payable to Euronext Brussels;

(i) the amounts due and payable to the CFI ("*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*");

(j) the amounts due and payable to the Fonds de traitement de surendettement;

(k) the amounts due and payable to the Auditor;

(l) the amounts due and payable to the Rating Agencies;

(m) the amounts due and payable to the Security Agent:

(n) the amounts due and payable to the Account Bank;

(o) the amounts due and payable to the Domiciliary Agent;

(p) the amounts due and payable to the Calculation Agent;

(q) the amounts due and payable to the Administrator;

(r) the amounts due and payable to the directors of the Issuer, if any; and

(s) the amounts due and payable for taxes or Dividend Reserve;

(ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (i) above, in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due on the Class A Notes;

(iv) *fourth*, for as long as any Class A Notes are outstanding, in or towards replenishment of the Reserve Fund up to the Reserve Fund Level 1;

(v) *fifth*, in or towards reducing to zero the balance of the Class A Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);

(vi) *sixth*, in or towards reducing to zero the balance of the Class B Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);

(vii) *seventh*, for so long as any Class A Notes are outstanding, in or towards replenishing the Reserve Fund up to the Reserve Fund Level 2, or, to the extent more than 50 per cent. of the Class A Notes have been amortized or the Notes are to be redeemed in full on such date, up to the Reserve Fund Required Amount;

(viii) *eight*, in or towards satisfaction of all amounts to the credit of the Class B Interest Deficiency Ledger;

(ix) *ninth*, in or towards satisfaction *pari passu* and *pro rata* of all interest due on the Class B Notes;

(x) *tenth*, in payment of the Deferred Purchase Price to the Seller; if any.

(the ***Interest Priority of Payments***)

5.7.4 Interest Deficiency Ledgers

Interest Deficiency Ledgers will be established by the Administrator on behalf of the Issuer in respect of the Class B Notes (the ***Class B Interest Deficiency Ledger***) in order to record any shortfalls in the payment of interest on the Class B Notes.

5.7.5 Interest Deficiency Allocation

Event of Default in respect of failure to pay the interest due under Class A Notes

Subject to Condition 9, it shall be an Event of Default under the Class A Notes if, on any Payment Date, the interest amounts then due and payable under and in respect of the Class A Notes have not been paid in full.

Interest Deficiency Ledger and interest roll-over

To the extent that, on any Payment Date, the Interest Available Funds are not sufficient to pay the accrued interest in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B Interest Deficiency Ledger.

The balance of the Class B Interest Deficiency Ledger existing on any Calculation Date shall on the next succeeding Payment Date be reduced with the Class B Interest Surplus.

Class B Interest Surplus means, on any Calculation Date, the Interest Available Funds to be allocated to the Class B Interest Deficiency Ledger on the next succeeding Payment Date in accordance with the Interest Priority of Payments.

Interest Deficiency Ledgers

The Issuer shall establish and maintain the Class B Interest Deficiency Ledger to record and monitor any interest deficiency as described in the preceding section *Interest Deficiency Ledger and interest roll-over*.

5.7.6 Pre-enforcement Principal Priority of Payments

Principal Available Funds

On each Calculation Date, prior to the issuance of an Enforcement Notice, the Administrator shall calculate the amount of principal funds which will be available to the Issuer in the Transaction Account on the following Payment Date to satisfy its obligations under the Notes by reference to amounts received in the Transaction Account during the applicable Collection Period, or to be received on the following Payment Date, and such principal funds (the ***Principal Available Funds***) shall be the sum of the following:

(i) all repayments and prepayments of principal amounts under the Loans;

(ii) all other sums of money received in respect of principal on the Loans;

(iii) all amounts received in connection with a repurchase or sale of a Loan or in respect of other amounts received under the FLSA or the SLSA, to the extent they do not relate to interest or to a Written-Off Loan;

(iv) the Principal Cash Buffer Allocation on such Payment Date, or if the Notes stand to be redeemed in full all amounts standing to the credit of the Cash Buffer (for the avoidance of doubt, after application of the Interest Priority of Payments on such date);

(v) any principal related funds calculated on the immediately preceding Calculation Date but not applied;

(vi) any amounts (as indemnity for losses of scheduled principal on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 12 of the FLSA and Clause 12 of the SLSA, which are to be transferred from the Deposit Account to the Transaction Account;

(vii) in respect of the First Payment Date, the excess of the Principal Amount Outstanding of the Notes on the Closing Date, over the sum of the Current Balances of all Loans on the Closing Date and of the Reserve Fund Required Amount; and

(viii) on the date when the Notes stand to be redeemed in full, all amounts standing to the credit of the Reserve Fund (for the avoidance of doubt, after application of the Interest Priority of Payments on the related Payment Date).

On each Payment Date prior to the issuance of an Enforcement Notice, the following payments will be made:

(i) *first*, in or towards satisfaction of amounts required to cover any shortfall on items (i) to (iii) (included) of the Interest Priority of Payment (the ***Redirected Principal***);

(ii) *second*, in redeeming, *pari passu* and *pro rata* all amounts of principal outstanding respect of the Class A Notes until redeemed in full;

(iii) *third*, in redeeming, *pari passu* and *pro rata* all amounts of principal outstanding respect of the Class B Notes until redeemed in full;

(iv) *fourth*, in payment of the Deferred Purchase Price to the Seller, if any;

(the ***Principal Priority of Payments***).

5.7.7 Post-enforcement Priority of Payments

Following the issue of an Enforcement Notice, all monies standing to the credit of the Issuer Accounts and received by the Issuer (or the Security Agent or the Administrator) will be applied in the following priority (the ***Post-enforcement Priority of Payments*** and, together with the Interest Priority of Payments and the Principal Priority of Payments, the ***Priority of Payments***) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

(i) *first*, in or towards satisfaction of all amounts due and payable to any agent or delegate appointed by the Security Agent for the enforcement of the Security and any costs, charges, liabilities and expenses incurred by such agent or delegate together with interest as provided in the Pledge Agreement;

(ii) *second*, in or towards satisfaction of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(iii) *third*, in or towards all amounts due to the Administrator acting in that capacity;

(iv) *fourth*, in or towards satisfaction of *pari passu* and *pro rata*:

(a) all amounts due and payable to the Servicer, the Back-Up Servicer and the Back-Up Servicer Facilitator; and

(b) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider;

(v) *fifth*, in or towards satisfaction of *pari passu* and *pro rata* of:

(a) all amounts due and payable to the National Bank of Belgium in relation to the use of the X/N Clearing System;

(b) all amounts due and payable to the FSMA;

(c) all amounts due and payable to Euronext Brussels;

(d) all amounts due and payable to the CFI (Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière);

(e) the Fonds de traitement de surendettement;

(f) all amounts due and payable to the Auditor;

(g) all amounts due and payable to the Rating Agencies;

(h) all amounts due and payable to the Account Bank;

(i) all amounts due and payable to the Domiciliary Agent;

(j) all amounts due and payable to the directors of the Issuer, if any; and

(k) all amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(vi) *sixth,* in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (v) above, in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class A Notes;

(viii) *eighth*, in or towards redemption of, *pari passu* and *pro rata,* all amounts of principal outstanding in respect of the Class A Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction of, *pari passu* and *pro rata,* all amounts of interest due or overdue in respect of the Class B Notes;

(x) *tenth*, in or towards redemption of, *pari passu* and *pro rata,* all amounts of principal outstanding in respect of the Class B Notes until redeemed in full;

(xi) *eleventh*, finally, in payment of the Deferred Purchase Price to the Seller, if any;

it being understood that amounts standing to the credit of the Deposit Account shall only be applied in accordance with the Post-Enforcement Priority of Payments to the extent such amounts cover losses incurred by the Issuer of scheduled interest or principal on the Loans as a result of Commingling Risk; the remainder of the amount standing to the credit of the Deposit Account shall be released directly to the Seller as provided in Condition 2.12.

5.7.8 Calculations in case of a disruption

If due to an operation or technical failure (not relating to its financial condition) which occurs in respect of the Servicer (a ***Disruption***), the Servicer fails to prepare and distribute the Servicer Report in accordance with the provisions of the Servicing Agreement and no information is available to calculate the exact amount of the Interest Available Funds, the Principal Available Funds, the amounts due on the Notes and/or any of the other amounts payable in accordance with the Priority of Payments, the Administrator shall in good faith and in a commercially reasonable manner, having regard to all relevant information at the Administrator's disposal (which for the avoidance of doubt may, but need not, include information set out in the three most recent Servicer Reports), (a) make an estimate of the Interest Available Funds and the Principal Available Funds available on and the amounts due on the Notes and any of the other amounts payable in accordance with the relevant Priority of Payments on the immediately succeeding Payment Date, as the case may be, (b) determine the amount available to it to satisfy such amount (estimated to be) due and payable, and (c) pay such amount estimated due and payable up to the amount available to it at the relevant Payment Date, as the case may be. Any amount overpaid at such time (the ***Disruption Overpaid Amount***) shall be withheld from the payments to be made on the following Payment Date, as the case may be. Any amount underpaid at such time (the ***Disruption Underpaid Amount***) shall be paid on the next succeeding Payment Date, as the case may be.

Any (i) calculations made in good faith and in a commercially reasonable manner on the basis of such estimates in accordance with the Administration, Corporate Services and Accounting Services Agreement, (ii) payments made (or not made) under any of the Notes and Transaction Documents in accordance with such calculations, and (iii) reconciliation calculations and Disruption Underpaid Amounts paid (or Disruption Overpaid Amounts withheld) as a result of such reconciliation calculations shall be deemed to be done, made or withheld in accordance with the provisions of the applicable Priority of Payments and the Transaction Documents and will in themselves not lead to an Event of Default or any other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Notification Events).

SECTION 6
THE ISSUER

6.1 Status

The Issuer is acting exclusively through its Compartment Mercurius-1.

The Issuer and its Compartment Mercurius-1 are duly registered by the Belgian Federal Public Service Finance (the *Federale Overheidsdienst Financiën / Service Public Fédéral Finances*) as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*. The registration cannot be considered as a judgement as to the quality of the transaction, nor on the situation or prospects of the Issuer. The Issuer is duly incorporated since 15 December 2011 as a public limited liability company which has made a solicitation for the public savings ("*naamloze vennootschap die een publiek beroep op het spaarwezen doet/société anonyme qui fait appel public à l'épargne*") within the meaning of Article 438 of the Company Code.

Its registered office is at Pachecolaan 44, 1000 Brussels, Belgium and it is registered with the Crossroad Bank for Enterprises under 0842.094.414.

The Issuer is subject to the rules applicable to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht / sociétés d'investissement en créances institutionnelles de droit belge* as set out in the UCITS Act.

6.2 Incorporation

The Issuer is incorporated since 15 December 2011 for an unlimited period of time.

A copy of the by-laws of the Issuer are available together with this Prospectus at the registered office of the Issuer and at the specified offices of the Domiciliary Agent. The Issuer has the corporate power and capacity to issue the Notes, to acquire the Loans and to enter into and perform its obligations under the Transaction Documents.

The sole founder of the Issuer is Stichting Vesta.

6.3 Share Capital and Dividend

6.3.1 Share Capital

The Issuer has a total issued share capital of EUR 62,000, which is divided into 62,000 ordinary registered shares, each fully paid-up, without fixed nominal value. It does not have any authorised capital which is not fully paid up.

All 62,000 shares of the Issuer are owned by Stichting Vesta, a foundation *(stichting / fondation)* incorporated under the laws of Belgium on 23 July 2008 having its registered office at 1000 Brussels, Koningsstraat 97, 4th floor, Belgium and registered with the Crossroad Bank for Enterprises under number 0899.631.745.

The directors of Stichting Vesta are:

- Pierre Verhaegen, resident at Kerselarenlaan 136 bus 13, B-1200 Sint-Lambrechts-Woluwe, with national register number 74081324703;

- Dirk Peter Stolp, resident at 1181 PK Amstelveen, the Netherlands, Meester Sixlaan 32, with bis-registernummer 59.43.10-015.67: and
- Intertrust Financial Services BVBA, a Belgian company with registered office at Koningsstraat 97, 4th floor, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0861.696.827, having appointed as permanent representative Mr. Christophe Tans, resident at Gravierstraat 96, B-3700 Tongeren, with national registration number 72122320522,

(the ***Vesta Directors***).

Stichting Vesta, the Security Agent and each of the Vesta Directors have entered into a management agreement (the ***Stichting Vesta Management Agreements)*** pursuant to which each Vesta Director agrees and undertakes to, *inter alia,* (i) do all that an adequate director should do or should refrain from doing, and (ii) refrain from taking certain actions (a) detrimental to the obligations of the Issuer under any of the Transaction Documents or (b) which it knows would or could reasonably result in a downgrade of the ratings assigned to the Class A Notes outstanding.

In addition, each of the Vesta Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to Compartment Mercurius-1 of the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent.

6.3.2 Dividend Reserve

The Issuer will in accordance with the Interest Priority of Payments reserve an amount of distributable profit of no more than EUR 9,300 to be potentially distributed to the shareholders annually (the ***Dividend Reserve)*** in accordance with Article 32 of its by-laws.

This Dividend Reserve shall be reserved by the Issuer as from the first Payment Date of each accounting year on the basis of the following formula:

AxB

whereby

A = the aggregate of the Current Balances of all the loans held by Compartment Mercurius-1 on the first calendar day of such accounting year divided by the aggregate of the Current Balances of the aggregate of all loans held by all compartments of Mercurius Funding N.V. / S.A., *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* on the first calendar day of such accounting year; and

B = EUR 9,300.

6.4 Capitalisation

The following table shows the capitalisation of the Issuer as of 12 May 2014 as adjusted to give effect to the issue of the Notes:

Share Capital

Issued Share Capital: Euro 62,000

of which:	Euro 1,000 allocated to Compartment Mercurius-1
	Euro 1,000 allocated to Compartment Mercurius-2
	Euro 1,000 allocated to Compartment Mercurius-3
	Euro 1,000 allocated to Compartment Mercurius-4
	Euro 1,000 allocated to Compartment Mercurius-5
	Euro 57,000 allocated to Compartment Mercurius-6

Borrowings Compartment Mercurius-1

Class A Notes:	Euro 3,200,000,000
Class B Notes:	Euro 924,000,000

6.5 Auditor's Report

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, incorporated under Belgian law with registered office at Berkenlaan 8B, 1831 Diegem, Belgium and member of the *Instituut der Bedrijfsrevisoren* has been appointed as statutory auditor of the Issuer.

6.6 Corporate purpose and permitted activities

The corporate purpose of the Issuer as set out in Article 3 of its by-laws consists exclusively in the collective investment of financial means, that are exclusively collected from Eligible Investors, in receivables that are assigned to it by third parties.

The securities issued by the Issuer can only be acquired by investors which qualify as Eligible Investors.

The Issuer may carry out all activities and take all measures that can contribute to the realisation of its corporate purpose, such as for example, but not exclusively, to issue financial instruments whether or not negotiable, contract loans or credit agreements in order to finance its portfolio of receivables or to manage payment default risks on the receivables and pledge the receivables it holds in its portfolio and its other assets. The Issuer may hold additional or temporary term investment, liquidities and securities. The Issuer may purchase, issue or sell all sorts of financial instruments, buy or sell options relating to financial instruments, interest instruments or currencies, as well as enter into swaps, interest swaps or term contracts relating to currencies or interest and negotiate options on such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.

Outside the scope of the securitisation transactions carried out by it and outside the investments permitted by law, the Issuer may not hold any assets, enter into any agreements or engage in any other activities. It may not engage personnel.

Any amendment of the corporate purpose of the Issuer requires a special majority of eighty (80) percent of the voting rights of its shareholders.

The corporate purpose of Compartment Mercurius-1 consists exclusively of the collective investment of financial means collected in accordance with the by-laws of the Issuer in a portfolio of selected receivables.

6.7 Compartments

The by-laws of the Issuer authorise the Issuer's Board of Directors to create several Compartments within the meaning of Article 28 § 4 of the UCITS Act, which applies to an Institutional VBS pursuant to Article 126 § 1 of the UCITS Act.

The creation of Compartments means that the Issuer is internally split into subdivisions and that each such subdivision, a Compartment, legally constitutes a separate group of assets to which corresponding liabilities are allocated.

The liabilities allocated to a Compartment are exclusively backed by the assets of a Compartment.

To date 6 Compartments have been created, Compartment Mercurius-1, Compartment Mercurius-2, Compartment Mercurius-3, Compartment Mercurius-4, Compartment Mercurius-5 and Compartment Mercurius-6 each for the purpose of collective investment of funds collected in accordance with the by-laws of the Issuer in a portfolio of selected loans.

To date only Compartment Mercurius-1has effectively started its activities.

The Pledged Assets and all liabilities of the Issuer relating to the Notes and the Transaction Documents are exclusively allocated to Compartment Mercurius-1. Unless expressly provided otherwise, all appointments, rights, title, assignments, obligations, covenants and representations, assets and liabilities, relating to the issue of the Notes and the Transaction Documents are exclusively allocated to Compartment Mercurius-1 and will not extend to other transactions or other Compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment Mercurius-1 under the Transaction Documents. The Issuer will enter into other securitisation transactions only through other Compartments and on such terms that the debts, liabilities or obligations relating to such transactions will be allocated to such other Compartments and that parties to such transactions will only have recourse to such other Compartments of the Issuer and not to the Pledged Assets of, or otherwise to Compartment Mercurius-1.

6.8 Belgian Tax Position of the Issuer

6.8.1 Withholding tax on moneys collected by the Issuer

Receipts of moveable income (in particular interest payments made by any Borrower, and with the exception of Belgian source dividends) by the Issuer are exempt from Belgian withholding tax. Therefore no such tax is due in Belgium on interest payments received under any Loan by the Issuer from a Borrower.

Similarly a withholding tax exemption is available for interest paid to the Issuer on investments or cash balances.

6.8.2 Corporate income tax

The Issuer is subject to corporate income tax at the current ordinary rate of 33.99 per cent, however on a notional tax basis, limited to abnormal or gratuitous advantages received as well as on certain disallowed expenses (other than reductions in value and capital losses on shares). The Issuer does not anticipate incurring any such expenses or receiving any such benefits.

6.8.3 Value added tax (VAT)

The Issuer is a VAT taxpayer but is fully exempt from VAT in respect of its operations. Any VAT payable by the Issuer is therefore not recoverable under the VAT legislation. The current ordinary VAT rate is 21 per cent.

Services supplied to the Issuer by the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Seller, the Security Agent, the Issuer Directors, the Manager, any Originator, the Administrator, the Account Bank, the Domiciliary Agent, the Corporate Services Provider, the Accounting Services Provider, the Calculation Agent, the Rating Agencies, the

Auditors are, in general, subject to Belgian VAT if the services are located for VAT purposes in Belgium. However, fees paid in respect of the financial and administrative management of the Issuer and its assets (including fees paid for the receipt of payments on behalf of the Issuer and the forced collection of receivables) are exempt from Belgian VAT in accordance with Article 44, §3, 11° of the Belgian VAT Code.

6.8.4 Inheritance tax

The Issuer, as institutional V.B.S., will not be subject to the annual tax which applies to certain other institutional investment companies under the Belgian Inheritance Tax Code.

6.9 Administrative, management and supervisory bodies

6.9.1 Board of Directors

The board of directors of the Issuer ensures the management of the Issuer. Pursuant to Article 14 of its by-laws, the board consists of a minimum of 3 directors. The Issuer's current board of directors consists of the following persons:

- Dirk Stolp, resident at 1181 PK Amstelveen (the Netherlands), Meester Sixlaan 32, with bis-registernummer 594310 015 67;
- Joris Laenen, resident at Diepezoel 8, 2440 Geel (Belgium) with national registration number 650720-13302;
- Stichting Vesta, *private stichting naar Belgisch recht/fondation privée de droit belge* registered with the Crossroad Bank for Enterprises under number 0899.631.745 (LRP Brussels), with registered office at 1000 Brussels, Belgium, Koningsstraat 97, 4th floor, having appointed as permanent representative Pierre Verhaegen resident at Kerselarenlaan 136 bus 13, B-1200 Sint-Lambrechts-Woluwe, with national register number 74081324703;

(the ***Issuer Directors***).

The current term of office of the Issuer Directors expires after the annual shareholders meeting to be held in 2017.

Companies of which Dirk P. Stolp has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Adaltis (Holding) B.V., Advanced World Transport B.V., Aeronautical Participations Warehousing Foundation, STAK, AGFA FinCo NV SA, Alandes B.V., Algemeen Kantoor van Administratie te Amsterdam B.V., Alliance Tire Group B.V., AMOV Finance B.V., Amsterdamsch Trustee's Kantoor B.V., Andarton B.V., APF I, Stichting Bewaarder Vastgoed Maatschap, APF III, Stichting Bewaarder Vastgoed CV, APF International Vastgoedfondsen, Stichting Bewaarder, APF V, Stichting Administratiekantoor Vastgoedfonds, APF VI, Stichting Bewaarder Vastgoed Maatschap, APF VII, Stichting Bewaarder Vastgoed CV, APF VIII, Stichting Bewaarder, APF X, Stichting Bewaarder Vastgoed CV, APF XII, Stichting Bewaarder Vastgoed CV, Argenta Nederland, N.V., ATC Capital Markets (Ireland) Limited, ATC Capital Markets (UK) Limited, ATC Corporate Services (UK) Limited, ATC Trust Company (London) Limited, ATC Trustees (UK) Limited, ATK, Stichting, B-Arena NV/SA, BASS Master Issuer NV/SA, BASS, Stichting Holding, Bachelier, Stichting, Bakery Finance, Stichting, BCR Finance B.V., Beheer- en Beleggingsmaatschappij Erjaco B.V , Beheer- en Beleggingsmij. Sodibo B.V. , Beleggersgiro DBnl, Stichting, Belgelectric Philippines B.V., Belgian Lion, Stichting Holding, Bewaarder

Vastgoed Maatschap APF II, Stichting, BioChem Vaccines B.V. liquidated, BLT Depot Stichting, Bulgari Holding Europe B.V., Bulgari International Corporation (BIC) N.V., BXR Green B.V., BXR Group B.V., BXR Logistics B.V., BXR Mining B.V., BXR Partners B.V., BXR Real Estate B.V., BXR Real Estate Investments B.V., BXR Tower B.V., Carso Telecom B.V., CBRE Global Investors Asia Holdings B.V., Centrum Investment Coöperatief U.A., Cheniere International Investments, B.V., China Ports and Shipping Consortium Coöperatief U.A., Cispadan Investment B.V., Coniston CLO B.V., Coyote Europe Coöperatieve U.A, Credit Suisse Euro Senior Loan Fund (Netherlands) B.V. , Czech and Slovak Property Fund B.V., Dalradian European CLO V B.V. , Darling International Netherlands B.V., Darling International NL Holdings B.V., DC Japan Holdings B.V., DC Metals Holdings B.V., DC MIT Holdings BV, DC Netherlands Holding BV, Derdengelden ATC, Stichting, Dexia Secured Funding Belgium NV/SA, Dow Corning Korea Holdings B.V., Dow Corning Netherlands B.V., DP Acquisitions B.V., DP Coinvest B.V., Dresser-Rand International B.V., EGS Dutchco B.V., Electrabel Invest B.V. , Enova International, EPL Acquisitions B.V., Erste GCIB Finance I B.V., Euro-Galaxy CLO B.V., Euro-Galaxy II CLO BV, Euro-Galaxy III CLO B.V. , Felding Finance B.V., FinanCell B.V., FN Cable Coöperatief U.A., Fresenius Finance II B.V., Friction Netherlands I B.V., Friction Netherlands II B.V., GAAF, Stichting, Galileo Global Education Dutchco B.V., Garda CLO B.V., GDF Suez Energy Asia, Turkey and Southern Africa BV, Gordon Holdings (Netherlands) B.V., Green Gas International B.V., Green Tower B.V., Grosvenor Place CLO I B.V., Grosvenor Place CLO II B.V., Grosvenor Place CLO III B.V., Grosvenor Place CLO IV B.V. , GTS Dutchco BV, GTS II Dutchco B.V., HEMA B.V., Home Credit Finance 1 B.V., Home Credit Finance 2 B.V., Hypolan NV/SA, Intertrust (Netherlands) B.V., Intertrust Depositary Services B.V., Inven, Stichting, Invesco Mezzano B.V., J.P. Morgan Commodities Holdings IV B.V., John Laing and Son B.V., Laing Projects B.V. , LBL Data Services B.V., Leciva CZ a.s., Ledima B.V., Beheer- en Beleggingsmaatschappij, Leoforos B.V., Leveraged Finance Europe Capital V B.V., Lion / Mustard B.V., Lion Adventure B.V., Lion Adventure Coöperatief U.A., Lion Adventure Holding B.V., Lion/Hotel Dutch 1 B.V., Loan Invest NV/SA, Loan Investments B.V. , Mercurius Funding N.V., MFO Strategic Global Investment B.V., MGIC Capital Funding B.V., MGIC International Investment B.V. , Montequity B.V., Noor Funding NV/SA, Noor Funding, Stichting Holding, North Westerly CLO I B.V., North Westerly CLO II B.V., North Westerly CLO III B.V., Optimix Beleggersgiro, Stichting, Orchid Netherlands (No.1) B.V., Perforazioni Trevi Energie B.V., Primerofin B.V., Purple Narcis Finance B.V., Quantesse, Fondation privée, Quares Retail Fund, Stichting Administratiekantoor, RBS Sempra Commodities Cooperatief U.A., RBS Sempra Commodities Holdings I B.V., RECP III Properties Dutch, Coöperatieve U.A., Record Lion, Stichting Holding, Renoir CDO B.V., Rokin Corporate Services B.V., Royal Street NV/SA, RPG Property B.V., RPGT (Netherlands) B.V., Sempra Energy Holdings III B.V., Sempra Energy Holdings IX B.V., Sempra Energy Holdings V B.V., Sempra Energy Holdings VI B.V., Sempra Energy Holdings VII B.V., Sempra Energy Holdings VIII B.V., Sempra Energy Holdings X B.V., Sempra Energy Holdings XI BV, Sempra Energy International Chile Holdings I B.V., Sempra Energy International Holdings N.V., Soilmec International B.V., South Pacific Investments BV, Stichting Edo Properties , Stopper Finance B.V., Suez-Tractebel Energy Holdings Cooperatieve U.A., Tageplan B.V., Tanaud International B.V., Theis, STAK Continuiteït, TMG Holdings Coöperatief U.A., Tornier N.V., Tractebel Energia de Monterrey B.V., Tractebel Energia de Monterrey Holdings B.V., Tractebel Invest International B.V., Trevi Contractors B.V., TWMB Holdings B.V., Vaco B.V. , Valsana Beheer B.V., Vastgoed Akronned IV, Stichting, Vesta, Stichting, Warburg Pincus B.V., Windermere III CMBS B.V. , WP Cable XI B.V., WP Explora Holdings B.V., WP Holdings I B.V., WP Holdings III B.V., WP Holdings IV B.V. , WP

Holdings V B.V., WP Holdings VII B.V., WP Investments II B.V., WP Investments III B.V., WP IX Holdings B.V., WP Lexington Private Equity B.V., WP RE Holdings B.V., WP X Holdings B.V., WP XI Holdings B.V., Yarmoland B.V., Administratie- & Trustkantoor 's-Gravenhage B.V., Intertrust (Netherlands) Employment B.V., Intertrust (Rotterdam) B.V., Intertrust Beheer B.V., Mextrust B.V., PhastabeWEK B.V..

Companies of which Joris Laenen has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Dexia Funding Netherlands, Dexia Financial Products Inc, Dexia Overseas SA, Parfipar (Luxembourg), Pillar Securitization S.à r.l. (Luxembourg), Mercurius Funding NV, Procura VZW, Trividend CVBA, Max Havelaar svba-so, Adinfo NV, Dexia Foundation.

Companies of which Stichting Vesta has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Penates Funding N.V./S.A., Dexia Secured Funding N.V./S.A. and the Issuer.

None of the Issuer Directors have been subject to official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor have they been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

6.9.2 Other administrative, management and supervisory bodies

The Issuer has no other administrative, management or supervisory bodies than the board of directors. The board of directors delegates some of its management powers to the Administrator, the Corporate Services Provider or the Accounting Services Provider for the purpose of assisting it in the management of the affairs of the Issuer but it retains overall responsibility for the management of the Issuer, in accordance with the UCITS Act. For more information about the Administrator, the Corporate Services Provider or the Accounting Services Provider, see *Section 22.4*.

6.9.3 Conflicts of interest

Mr. Joris Laenen is an employee of the Seller. In order to mitigate any potential conflict of interest that may arise from his function as employee of the Seller and his capacity as Issuer Director, Mr. Joris Laenen has (similar to the other Issuer Directors) entered into an Issuer Management Agreement (see *Section 6.9.4*).

None of the other Issuer Directors has any conflict of interest between its duties as director and its other duties or private interests.

None of the Issuer or Stichting Vesta has a conflict of interest with any of its directors with respect to the entering into the Transaction Documents.

6.9.4 Issuer Management Agreements

Each of the Issuer Directors has on 7 May 2012 or as applicable entered into a management agreement with the Issuer and the Security Agent. In these management agreements (the ***Issuer Management Agreements***), each of the Issuer Directors agrees and undertakes to, *inter alia*, (i) act as director of the Issuer and to perform certain services in connection therewith, (ii) do all that an adequate director should do or should refrain from doing, and (iii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents.

In addition each of the Issuer Directors agrees in the relevant Issuer Management Agreements that it will not enter into any agreement relating to the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent.

6.10 General Meeting of the Shareholders

The shareholders' meeting has the power to take decisions on matters for which it is competent pursuant to the Company Code. In addition, the by-laws provide that if as a result of a conflict of interest of one or more directors with respect to a decision to be taken by the board of directors of the Issuer, such decision cannot be validly taken due to the applicable legal provisions with respect to conflicts of interests in public companies, the matter will be submitted to the shareholders' meeting and the shareholders' meeting will have the power to take a decision on such matter.

The annual shareholders' meeting will be held each year on the last Business Day of the month of June at the registered office of the Issuer. The shareholders' meetings are held at the Issuer's registered office, unless otherwise provided in the convening notice. A general meeting may be convened at any time and must be convened whenever this is requested by shareholders representing 1/5th of the share capital.

Furthermore, a general meeting of shareholders of a specific Compartment may be held regarding subject matters which only concern such Compartment. A general meeting of shareholders of a specific Compartment may be convened at any time and must be convened whenever this is requested by shareholders representing 1/5th of the share capital attributed to the specific Compartment. Such meeting only represents the shareholders of the specific Compartment.

Shareholders' meetings are convened upon convening notice of the board of directors (or the auditor or liquidator). Such notices contain the agenda as well as the proposals of resolutions and are made in accordance with the by-laws and the Company Code. Copies of the documents to be provided by law are provided with the convening notice.

A shareholder may be represented at a meeting of shareholders by a proxyholder. In order to be valid, the proxy must state the agenda of the meeting and the proposed resolutions, a request for instruction for the exercise of the voting right for each item on the agenda and the information on how the proxyholder must exercise his voting right.

The shareholders' meeting may validly resolve irrespective of the number of shares present or represented, unless otherwise provided by law. Any resolution is validly adopted at the majority of the votes. Amendments of the by-laws require a majority of 75 per cent. of the votes (and a majority of 80 per cent. for the amendment of the corporate purpose).

6.11 Changes to the rights of holders of shares

The board of directors is authorised to create various categories of shares, where a category coincides with a separate part or Compartment of the assets of the Issuer. The board of directors can make use of this authorisation to decide to create a Compartment by reallocating existing shares in different categories, in compliance with the equality between shareholders, or by issuing new shares. The rights of the holders of shares and creditors with respect to a Compartment or that arise by virtue of the creation, the operation or the liquidation of a Compartment are limited to the assets of such compartment.

Upon the creation of a Compartment via (re)allocation of existing shares or via the issue of new shares, the board of directors shall ensure that the shares of that Compartment, except with the prior written

consent of all shareholders of the category concerned, are assigned to the shareholders in the same proportion as the other compartments.

6.12 Share Transfer Restrictions

Given the specific purpose of the Issuer and Article 123 § 1 of the UCITS Act, the shares in the Issuer can only be held by Eligible Investors. Each transfer in violation of the share transfer restrictions contained in Article 13 of the by-laws of the Issuer, is null and is not enforceable against the Issuer. In addition:

(a) if shares are transferred to a transferee who does not qualify as an Eligible Investor, the Issuer will not register such transfer in its share register;

(b) as long as shares are held by a shareholder who does not qualify as an Eligible Investor, the payment of any dividend in relation to the shares held by such shareholder will be suspended; and

(c) as long as shares are held by a shareholder who does not qualify as an Eligible Investor, such shareholder shall not be entitled to attend a shareholders' meeting of the Issuer or to exercise its voting rights at such meeting.

Share transfers are further subject to authorisation by the board of directors. Existing shareholders have a pre-emption right in relation to the shares to be transferred proportionate to their shareholding. If a proposed transfer of shares is not authorised by the board of directors, the board of directors will have to propose one or more alternative transferees for the shares.

The shares may not be pledged or be the subject matter of another right in rem other than the property interest, unless approved by the board of directors.

6.13 Corporate Governance

The Issuer complies with all binding regulations of corporate governance applicable to it in Belgium.

6.14 Accounting Year

The Issuer's accounting year ends on 31 December of each year.

6.15 Information to investors - availability of information

The Administrator will prepare periodic reports to be addressed to the Security Agent, the Issuer, the Rating Agencies and the Domiciliary Agent on or about each Payment Date (the ***Investor Report***).

The Investor Reports will be made available by the Administrator on the website www.belfius.be/securitisation and will be made available upon request free of charge to any person at the office of the Domiciliary Agent.

In addition, the Accounting Services Provider, Corporate Services Provider and the Auditor will assist the Issuer in the preparation of the annual reports to be published.

6.16 Notices

For notices to Noteholders see Condition 14.

6.17 Activities and negative statement

As at the date of this Prospectus, the Issuer has purchased the First Batch of Loans, funded by the issuance of notes with ISIN BE0002414861 and BE6235803614 on 7 May 2012 (together the "***Prior Operations***") and has entered, or will enter, into the Transaction Documents (with the simultaneous redemption of the notes with ISIN BE0002414861 and BE6235803614) (the "***Simultaneous Redemption***") .

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including proceedings which are pending or threatened of which the Issuer is aware), during a period since its incorporation, which may have or have had in the recent past significant effects on the Issuer or its financial position or profitability.

6.18 Valuation rules

The financial statements of the Issuer are prepared in accordance with following principles.

6.18.1 Basic principles

The valuation rules are prepared in a going concern principle by the Board of Directors and in accordance with the Royal Decree of 30 January 2001, and are subject to modifications related to the specific activities of the entity.

The characteristics of the entity are, in accordance with Articles 28 et seq. of the Royal Decree of 30 January 2001, translated in a set of accounts. This set of accounts is the basis to establish the financial statements (in euro).

On a regular basis and at least once a year an inventory is prepared of all costs, arising from the exercise of the previous accounting year, from which the amount on closing date can reliably be measured, but the time of the settlement is uncertain. Provisions are made on a consequent basis.

6.18.2 General principles to present the annual accounts

The annual accounts are established according to the scheme in annex to the Royal Decree of 30 January 2001 and contain all the information which is necessary according to the Royal Decree of 29 November 1993 on the investment funds in debt securities (see Article 47).

The establishment costs are booked in the profit and loss account, in the year they were expended.

In the disclosures, all information is reflected, so that the reader of the annual accounts will have a fair and true picture of the financial situation of the Issuer and the financial performance of the Issuer.

6.18.3 Specific valuation rules

Cost of first establishment

The cost of first establishment are activated and subsequently taken into the profit and loss account in the year they were expended.

Amounts to be received over more than one year

The Loans sold by Belfius to Issuer are booked at their purchase price. This is the nominal value of the loans outstanding at such date. For amounts to be received, impairments are

recorded at the moment that for the whole or a part of the Loan(s), there is an uncertainty that the Loan(s) will be recovered at the maturity date.

Amounts to be received within one year

Amounts to be received within one year are posted at nominal value and impairments are recorded at the moment that, for the whole or a part of the Loan(s), there is an uncertainty that the receivable will be recovered at the maturity date. Amounts to be received over more than one year, which mature in the balance sheet within one year are booked in the item "Amounts receivable within one year".

Short term investments and cash at bank

Cash and short term deposits are recorded at nominal value.

Fixed income securities are booked at their purchase price. The difference between the nominal yield and the effective yield, at such purchase date, is deferred over the remaining life of the securities.

Deferred charges and accrued income

Under the item "Accrued income" are booked: the accrued interest on the purchased Loans which have not become due.

Amounts payable.

The Notes issued are recorded at nominal value.

Accruals and deferred income

Under the item "Accruals" all the charges concerning the financial year are booked, which are not yet paid.

The items of the profit and loss account

The cost of first establishment are taken into the profit and loss account in the year they where expended, under the item "amortised intangible fixed assets".

All costs, arising from the exercise of the previous accounting year, from which the amount on closing date can reliable be measured, but the time of the settlement is uncertain will be taking into account.

Provisions on defaults are made on a consequent basis. The provisions are written off at the moment they were not necessary anymore.

The servicing fees are deferred taking into account the outstanding amount of the Loans.

The interest received and the deferred interest on the Loans is recognised as a financial revenue. The interest paid and the deferred interest on the outstanding Notes is recognised as a financial expense.

6.19 Financial Information concerning the Issuer

Since the date of its incorporation, the Issuer has carried out the Prior Operations and entered, or will enter, into the Transaction Documents and will carry out the Simultaneous Redemption.

Pursuant to Article 32 of the by-laws of the Issuer, the profit of the Issuer may (after constitution of the legal reserve) either be distributed as dividend or reserved for later distribution or for the cover of risk of default of payment of the Loans.

The Issuer has as such no borrowing or leverage limits. Pursuant to its by-laws, the Issuer may however only invest in receivables that are assigned to it by third parties as well as in temporary investments. The Issuer may not hold other assets than those necessary for the realisation of its corporate purpose.

The Issuer has been set up with the purpose of the collective investment of financial means collected in accordance with the by-laws in receivables assigned to it by third parties.

The Issuer has started its operation in December 2011. Audited financial statements have been prepared in relation to the first accounting year (that started on 15 December 2011 and ended on 31 December 2012). The auditor has confirmed that the annual accounts for the first accounting year provide a true and fair view as of 31 December 2012 in accordance with the accounting standards applicable in Belgium.

These audited financial statements (together with the board report and the auditor's report) can be found in Annex 3 to this Prospectus.

SECTION 7
DESCRIPTION OF THE NOTES

7.1 Authorisation

The issue of the Notes is to be authorised by a resolution of the board of directors of the Issuer to be passed on or about the Closing Date.

7.2 Dematerialised Notes

The Class A Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System.

Access to the Clearing System is available through its Clearing System Participants whose membership extends to securities such as the Notes. Clearing System Participants include certain Belgian banks, stock brokers *("beursvennootschappen/sociétés de bourse"),* Clearstream and Euroclear Bank.

Transfers of interests in the Class A Notes will be effected between the Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System Participants of their obligations under their respective rules and operating procedures.

7.3 Registered Notes

The Class B Notes will be issued in the form of registered notes ("*obligaties op naam/obligations nominatives*") under the Company Code and will be represented exclusively by entries in the notes register held at the registered seat of the Issuer.

Transfers of interests in the Class B Notes will be effected by registration of such transfer in the notes register in accordance with the provisions of the Company Code.

7.4 Terms and Conditions

The Conditions of the Notes are set out in full in Annex 1 to this Prospectus.

SECTION 8
WEIGHTED AVERAGE LIFE

Weighted average life refers to the average number of years that each euro amount of principal of the Notes will remain outstanding (***Weighted Average Life***). The Weighted Average Life of the Notes cannot be predicted accurately as it will be affected by various factors largely outside the control of the Issuer, including the actual rate of repayment of the Loans, prepayments, and the extent to which the Interest Available Funds is sufficient to cover any Principal Deficiencies.

The model used in this Prospectus for the Loans assumes a constant per annum rate of prepayment (***CPR***) each month relative to the then outstanding principal balance of the pool. CPR does not purport to be either a historical description of the prepayment experience of any pool of SME loans or a prediction of the expected rate of prepayment of the Loans.

The following tables were prepared based on the characteristics of the Loans included in the Provisional Pool (as defined in Section 16) and are based on the following additional assumptions:

1. Only non-defaulted Loans are taken into account;
2. the Issuer exercises its Optional Redemption Call on the First Optional Redemption Date;
3. all payments on the Notes are received on the 24th day of every calendar month commencing on 24 June 2014;
4. no Loan shall be sold by the Issuer;
5. the interest rate applicable to a Loan prior to a reset date is equal to the interest rate following such reset date;
6. the Annual Default Rate (ADR) is equal to 0 per cent.; and
7. the day count for average life calculations is Act/Act.

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 Payment Date, (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the varying prepayment scenarios. See further *paragraph 4.6.9* of the section *Risk Factors*.

Weighted average life of the Notes in function of CPR (in years):

CPR assumption	0%	2%	4%	8%	10%	15%	20%
Class A	2.23	2.15	2.08	1.93	1.86	1.69	1.53
Class B	3.08	3.08	3.08	3.08	3.08	3.08	3.08

Note: The Class B notes remain outstanding at their original principal amount until the First Optional Redemption Date, at the illustrated prepayment rates.

SECTION 9
ISSUER SECURITY

As security for the performance by the Issuer of its obligations under the Transaction Documents, the Issuer has granted a pledge over certain of its assets in favour of the Security Agent and the other Secured Parties.

In connection with this pledge, the Issuer has entered into a Parallel Debt Agreement. In the Parallel Debt Agreement the Issuer irrevocably and unconditionally undertakes to pay to the Security Agent amounts due to the Secured Parties, which will be equal to the aggregate amount due *("verschuldigd/dû")* by the Issuer:

(a) as fees or other remuneration to the Issuer Directors, under the Issuer Management Agreements;

(b) as fees and expenses to the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, under the Servicing Agreement;

(c) as fees and expenses to the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration, Corporate Services and Accounting Services Agreement;

(d) as fees and expenses to the Domiciliary Agent, the Listing Agent and the Calculation Agent under the Agency Agreement;

(e) to the Seller under the First Loan Sale Agreement and the Second Loan Sale Agreement;

(f) to the Account Bank under the Account Bank Agreement;

(g) to the Noteholders; and

(h) to the Security Agent under the Pledge Agreement.

(the parties referred to in item (a) through (h), together the ***Secured Parties***).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim *("eigen en zelfstandige vordering/créance propre et indépendante")* to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent 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 Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the then applicable Priority of Payments.

In addition, the Security Agent has been designated as representative of the Noteholders, in accordance with Articles 29 § 1, first to seventh indent and 126 of the UCITS Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The Security Agent has been designated as representative of the Secured Parties in accordance with Article 5 of the Financial Collateral Act with respect to certain pledged assets and in accordance with (as from its entry force) Article 8 of the Moveable Assets Security Act. The Security Agent has also been appointed as irrevocable agent *(lasthebber / mandataire)* of the other Secured Parties in respect of the performance of certain duties and responsibilities in relation to the Pledged Assets.

Pursuant to the Pledge Agreement, the Notes will be secured by a first ranking commercial pledge created by the Issuer in favour of the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt and as representative on behalf of the Noteholders (the ***Pledge***) over:

(a) all sums owing to the Issuer under or in connection with the Loans and the Loan Security and Ancillary Assets in respect thereof;

(b) all sums owing to the Issuer under or in connection with the Transaction Documents and all other documents to which the Issuer is a party; and

(c) the balance (including principal and interest) standing from time to time to the credit of any of the Issuer Accounts.

Under the Pledge Agreement, the Security Agent may, at any time and in its entire discretion, request the Issuer to grant a first ranking commercial pledge over any of its other assets.

The Noteholders will be entitled to the benefit of the Pledge Agreement, and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept, and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to exercise rights arising under the Pledge Agreement for only the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have limited recourse against the Pledged Assets only.

The Pledge Agreement provides that the Pledge over the Loans and Loan Security will not be notified to the Borrowers or other relevant parties, except in case certain notification events occur, which include the Notification Events and the giving of an Enforcement Notice and certain other events (the ***Pledge Notification Events***). Prior to notification of the Pledge to the Borrowers, the Pledge over the Loans and Loan Security will be an undisclosed pledge.

The Pledge over the rights referred to in paragraphs (b) and (c) above has been acknowledged by the relevant obligors and is therefore a disclosed pledge.

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the Pledge, the Security Agent, acting on its own behalf and on behalf of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Loans, any moneys payable under the Transaction Documents pledged to it and any moneys standing to the credit of the Issuer Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted to apply to the president of the commercial court *(rechtbank van koophandel / tribunal de commerce)* for authorisation to sell the Pledged Assets (with the exception of the Issuer rights relating to the Issuer Accounts).

In addition to other methods of enforcement permitted by law, Article 27 §2 of the UCITS Act also permits the Noteholders (acting together) to request the president of the commercial court to attribute to them the Pledged Assets in payment of an amount estimated by an expert. In accordance with the terms of the Pledge Agreement only the Security Agent shall be permitted to exercise such rights.

The Pledge serves as security for the benefit of the Secured Parties, including each of the Class A Noteholders and the Class B Noteholders, but, *inter alia,* amounts owing to Noteholders of the Class B Notes will rank in priority of payment after amounts owing to the Noteholders of the Class A Notes (see *Section 5*).

See also Section 4.12.

Loan Security means, in respect of a Loan, the mortgage, pledge, lien or other security interest, guarantee or insurance securing any obligation of any Borrower under that Loan (including Security Interest Mandates).

Ancillary Assets means in respect of a Loan:

(a) any guarantee, indemnity or other obligation or assurance of any kind in respect of the obligation of a Borrower to the Seller (other than Loan Security) under or in connection with such Loan;

(b) all reports, valuations, opinions, certificates and consents given in connection with such Loan or the Loan Security in respect thereof (to the extent assignable) and all causes and rights of action (whether or not accrued) of the Seller against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with such Loan or the Loan Security in respect thereof; and

(c) the interest of the Seller in any Insurance Policy relating to such Loan.

SECTION 10
SECURITY AGENT

Stichting Security Agent Mercurius is a foundation (*stichting*) incorporated under the laws of the Netherlands on 22 February 2012. It has its registered office at Prins Bernhardplein 200, 1097 JB, Amsterdam, the Netherlands, registered with the Dutch trade register at the Chamber of Commerce under number 54734525.

The purpose of the Security Agent is (a) to act as agent, representative, security agent and/or security trustee for the benefit of the Noteholders and/or other Secured Parties; (b) in connection with its actions as agent, representative, security agent and/or security trustee as referred to under (a) of this paragraph, to acquire, hold and administer security rights in its own name and for its own account or for the account of the Noteholders and/or other Secured Parties, and, if necessary, to enforce such security rights, for the benefit of the Noteholders and/or other Secured Parties and to perform acts and legal acts which are conducive to the holding and administration of the abovementioned security rights, including the acceptance of a parallel debt obligation and guarantees from the aforementioned entities (c) to become a party to the Transaction Documents as well as to exercise its authorities described in and performing its obligations under such agreements and (d) to perform any and all acts which are related or incidental or which may be conducive to the above (except for the entry into agreements to purchase, sell or encumber registered property or agreements whereby the Security Agent binds itself as surety or joint and several co-debtor or guarantees or secures the debt of a third party.

The sole director of the Security Agent is Amsterdamsch Trustee's Kantoor B.V., having its statutory seat and registered office at Prins Bernhardplein 200, 1097 JB in Amsterdam, the Netherlands, registered with the Dutch Trade Register of the Chamber of Commerce under number 33001955. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and M. Pereboom.

For more information on the role and liabilities of the Security Agent, see Section 22.3.

SECTION 11
TAX

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

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

11.1 General rule

Any taxes which may be due relating to payments of interest and/or principal in respect of the Notes will be borne by the beneficiary of those payments.

If the Issuer, the National Bank of Belgium, its legal successor or any operator of any Alternative Clearing System (the *Clearing System Operator*), the Domiciliary Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the Clearing System Operator, the Domiciliary Agent or such other person (as the case may be) shall make such payment after such 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 Issuer, the Clearing System Operator, any Domiciliary Agent nor any other person will be obliged to gross up the payment in respect of the Notes or make any additional payments to holders of Notes in respect of such withholding or deduction. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes (see for additional details Conditions 5.14 and 5.15).

11.2 Belgian Tax

11.2.1 Belgian withholding tax

The interest component of the payments on the Notes will, as a rule, be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25 per cent. Tax treaties may provide for a lower rate subject to certain conditions. In this regard, ''interest'' means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

Class A Notes

Payments of interest by or on behalf of the Issuer on the Class A Notes may be made without deduction of withholding tax for Notes held by WHT Eligible Investors in an X-Account with the Clearing System or with a Clearing System Participant in the Clearing System.

WHT Eligible Investors are those persons referred to in Article 4 of the Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax ("*Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier")* which include, *inter alia:*

(a) Belgian resident corporations subject to Belgian corporate income tax within the meaning of Article 2, §1, 5°, b) BITC1992;

(b) without prejudice to Article 262, 1° and 5° BITC 1992, institutions, associations and companies provided for in Article 2, paragraph 3 of the Belgian law of 9 July 1975 on the control of insurance companies (other than those referred to in (a) and (c));

(c) state regulated institutions for social security, or institutions assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing BITC 1992;

(d) non-resident investors provided for in Article 105, 5° of the same decree;

(e) investment funds provided for in Article 115 of the same decree;

(f) companies, associations and other tax payers provided for in Article 227, 2° BITC 1992, whose Notes are held for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 BITC 1992;

(g) the Belgian State with respect to its investments which are exempt from withholding tax in accordance with Article 265 BITC 1992;

(h) investment funds organized under foreign law which are an undivided estate managed by a management company on behalf of the participants, when their participation rights are not publicly issued in Belgium and are not traded in Belgium; and

(i) Belgian resident companies, not provided for under (a), whose sole or principal activity consists in the granting of credits and loans.

WHT Eligible Investors do not include, *inter alia,* Belgian resident investors who are individuals or non-profit organisations, other than those referred to under (b) and (c) above.

Upon opening an X-Account with the Clearing System or a Clearing System Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing certification requirements for WHT Eligible Investors save that they need to inform the participants to the Clearing System of any change of the information contained in the statement of its eligible status. However, Clearing System Participants are required to annually report to the Clearing System as to the eligible status of each investor for whom they hold Notes in an X-Account.

These reporting and certification requirements do not apply to Notes held by Eligible Investors through Euroclear or Clearstream, Luxembourg in their capacity as participants to the Clearing System, or their sub-participants outside of Belgium, provided that Euroclear or Clearstream, Luxembourg or their sub-participants only hold X-Accounts and are able to identify the accountholder. The Eligible Investors will need to confirm their status as WHT Eligible Investor (as defined in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/ Arrêté Royal du 26 mai 1994 relatif à la perception et*

à la bonification du précompte mobilier (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be concluded with Euroclear or Clearstream.

In the event of any changes made in the laws or regulations governing the exemption for WHT Eligible Investors, neither the Issuer nor any other person will be obliged to make any additional payment in the event that the Issuer, the Clearing System or its Clearing System Participants, the Domiciliary Agent or any other person is required to make any withholding or deduction in respect of the payments on the Notes. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes (see for additional details Conditions 5.14 and 5.15).

Class B Notes

Payments of interest by or on behalf of the Issuer on the Class B Notes may be made without deduction of withholding tax provided that the holder qualifies for an exemption from Belgian withholding tax on interest payments (e.g. Article 107, §2, 8° of the Royal Decree implementing BITC 1992) under the Class B Notes and complies with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

11.2.2 Belgian income tax

(a) Belgian resident corporations

Interest on the Notes received by a Noteholder subject to Belgian corporate income tax *(vennootschapsbelasting / impôt des sociétés) (i.e.,* a company having its registered seat, principal establishment or seat of management or administration in Belgium) is subject to corporation tax at the current rate of 33.99 per cent. *(i.e.,* the standard rate of 33 per cent. increased by the crisis contribution of 3 per cent. of the corporation tax due). Any capital gains (over and above the *pro rata* interest included in a capital gain on the Notes) realised on the Notes will be subject to the same corporation tax rate. Any capital loss realised upon the sale of the Notes should be tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied is creditable and refundable.

(b) Belgian resident legal entities

Belgian resident entities subject to the legal entities tax *(rechtspersonenbelasting / impôt des personnes morales) (i.e.,* an entity other than a company subject to corporate income tax having its registered seat, principal establishment or seat of management or administration in Belgium) receiving interest on the Notes will, subject to the exemptions mentioned above, be subject to the interest withholding tax at the rate of 25 per cent. In case of an exemption from withholding tax, the resident legal entities will have to pay themselves the withholding tax to the Belgian tax authorities. The withholding tax will be the final tax. Any capital gains (over and above the *pro rata* interest included in a capital gain on the Notes) realised on the Notes will be exempt from the legal entities tax. Capital losses realised upon the sale of the Notes will not be tax deductible.

(c) Non-residents of Belgium

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes as part of a taxable business activity in Belgium will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes save, as the case may be, in the form of withholding tax.

11.2.3 Miscellaneous Taxes

(a) The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.09 per cent. (due on each sale and acquisition separately) with a maximum of EUR 650 per party and per transaction. An exemption is available for non-residents and certain Belgian WHT Eligible Investors acting for their own account provided that certain formalities are respected.

However, the tax referred to above will not be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian WHT Eligible Investors, as defined in Article 126/1,2º of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

(b) The *reportverrichtingen / opérations de reports* through the intervention of a financial intermediary are subject to a tax of 0.085 per cent. (due per party and per transaction) with a maximum of EUR 650 per party and per transaction. An exemption is available for non-residents and certain Belgian WHT Eligible Investors provided that certain formalities are respected.

(c) Based on a strict application of the Foreign Account Tax Compliance Act ("***FATCA***") rules and regulations, the Issuer could be viewed as an "investment entity" and as such qualify as a "Foreign Financial Institution" ("***FFI***"). FFI's are obliged to register with the IRS, identify their US account holders and report to the IRS (via the Belgian tax authorities) certain balances held and payments made to these US accountholders. Failure to register, identify and/or report could result in FATCA implications on behalf of the non-collaborating FFI, such as FATCA withholding being retained on certain payments made to it.

Belgium and the USA are expected to sign shortly an intergovernmental agreement ("***IGA***") regarding FATCA. In the draft Belgian guidance to the IGA, developed by the Belgian financial sector federation Febelfin in cooperation with the Belgian tax authorities, an explicit statement excludes Institutional VBS from the definition of "FFI". Point 2.5.6.9 of the draft guidance provides that an Institutional VBS does not qualify as a FFI provided it is duly regulated and licensed under Belgian law, and provided its interests are fully held by a compliant or deemed compliant FFI, or any of its affiliates, which also acted as originator of the securitization transaction. The draft Belgian guidance is planned to be formalised in a circular letter from the Belgian tax authorities.

SECTION 12
FIRST LOAN SALE AGREEMENT AND SECOND LOAN SALE AGREEMENT

12.1 Sale - Purchase Price

On the First Sale Date, the First Batch of Loans and the Loan Security and Ancillary Assets in respect thereof were sold to the Issuer pursuant to the terms of the First Loan Sale Agreement and title thereto has passed from the Seller to the Issuer as from the First Sale Date.

On the Closing Date, the Second Batch of Loans and the Loan Security and Ancillary Assets in respect thereof will be sold to the Issuer pursuant to the terms of the Second Loan Sale Agreement and title thereto shall be deemed to have passed from the Seller to the Issuer as from the Closing Date.

The ***Sale Assets*** refer to the Portfolio of Loans and the Loan Security and Ancillary Assets in respect thereof.

The purchase price of the Sale Assets has consisted (for the First Batch of Loans) and shall consist (for the Second Batch of Loans) of (a) the initial purchase price for the Loans plus (b) an entitlement to a deferred purchase price payable by the Issuer in respect of the Loans pursuant to the FLSA or the SLSA (the ***Deferred Purchase Price***) on each Payment Date as set out below.

The ***Initial Purchase Price for the First Batch of Loans*** was equal to the sum of:

(i) the aggregate of the Current Balances of all the Loans in the First Batch of Loans on the First Sale Date; and

(ii) the interest accrued on all the Loans in the First Batch of Loans up to (but excluding) the First Sale Date,

but excluding all amounts of principal and interest paid in advance (i.e., paid when not yet due, without being a Prepayment) as received up to the First Sale Date (but excluding such day).

The ***Initial Purchase Price for the Second Batch of Loans*** shall be equal to the sum of:

(i) the aggregate of the Current Balances of all the Loans in the Second Batch of Loans on the Closing Date; and

(ii) the interest accrued on all the Loans in the Second Batch of Loans up to (but excluding) the Closing Date,

but excluding all amounts of principal and interest paid in advance (i.e., paid when not yet due, without being a Prepayment) as received up to the Closing Date (but excluding such day).

Prepayment means any voluntary payment of principal on any Loan prior to its scheduled due date in accordance with the provisions for prepayments provided for in the relevant Loan documentation.

The current balance in respect of any Loan (including fully performing Loans and Loans in arrears) at any particular date shall be the outstanding principal amount in respect of such Loan as of the Sale Date less any amount applied to reduce such principal amount since the Sale Date (the ***Current Balance***).

Recoveries means any amounts received in respect of Written-Off Loans.

Sale Date means 7 May 2012 for the First Batch of Loans (the **First Sale Date**) and the Closing Date for the Second Batch of Loans (the **Second Sale Date**).

Current Portfolio Amount at any particular date shall be the aggregate of the Current Balances of all Loans outstanding on such date.

Current Portfolio Amount for the First Batch of Loans at any particular date shall be the aggregate of the Current Balances of all Loans in the First Batch of Loans on such date.

Current Portfolio Amount for the Second Batch of Loans at any particular date shall be the aggregate of the Current Balances of all Loans in the Second Batch of Loans on such date.

The amount of the Deferred Purchase Price payable on any Payment Date shall be any amount of Interest Available Funds remaining after items (i) to (ix) in the Interest Priority of Payments have been paid or satisfied in full plus any amount of Principal Available Funds remaining after items (i) to (iii) in the Principal Priority of Payments have been paid in full or any amount of Principal Available Funds remaining after items (i) to (x) in the Post-Enforcement Priority of Payments have been paid in full.

The sale of the Loans has included (for the First Batch of Loans) and shall include (for the Second Batch of Loans), and the Issuer shall be fully entitled to, all ancillary items (*bijhorigheden/accessoires*) in respect of such Loans and in particular, but not limited to:

(a) all right and title of the Seller in and under the Loans including for the avoidance of doubt, but not limited to:

  (i) the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under the Loans or the unpaid part thereof and the interest to become due thereon;

  (ii) the benefit of and the right to sue on all covenants with the Seller in respect of each Loan and the right to exercise all powers of the Seller in relation to each Loan;

  (iii) the right to demand, sue for, recover, receive and give receipts for all prepayment indemnities (*wederbeleggingsvergoeding/indemnité de remploi*) or fees to the extent they relate to the Loans; and

  (iv) the right to exercise all express and implied rights and discretions of the Seller in, under or to the Loans and each and every part thereof (including, if any, the right, subject to and in accordance with the terms respectively set out therein, to set and to vary the amount, dates and number of payments of interest and principal applicable to the Loans);

  (v) all right and title of the Seller to the Loan Security;

  (vi) all right, title, interest and benefit of the Seller in any Life Insurance including but without limitation the right to receive the proceeds of any claim thereunder;

  (vii) all documents, computer data and records on or by which each of the above is recorded or evidenced, to the extent that they relate to the above;

  (viii) all causes and rights of action against any notary public in connection with the execution of the Loans, the researches, opinions, certificates or confirmations in relation to any Loan or Loan Security or otherwise affecting the decision of the Seller to offer to make or to accept any Loan;

  (ix) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any property, any researches, opinions, certificates or confirmations in relation to any Loan or Loan Security or otherwise affecting the

decision of the Seller to offer to make or to accept any Loan or Loan Security relating thereto; and

(x) all causes and rights of action against any broker, lawyer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any of the above, or affecting the decision of the Seller to offer to make or to accept any of the above.

Life Insurance means an insurance covering the death of the Borrower of a Loan.

12.2 Representations, Warranties and Sale Asset Warranties

12.2.1 Seller's Representations and Warranties

The Seller has represented and warranted in the FLSA and will represent and warrant in the SLSA on the Closing Date that, *inter alia*:

(a) The Seller is duly incorporated and validly existing under the laws of the Kingdom of Belgium, with full power and authority to own its own property and assets and conduct its business. The Seller is duly licensed as a credit institution by the NBB under the Credit Institutions Supervision Law.

Credit Institutions Supervision Law means the Act of 22 March 1993 on the supervision of credit institutions.

(b) The Seller has not taken any action nor, so far as it is aware, have any steps been taken or are pending for (a) the winding-up (*ontbinding/dissolution)* (voluntary or otherwise) or bankruptcy of the Seller; (b) the enforcement of any encumbrance over all or a material part of the Seller's assets or undertaking; (c) any composition, arrangement or compromise (whether by way of voluntary arrangement or otherwise) with the Seller's creditors generally; (d) the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer of the Seller or of any or all of its assets or undertaking; or (e) a safeguard measure (*saneringsmaatregel/mesure d'assainissement*) within the meaning of Article 3, § 1, 8° of the Credit Institutions Supervision Law.

(c) So far as the Seller is aware, none of the insolvency procedures in Section 12.2.1(b) above have been threatened in writing against it.

(d) There are no pending actions, suits or proceedings against or affecting the Seller or any of its assets or revenues which, if determined adversely to the Seller, would individually or in the aggregate have a material adverse effect on the condition (financial or other), prospects, results or operations or general affairs of the Seller, or would adversely affect to a material extent the ability of the Seller to perform its obligations under the Transaction Documents to which it is expressed to be a party or which are otherwise material in the context of the issue of the Notes and, to the best of the Seller's knowledge and belief, no such actions, suits or proceedings are threatened or contemplated.

(e) The Seller is not in breach of or default under any agreement or other document to which it is a party or which is binding on it or any of its assets, where such breach or default would reasonably be expected to have a material adverse effect in respect of the Seller.

(f) The Seller has the requisite power to enter into the Transaction Documents to which it is a party and to perform its obligations under the Transaction Documents to which it is a party.

(g) The entry by the Seller into the Transaction Documents to which it is a party and the performance of its obligations under the Transaction documents to which it is a party have been duly authorised by the Seller.

(h) The FLSA and the SLSA have been duly executed and delivered by the Seller and constitute, and the other Transaction Documents to which it is a party constitute or will on the date they are entered into constitute, valid, legally binding and enforceable obligations of the Seller (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to principles of law of general application).

(i) The Seller does not require the consent of any other party or the consent, licence, approval or authorisation of any governmental authority in Belgium in connection with the execution and delivery by the Seller of the Transaction Documents to which it is a party, the performance by the Seller of its obligations under the Transaction Documents to which it is a party and the compliance by it with their terms, except for those which have been, or will prior to the Closing Date be obtained and are, or will on the Closing Date be, in full force and effect.

(j) The execution and delivery by the Seller of the Transaction Documents to which it is a party, the performance by the Seller of its obligations under the Transaction Documents to which it is a party and the compliance by it with their terms do not and will not (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Seller, or any agreement or other document to which the Seller is a party or by which it or any of its assets is bound; or (ii) infringe any existing applicable law, rule, regulation, judgment, order or decree of any governmental authority, regulatory body or court, domestic or foreign, having jurisdiction over the Seller or any of its assets.

(k) The claims of the Issuer against the Seller under any of the Transaction Documents to which the Seller is a party will rank at least *pari passu* with the claims of all its other unsecured creditors save for those claims that are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

12.2.2 Sale Asset Warranties

The Seller has represented and warranted in the FLSA and will represent and warrant in the SLSA on the Closing Date with respect to each Loan and the Loan Security and Ancillary Assets in respect thereof that as of the First Cut-Off Date or the Second Cut-Off Date, as applicable, or as otherwise indicated**,** *inter alia:*

(a) Valid existence

(i) The information relating to the Loans listed in Schedule 4 (*Portfolio of Loans*) to the FLSA and the SLSA provided by the Seller to the Issuer, the Security Agent, or otherwise is complete, true and accurate in all material respects as of the First Cut-Off Date or the Second Cut-Off Date respectively.

(ii) Each Sale Asset exists and is the valid and binding obligation of the relevant Borrower(s), or as the case may be, the relevant third party provider of the Loan Security.

(iii) Each Loan has been granted with respect to investments related to the enterprise of the Borrower in accordance with the then prevailing credit policies of the Originator.

(iv) No Loan has an origination date prior to 1 January 2000.

(v) The Loans are Annuity Loans, Linear Loans, Interest-only Loans or Tailor Made Loans.

Annuity Loan means a Loan under which the Borrower has to make a periodical payment which in principal remains the same for the duration of the loan consisting of (a) an interest portion which is initially high and subsequently gradually decreases and (b) a principal portion which is initially low and a subsequently gradually increases, and which is calculated in such a way that the Loan will be fully reimbursed at maturity.

Linear Loan means a Loan under which the Borrower makes a decreasing periodic payment consisting of a principal portion which is the same during the life of the Loan and interest portion which is initially high and subsequently decreases and which is calculated in such a way that the loan will be fully reimbursed at maturity.

Interest-only Loan means a Loan under which the Borrower does not have to reimburse the principal amount until maturity of such loan, but makes interest payments during the lifetime of the loan.

Tailor Made Loan means a Loan under which the Borrower makes a periodic payment of principal and /or interest calculated in such a way that the loan will be fully reimbursed at maturity;

(vi) The Loans are either Business Credits or Investment Credits.

Business Credit means a medium to long-term credit in instalments whose purpose is to finance professional investments, generally with a maximum amount of EUR 75,000.

Investment Credit means a medium to long-term credit in instalments, whose purpose is to finance professional investments, generally with a minimum amount of EUR 75,000 and a maximum amount of EUR 22,500,000.

(vii) On the First Cut-Off Date, each Borrower related to the First Batch of Loans is an SME; and on the Second Cut-Off Date, each Borrower related to the Second Batch of Loans is an SME

SME means a small and medium-sized enterprise (individual or entity) as defined in EU Recommendation 2003/361/EC.

(viii) On the First Cut-Off Date, each Borrower related to the First Batch of Loans is incorporated in Belgium (for companies) and Belgian tax resident (for companies and individuals); and on the Second Cut-Off Date, each Borrower related to the

Second Batch of Loans is incorporated in Belgium (for companies) and Belgian tax resident (for companies and individuals)

(ix) The Loans have the form of Stand Alone Credits or advances under Credit Facilities.

Stand Alone Credit means a single loan which has not been originated in the framework of a Credit Facility.

Credit Facility means a revolving facility ("*kredietopening/ouverture de crédit"*) existing between the Seller and any Borrower, under which the Borrower may from time to time be granted term advances (*voorschotten/avances*).

(x) No Borrower under a Loan is a so-called "Social Profit" client.

(b) Governing legislation

(i) Each Sale Asset is governed by Belgian law and no Sale Asset expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or arbitral tribunals.

(ii) The Loans are not subject to consumer protection legislation (in particular the Consumer Credit Act of 12 June 1991 on consumer credit loans and the Act of 4 August 1992 on mortgage credit (save for Title III)).

(iii) Each Loan complies in general with the common rules of law (*regels van gemeen recht/règles de droit commun*).

(iv) The Standard Loan Documentation governing the Loans does not contain set-off rights for the Borrowers, other than the legal set-off regime of Articles 1289 and following of the Civil Code.

(c) Free from third party rights

(i) Each Loan has been granted by the Seller (or, if applicable, its predecessor) for its own account.

(ii) The Seller has exclusive, good, and marketable title to each Loan and has the absolute property right over each Loan and the Loan Security and Ancillary Assets sold pursuant to the FLSA or the SLSA.

(iii) The Sale Assets are free and clear of any encumbrances, liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favor of, or claims of, third parties and of any attachments (*derdenbeslag/saisie-arrêt*).

(iv) Before and upon the entry into effect of the sale pursuant to the FLSA or the SLSA and the pledging pursuant to the Pledge Agreement, the Seller has not assigned, transferred, pledged, disposed of, dealt with, otherwise created, allowed to arise, or subsist, any security interest (or other adverse right, or interest, in respect of the Seller's right, title, interest and benefit) in or to, any Sale Asset, the rights relating thereto or with respect to any property and asset, right, title, interest or benefit sold or assigned pursuant to the FLSA or the SLSA or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the FLSA or the SLSA or the Pledge Agreement.

(v) The Seller has not given any instructions to any Borrower or third party provider of Loan Security or Ancillary Assets to make any payments in relation to any Loan to any of the Seller's creditors.

(vi) The Seller has not done anything that would render any Loan Security or Ancillary Asset ineffective, or omitted to do anything necessary to render or keep them effective; and

(vii) Each Loan can be easily segregated and identified by the Seller for ownership and Loan Security purposes.

(d) Fully disbursed Loans

The proceeds of each Loan will have been fully disbursed at its respective Sale Date and the Seller has no further obligation to make further disbursements relating to the Loan.

(e) No set-off or other defence

(i) None of the Loans are subject to any reduction resulting from any valid and enforceable objection (*exceptie/exception*) or defence (*verweermiddel/moyen de défense*) (including set-off (*schuldvergelijking/compensation*) available to the relevant Borrower or third party provider of Loan Security and arising from any act, event, circumstance or omission on the part of or attributable to the Seller which occurred prior to the execution of the FLSA or the SLSA (except any *exceptie/exception* or *verweermiddel/moyen de défense* based on the provisions of Article 1244, alinea 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws).

(ii) No pledge, lien or counterclaim (except for commercial discounts, as applicable) or other security interest has been created, or arisen, or now exists, between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under its Loan.

(iii) None of the Loans is subject to the exceptions to the limitations of the Borrowers' right to invoke set-off, as described in Clause 4.15.1 (ii) (c), first indent, of this Prospectus.

(f) No Subordination

The Seller has not entered into any agreement with third parties, which would have the effect of subordinating the Seller's right of payment under any of the Loans to any other indebtedness or other obligations of the Borrower.

(g) No limited recourse

The Seller has not entered into any agreement, which would have the effect of limiting the Seller's rights to any assets of the Borrower in respect of any Loan repayment.

(h) No abstraction

The Seller has not issued or subscribed any bills of exchange or promissory notes in connection with any amounts owing under any Loan and none of the Loans is incorporated in a negotiable instrument (*grosse aan order*/*grosse à ordre*).

(i) No waiver

The Seller has not knowingly waived or acquiesced in any breach of any of the Seller's rights under or in relation to a Loan or any Loan Security except for Permitted Variations made in accordance with the Transaction Documents which shall not constitute a breach of this representation and warranty.

(j) Performing Loan

(i) No event has occurred that has not been cured prior to the First Sale Date (for the First Batch of Loans) or the Closing Date (for the Second Batch of Loans) that would entitle the Seller to accelerate the repayment of any Loan that was sold on the First Sale Date or will be sold on the Closing Date.

(k) No Loan that stands to be sold on the First Sale Date (for the First Batch of Loans) or the Closing Date (for the Second Bartch of Loans) is a Delinquent Loan or is a Written-Off Loan.

Delinquent Loan means a Loan which is in arrears or that has been assigned at least a Loan Status "A" by the Servicer and which is not a Written-Off Loan.

(l) On the First Sale Date (for the First Batch of Loans) or the Closing Date (for the Second Batch of Loans), the Seller has not received notice of intended prepayment of all or any part of any Loan.

(m) Litigation

The Seller has not received written notice of any litigation or claim that challenges or potentially challenges the Seller's title to any Loan, Loan Security or Ancillary Asset or which would have a material adverse effect on its ability to perform its obligations under the FLSA or the SLSA.

(n) Insolvency

On the First Cut-Off Date (for the First Batch of Loans) or the Second Cut-Off Date (for the Second Batch of Loans), the Seller has not received notice or is not otherwise aware, that any Borrower whose loans stand to be sold on such date:

(i) is bankrupt;

(ii) is in a situation of cessation of payments;

(iii) has entered into, or has filed for, a rescheduling of repayments (*betalingsfaciliteiten/facilités de paiement*), a judicial composition (*gerechtelijk akkoord/concordat judiciaire*) or judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*), a moratorium (*uitstel van betaling/sursis de paiement*) or a collective reorganisation of its debts (*collectieve schuldenregeling/règlement collectif*) pursuant to the Belgian Act of 5 July 1998, on the collective organisation of debts;

(iv) has otherwise become insolvent; or

(v) has any reason to believe that such Borrower is about to enter into, or to file for, any of the procedures specified in this paragraph.

(o) Incapacity

On the First Cut-Off Date (for the First Batch of Loans) or the Second Cut-Off Date (for the Second Batch of Loans), the Seller has not received notice of the death or any other legal incapacity (*onbekwaamheid/incapacité*) of any Borrower (to the extent the Borrower is an individual).

(p) No Withholding Tax

(i) The Seller is not required to make any withholding or deduction for, or on account of, tax in respect of any payment in respect of the Loans.

(ii) No withholding or deduction for, or on account of, tax in respect of any payment under a Loan is required to be made by any Borrower.

(q) Assignability of the Loans

(i) Each Sale Asset may be validly assigned to the Issuer and pledged by the Issuer in accordance with the Pledge Agreement.

(ii) Each Sale Asset is legally entitled to being transferred by way of sale, and the transfer by way of sale is not subject to any contractual or legal restriction.

(iii) The sale of each Loan will be effective to pass to the Issuer full and unencumbered title and benefit, and no further act, condition or thing will be required to be done in connection with the Loan to enable the Issuer to require payment of each Loan, or the enforcement of each Loan, in any court other than the giving of notice to the Borrower of the sale of such Loan by it to the Issuer.

(iv) Upon the sale of any Loan such Loan will no longer be available to the creditors of the Seller on its liquidation.

(r) Loan Security

The Seller has not received notice of any material breach of the terms of any Loan Security.

(s) The Seller's compliance with laws

The Seller has complied in all material respects with all relevant banking, consumer protection, privacy, money laundering and other laws in relation to the origination, the servicing and the assignment of any Loan.

(t) Servicing

(i) No other person has been granted or conveyed the right to service any Loan and/or to receive any consideration in connection with it, unless agreed otherwise between the parties.

(ii) All payments on each Loan are settled by way of direct debit.

(u) Selection Process

The Seller has not taken any action in selecting any Loan which, to the Seller's knowledge, would result in delinquencies or losses on such Loan being materially in excess of the average delinquencies or losses on the Seller's total portfolio of loans of the same type.

(v) Construction loans

The immovable property over which a first ranking mortgage has been granted in respect of any Loan exists and the Seller has received no notice nor has it any reason to believe that it does not exist.

The capacity of the Borrowers to repay the Loans is not conditional upon the sale or renting of any immovable property whose construction represented the loan purpose.

(w) Origination and Standard Loan Documentation

(i) Prior to making each Loan, the Seller carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause such a lender to decline to proceed with the initial loan on the proposed terms was disclosed.

(ii) Prior to making each Loan, the Seller's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller applicable at the time or the lending criteria of the relevant original lender, were satisfied (as applicable) subject to such waivers as may be exercised by a reasonably prudent lender.

Credit Policies means (i) the procedures, policies and practices from time to time applied by the Seller with regard to the origination, credit collection and administration and underwriting criteria of its Loans and (ii) any additional note on credit repayment capacity, certified by the Seller to be a true, accurate and up-to-date statement of its credit policies.

(iii) Each Loan has been granted and each Loan Security has been created, subject to the general terms and conditions and materially in the forms of the Standard Loan Documentation (as far as applicable) and any amendment to the terms of the Loans has been made substantially in accordance with the Credit Policies or the then prevailing credit policies of the Seller or the original lender.

Standard Loan Documentation means the standard documents and forms used for originating Loans through the network and according to the procedures of the Originators.

(x) Proper accounts and Records

Each Sale Asset is properly documented in the Contract Records relating to such Loan. The relevant transactions, payments, receipts, proceedings and notices relating to such Loan are properly recorded in the Contract Records and in the possession of the Seller or held to its order.

Contract Records means the file or files, books, magnetic tapes, disks, cassettes or such other method of recording or storing information from time to time relating to each Loan and the Loan Security and Ancillary Assets related thereto, containing inter alia (i) all material records and correspondence relating to the Sale Assets and/or the Borrower, (ii) the completed Loan Documentation applicable to the Loan and (iii) any payment, arrears and status reports maintained by the Servicer.

(y) Data protection and privacy laws

The Seller and the databases it maintains, in particular with regard to the Loans and the Borrowers and third party credit providers, fully comply with the data protection and privacy laws and regulations.

(z) Financial criteria

(i) The interest rate on each Loan was market conform at its Origination Date and on every reset date as the case may be;

Origination Date means, in respect of a Loan, the date on which it was first advanced by the Originator to the Borrower.

(ii) Each Loan, except Interest-Only Loans, is repayable by way of periodic principal instalments;

(iii) Interest in respect of each Loan is payable on a monthly basis, in arrears;

(iv) Each Loan is denominated exclusively in euro (including any Loan historically denominated in Belgian frank);

(v) No Loan has an initial maturity in excess of thirty (30) years;

(vi) In respect of each Loan, at least one (1) Instalment has been received prior to its Sale Date;

(vii) For each Loan there is a rating attributed by the Seller to the Borrower of the Loan on the First Cut-Off Date for the First Batch of Loans and on the Second Cut-Off Date for the Second Batch of Loans;

(viii) No Loan has ever been in Loan Status "C" or "D" before or on the First Cut-Off Date (for the First Batch of Loans) or the Second Cut-Off Date (for the Second Batch of Loans).

(ix) On the First Cut-off Date for the First Batch of Loans and on the Second Cut-Off Date for the Second Batch of Loans, no Loan has a maturity longer than 25 April 2032;

(x) On the First Cut-Off Date for the First Batch of Loans and on the Second Cut-Off Date for the Second Batch of Loans, each Loan had an outstanding balance which exceeded EUR 1,000;

(xi) On the First Cut-off Date for the First Batch of Loans and on the Second Cut-Off Date for the Second Batch of Loans, no Loan was assigned an internal rating on the Master Scale which is lower than "B",

(xii) A Loan will be reported as collateralised by commercial and/or residential real estate only if the Loan is secured by at least a first lien mortgage inscription over this commercial and/or residential real estate registered in the name of the Seller.

Masterscale means the Belfius credit risk rating masterscale, including rating grades from AAA+ to CCC whereby each rating grade is assigned a probability of default ("**PD**") value which refers to the probability that an entity in the particular rating grade will default within the next 12 months.

(together, the **Sale Asset Warranties**)

12.3 Repurchases and Permitted Variations of Loans

12.3.1 Breach of Representations and Warranties

If at any time after the Closing Date, any of the Sale Asset Warranties in relation to a Loan proves to be either untrue, incorrect or incomplete, then the Seller shall, within five (5) Business Days of receipt of written notice thereof from the Administrator or the Issuer, remedy the matter giving rise thereto and if it becomes clear that such matter is not capable of being remedied or is not remedied within the said period of five (5) Business Days, the Seller shall, by the next Payment Date following the end of the Collection Period in which the five (5) Business Days period mentioned above expired (the ***Repurchase Date***), indemnify the Issuer and repurchase and accept re-assignment of the relevant Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against the Repurchase Price in accordance with the FLSA or the SLSA.

12.3.2 Permitted Variations

(a) Conditions

The Secured Parties agree that, upon the request of a Borrower, the Servicer shall be entitled to consent on behalf of the Issuer to a requested variation of the terms or conditions of or in relation to a Loan or any rights in relation thereto if all the conditions below are satisfied.

(a) no Enforcement Notice has been given by the Security Agent at the date of the relevant variation;

(b) the Current Balance of the Loan shall not be reduced otherwise than as a result of an effective payment of principal;

(c) any variation in the amortisation profile of the Loan other than an Interest-Only Loan will not cause the Loan to be no longer payable by way of instalments or will imply a higher residual value payment at the final redemption date of such varied Loan;

(d) The variation will not cause the maturity of the Loan to be extended, save where:

(i) Such extension will be in accordance with the terms of the Loan Documents of the relevant Loan;

(ii) The final redemption date of such varied Loan will not, as a consequence, extend beyond the Payment Date falling four (4) years prior to the Final Maturity Date of the Class A notes;

(iii) Such extension is for less than three (3) years; and

(iv) (1) The overall Current Balance of the First Batch of Loans whose maturity has been extended (including the varied Loan) represents less than seven (7)% of the Current Portfolio Amount for the First Batch of Loans on the First Sale Date; and

(2) The overall Current Balance of the Second Batch of Loans whose maturity has been extended (including the varied Loan) represents less than seven (7)% of

the Current Portfolio Amount for the Second Batch of Loans on the Closing Date.

(e) (1) any variation in the fixed interest rate in respect of the Loan will be market conform at the time of such variation, will not cause the fixed interest rate to fall below 3.5 per cent. per annum; and

(2) the sum of the Current Balance of all Loans in the First Batch of Loans in respect of which such variations have occurred from the First Sale Date does not exceed 15 per cent. of the Current Portfolio Amount for the First Batch of Loans on the First Sale Date; and

(3) the sum of the Current Balance of all Loans in the Second Batch of Loans in respect of which such variations have occurred from the Closing Date does not exceed 15 per cent. of the Current Portfolio Amount for the Second Batch of Loans on the Closing Date.

(f) any variation in respect of a resettable rate loan will not result in a change to the periodicity of the resets of the interest rate applicable to the Loan;

(g) any variation in respect of a resettable loan will not result in a change of the minimum interest rate, if any, applicable to the Loan;

(h) the variation will not cause the Current Balance of the Loans secured by a mortgage, with an LTM less than or equal to 250%, to drop below 15% of the Current Portfolio Amount;

LTM means, in relation to a Loan, the ratio between:

(i) At the numerator, the Current Balance of the Loans of the relevant Borrower increased by the aggregate outstanding principal amount of all other loans secured by the same Mortgage existing prior to or as of the First Sale Date for the First Batch of Loans and the Closing Date for the Second Batch of Loans respectively; and

(ii) At the denominator, the secured amount (including an amount for accessories equal to 10% of the secured principal amount) for which the Originator benefits from a first ranking Mortgage or from several Mortgages (including in all circumstances a first ranking Mortgage) registered successively so as to provide an effective first rank for their aggregate amount.

(i) the variation will not cause the mortgage that secures the Loan (if any) to become a mortgage with internal code "115";

(j) the Current Balance of the relevant Loan shall not be increased;

(k) the variation will not cause the Loan to no longer comply with all the Sale Asset Warranties; and

(l) such variation shall be acceptable to the Servicer acting as a reasonably prudent lender (*bonus pater familias*),

each a ***Permitted Variation***.

If any of the conditions set out above are considered not to be satisfied, such variation shall be deemed to be a Non-Permitted Variation.

The Servicer shall not be entitled to agree to a Non-Permitted Variation, unless he obtains the prior express consent of the Seller to repurchase the relevant Loan.

The Seller shall, after its consent to repurchase the Loan that is subject to a Non-Permitted Variation repurchase and accept re-assignment of all relevant Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against the Repurchase Price in accordance with the FLSA or the SLSA.

The Issuer or the Security Agent shall be entitled to terminate the powers of the Servicer to consent to Permitted Variations with three (3) months prior notice, provided another procedure or powers are put into place to deal with variations without any additional cost or expense for the Servicer.

The closing of any repurchase as referred to herein shall be completed by the next Payment Date following the end of the Collection Period when the variation occurred.

(b) Amicable Settlement

If at any time after the Closing Date, the Servicer is confronted with a proposed amicable settlement relating to a Loan that is in arrears resulting in a variation of the repayment schedule relating to such Loan, the Servicer may consent on behalf of the Issuer to such proposed settlement if and to the extent he confirms that such settlement takes full account of the chances for recoveries relating to such Loan.

The Servicer shall keep a note of any variation, amendment or waiver in the relevant Contract Records relating to the relevant Loans.

12.3.3 Option to repurchase Loans secured by Shared Loan Security

If and when, after the Closing Date, the Seller originates a Further Loan that is secured by Shared Loan Security, the Seller shall have the right to repurchase the Loan(s) secured by such Shared Loan Security from the Issuer, provided that the aggregate of the Current Balances of the Loans which the Seller proposes to repurchase within a period of twelve (12) consecutive months may not exceed 1 per cent. of the aggregate Current Balances of all the Loans, as determined on the Calculation Date relating to the Payment Date in respect of which the repurchase is proposed.

The Seller can, after the origination of a Further Loan repurchase and accept re-assignment of the relevant Loan(s) in the First Batch of Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against payment of the Repurchase Price in accordance with Clause 9.3 of the FLSA.

The Seller can, after the origination of a Further Loan, repurchase and accept re-assignment of the relevant Loan(s) in the Second Batch of Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against payment of the Repurchase Price in accordance with Clause 9.3 of the SLSA.

The closing of any repurchase as referred to herein shall be completed on the date to be decided by the Seller in its sole discretion.

Shared Loan Security means any Loan Security to which both the Seller and the Issuer are entitled as a consequence of the making of a Further Loan by the Seller or a Partial Sale as

envisaged in Clause 5 (*Further Loans*) or Clause 6 (*Partial Sale*) of the First Loan Sale Agreement and of the Second Loan Sale Agreement.

Partial Sale means the sale by the Seller to the Issuer of a Loan which is secured by Loan Security which also secures a loan that will be retained by the Seller.

12.3.4 Option to repurchase Loans upon occurrence of a Regulatory Change

If and when, after the Closing Date, a Regulatory Change occurs, the Seller can, at any time thereafter, by giving prior notice to the Issuer repurchase and accept re-assignment of the Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against payment of the Repurchase Price in accordance with the FLSA or the SLSA, as applicable.

The closing of any repurchase as referred to herein shall be completed on or before the Payment Date on which the Notes are redeemed by the Issuer following the occurrence of a Regulatory Change.

12.3.5 Security Interest Mandate

If, in respect of a Loan that is secured by a Security Interest Mandate, the Servicer determines that, in accordance with the applicable Credit Policies, the Security Interest Mandate should be used to create a Converted Security Interest:

(a) where the Security Interest Mandate does not expressly prevent the relevant attorneys from using the power to create a Converted Security Interest in favour of the Issuer, then the Servicer shall take all necessary actions and advance the necessary expenses for such Converted Security Interest to be created in accordance with the following principles:

  (i) it will be created and registered in the name of the Seller ;

  (ii) except where the Security Interest Mandate exclusively secures the Loan or amounts due from time to time under the relevant Credit Facility, it will secure all existing and future debts and obligations which the Borrower owes or may owe to the Seller and its legal successors (including the Issuer); and

(b) where the Security Interest Mandate prohibits the relevant attorneys from creating a Converted Security Interest in favour of the Issuer, then the Servicer shall give notice thereof to the Issuer and the Administrator.

Upon receiving notice in accordance with paragraph (b) above, the Issuer, or the Administrator, acting on its behalf, may decide to sell the relevant Loan (together with all other Loans covered by the same Security Interest Mandate) and the Loan Security and Ancillary Assets in respect thereof purchased from the Seller in connection with such Loan(s), to the Seller on the terms set out in the FLSA or the SLSA as applicable in order to allow the Seller to create the Converted Security Interest and thus to minimise or avoid potential losses for the Issuer on such Loan(s).

The Seller may (but will not have the obligation to) repurchase and accept re-assignment of the Loans and the Loan Security and Ancillary Assets with respect thereto, if any, against the Repurchase Price in accordance with the FLSA or the SLSA as applicable.

The closing of any repurchase as referred to herein shall be completed on the date to be agreed between the Seller and the Issuer.

Converted Security Interest means a Mortgage or a Pledge over Business Assets created on the basis of a Security Interest Mandate

Security Interest Mandate means each of a Mortgage Mandate and a Pledge over Business Assests Mandate.

Mortgage Mandate means an irrevocable power of attorney (*onherroepelijke volmacht/mandat irrévocable*) granted by a Borrower or a third party collateral provider to certain attorneys to create a Mortgage as security for the Loan, the relevant Credit Facility and, as the case may be, all other amounts which the Borrower owes or in the future may owe to the Seller (or its legal successor).

Pledge over Business Assets Mandate means an irrevocable power of attorney (*onherroepelijke volmacht/mandat irrévocable*) granted by a Borrower or a third party collateral provider to certain attorneys to create a Pledge over Business Assets as security for the Loan, the relevant Credit Facility and, as the case may be, all other amounts which the Borrower owes or in the future may owe to the Seller (or its legal successors).

12.3.6 Fully Written-Off Loans

On the date a Loan is fully written-off by the Issuer, in accordance with article 7(e) of the Servicing Agreement, it might be repurchased by the Seller on the terms set out in Clause 9.7 (*Repurchase Price*) of the First Loan Sale Agreement or of the Second Loan Sale Agreement.

12.3.7 Repurchase Price

In this section, ***Repurchase Price*** means

A. With respect to repurchases under paragraph 12.3.1 to 12.3.5

(a) either:

(i) in case of a repurchase under paragraph 12.3.1, the Current Balance of such Loans as of the Repurchase Date; or

(ii) in case of a repurchase under paragraphs 12.3.2 to 12.3.5, the Current Balance of such Loan less any Loan Reductions on such Loan as of the Repurchase Date;

plus

(b) accrued interest thereon up to but excluding the Repurchase Date; plus

(c) pro rata costs up to (but excluding) the Repurchase Date; or

B. With respect to repurchases under paragraph 12.3.6 : zero.

12.3.8 Indemnity

To the extent that a Repurchase would lead to the Issuer incurring a Loss, other than a loss which results from any Loan Reductions on such Loan, the Seller undertakes to indemnify the Issuer for such Loss.

Repurchase means a repurchase as set out in Sections 12.3.2, 12.3.3, 12.3.4 and 12.3.5.

12.3.9 Solvency certificate

In the event the Seller no longer complies with the Minimum Ratings for the purposes of a Repurchase, the repurchase and re-assignment of a Loan, Loan Security and Ancillary Assets in

respect thereto will be subject to the delivery of a solvency certificate by the Seller to the Administrator.

12.4 **Notification Events**

The sale of the Loans under the FLSA or the SLSA as applicable and pledge of the Loans under the Pledge Agreement will be notified to any relevant Borrowers and any other relevant parties by the Seller or the Servicer, unless otherwise instructed by the Security Agent (and failing which the Issuer and the Security Agent shall be entitled to do so) pursuant to the terms and conditions set out in the FLSA or the SLSA as applicable and the Pledge Agreement.

Each of the following events is a Notification Event under the FLSA and the SLSA:

(a) If at any time an Enforcement Notice is served by the Security Agent.

(b) The Issuer is so required to serve such notice by an order of any court or supervisory authority;

(c) Not giving notice will cause the then rating of the Class A Notes, if any, to be adversely affected;

(d) An order is made or an effective resolution is passed for the winding-up (*ontbinding/dissolution*) of the Seller except a winding-up the terms or which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution or Noteholders.

(e) The Seller fails to duly perform or comply with any of its obligations under the FLSA or the SLSA or under any other Transaction Document to which it is a party and, if such failure is capable of being remedied, is not remedied within fifteen (15) Business Days after the Seller having knowledge of such failure or notice thereof has been given by the Issuer or the Security Agent to the Seller.

(f) Any Corporate Warranties or Prospectus Warranties or any representation or warranty made or deemed to be made by the Seller under any of the other Transaction Documents to which it is or will be a party or any notice or other document, certificate or statement delivered by it pursuant any of the Transaction Documents proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect. A representation or warranty will be considered to be untrue or incorrect in a material respect if it affects the validity of the obligations of the Seller under the Transaction Documents.

Corporate Warranties means the representations and warranties given by the Seller set out in paragraph 1 (Corporate Warranties) of Schedule 1 (Representations and Warranties of the Seller) of the FLSA or the SLSA as applicable.

Prospectus Warranties means the representations and warranties given by the Seller set out in paragraph 3 (Prospectus Warranties) of Schedule 1 (*Representations and Warranties of the Seller*) of the FLSA and the SLSA.

(g) An order is made or an effective resolution is passed for the winding-up (*ontbinding/dissolution*) or liquidation (*vereffening/liquidation*) of the Seller.

(h) The Seller, otherwise than pursuant to a winding-up as referred to in paragraph (d) above, ceases or, through an official action of the board or directors of the Seller, threatens to cease to

carry on business or the Seller is unable to pay its debts as and when they fall due or the value of its assets falling to less than the amount of its liabilities or otherwise becomes insolvent.

(i) Any action is taken or is pending for (a) the bankruptcy of the Seller; (b) the enforcement of any encumbrance over all or a material part of the Seller's assets or undertaking; (c) any composition, arrangement or compromise (whether by way of voluntary arrangement or otherwise) with the Seller's creditors generally; (d) the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer of the Seller or of any or all of its assets or undertaking; or (e) a safeguard measure (*saneringsmaatregel/mesure d'assainissement*) within the meaning of Article 3, § 1, 8° of the Credit Institutions Supervision Law.

(j) It becomes unlawful for the Seller to perform all or a material part of its obligations under the FLSA or the SLSA or under any Transaction Document to which it is a party.

(k) Any action is taken by any authority, court or tribunal, which results or may result in the revocation of the license of the Seller to act as a credit institution within the meaning of the Credit Institutions Supervision Law.

(l) The Seller no longer complies with the relevant Minimum Ratings for the purposes of a Notification Event.

(m) A pledge is notified to the Borrowers.

(n) A Servicing Termination Event occurs.

Servicing Termination Event means an event upon the occurrence of which the appointment of the Servicer will terminate pursuant to the Servicing Agreement.

(o) An attachment or similar claim in respect of any Loan is received, in which case notice shall be given only to the Borrower of the Loan concerned.

(p) Whether as a reason of a change in law (or case law) or for any other reason and to the extent notified thereof by the Servicer, the Security Agent reasonably considers it necessary to protect the interests of the Secured Parties in the Loans or the Loan Security to perfect the transfer of the Loans, and serves notice on the Seller to such effect (setting out its reasons therefore).

12.5 Further Loans

The Seller shall be entitled to grant further loans to a Borrower, which may be secured by the same Loan Security as a Loan previously transferred to the Issuer (a ***Further Loan***). If there are Further Loans granted which are secured by Shared Loan Security, the proceeds of such Shared Loan Security shall be distributed pursuant to the rules set out in the FLSA and the SLSA, i.e. the Issuer shall rank in priority to the Seller. See also *Section 12.3.3* above.

12.6 Mitigation of Commingling Risk

In case, for as long as the Class A Notes are outstanding,

(a) the short-term issuer default rating of the Seller falls below a rating of F2 by Fitch or such rating is withdrawn; or

(b) the long-term issuer default rating of the Seller falls below a rating of BBB+ by Fitch or such rating is withdrawn; or

(c) the rating on the long-term, unsecured and unsubordinated debt or counterparty obligations of the Seller falls below Baa3 by Moody's (or such rating which is otherwise acceptable to Moody's); or

(d) the credit rating of the Seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations falls below a rating or a credit view equivalent to a rating of BBB(low) by DBRS (or such rating or credit view which is otherwise acceptable to DBRS),

the Seller shall as soon as reasonably possible following the occurrence of any of the rating events listed in items (a), (b), (c) or (d) above (each such events, a ***Deposit Event***), credit to a bank account (the ***Deposit Account***), to be held in the name of the Issuer with a third party account bank having the Minimum Ratings, with the Deposit Amount.

Deposit Amount shall be an amount as determined by the Administrator as follows:

(i) upon the first occurrence of a Deposit Event, the Deposit Amount shall be equal to the higher of (x) zero and (y) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following the occurrence of the Deposit Event.

(ii) on the first calendar day of each month following the month in which the Deposit Event occurred (the ***Adjustment Date***) and provided no Notification Event has occurred, the Deposit Amount shall be adjusted and be equal to the higher of (x) zero and (y) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following such Adjustment Date.

To the extent the balance on the Deposit Account exceeds the Deposit Amount calculated on the Adjustment Date, the Administrator will immediately (and in any event no later than five (5) Business Days following the Adjustment Date) release the amount in excess to the Seller. To the extent the balance on the Deposit Account is less than the Deposit Amount calculated on the Adjustment Date, the Administrator will notify the Seller thereof and the Seller will immediately (and in any event no later than five (5) Business Days following the notification of the adjusted Deposit Amount by the Administrator) credit such shortfall to the Deposit Account;

(iii) as from the time a Notification Event has occurred, the Deposit Amount will become fixed and may no longer be adjusted in accordance with paragraph (ii) above. Furthermore, as from the time a Notification Event has occurred, the Deposit Amount may no longer be released (other than to the Issuer for the purposes set out three paragraphs further below) unless the Class A Notes have been fully and finally repaid.

The Deposit Amount as determined by the Administrator for each first calendar day of the month following the occurrence of a Deposit Event (and as long as the Deposit Event continues) will be reported by the Administrator in the Quarterly Investor Report.

The funds credited to the Deposit Account will not be included as Principal Available Funds and/or Interest Available Funds and will not form part of the Priority of Payments, unless credited after the occurrence of a Commingling Risk in which case the Issuer will be required to add such funds to the Interest Available Funds and/or Principal Available Funds, as the case may be. The Deposit Amount will not serve as general credit enhancement to the Issuer and can only be used by the Issuer to indemnify Commingling Risk.

The funds credited to the Deposit Account may only be applied by the Issuer for the purpose of indemnifying the Issuer against any losses of the Issuer resulting from the fact that following an insolvency of the Seller the recourse the Issuer would have against the Seller for amounts paid into the accounts held with the Seller at such time would be an unsecured claim against the insolvent estate of the Seller for moneys due at such time (***Commingling Risk***)(See also *Section 4.6.8 – Commingling Risk*).

In such event, the Issuer (or the Administrator on behalf of the Issuer) will transfer the relevant amounts from the Deposit Account to the Transaction Account.

Unless applied in order to indemnify Commingling Risk, the funds credited to the Deposit Account shall remain credited to the Deposit Account until (the earlier of):

(i) the Seller no longer being subject to any Deposit Event; or

(ii) a full and final repayment of the Class A Notes on the Final Redemption Date (or such other date upon which the Class A Notes are to be redeemed in full).

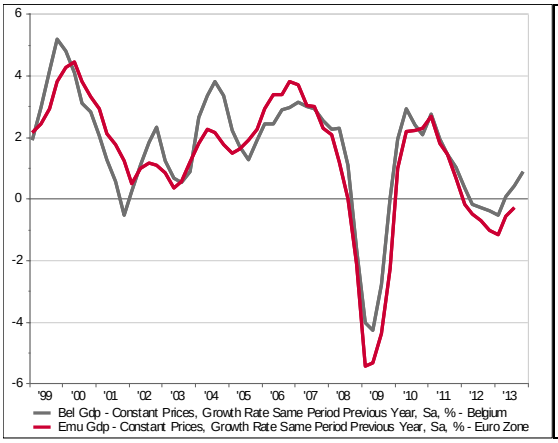
If any of the above conditions under (i) or (ii) is fulfilled, the Administrator will immediately release the funds credited to the Deposit Account to the Seller (including, for the avoidance of doubt, any amounts as might be credited to this Deposit Account at a later date).

SECTION 13
OVERVIEW OF THE BELGIAN MARKET FOR SME LOANS

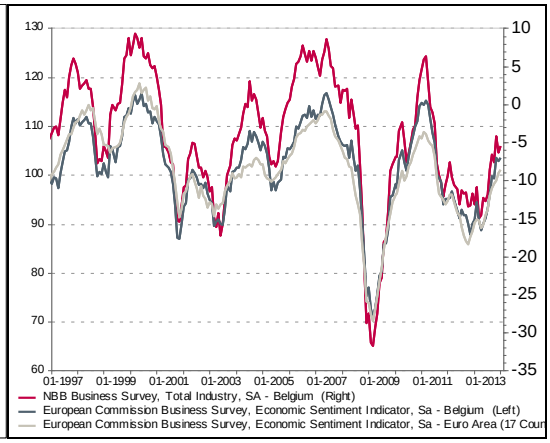
13.1 Economic environment

Growth momentum has been improving in Belgium in the second half of 2013, climbing out of a recession. Belgium has been recovering at a higher pace than the Eurozone average. The business confidence index, though still in negative territory, has also improved throughout 2013.

Belgian GDP Growth Year on Year



Business Confidence



Source: Factset

13.2 The situation of Belgian SMEs

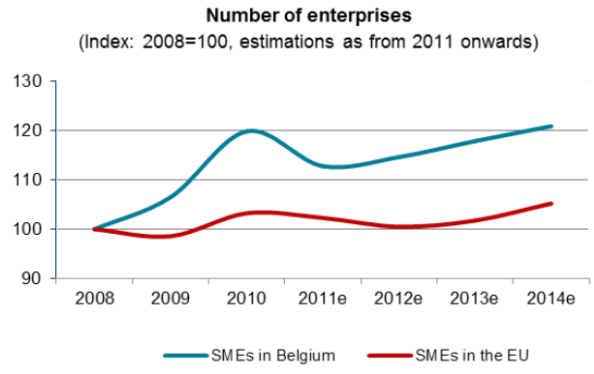
The structural characteristics of the Belgian SMEs are quite similar to the European averages. Though Belgian SMEs employ slightly more persons than the European average and they produce a bigger share of value added.[1]

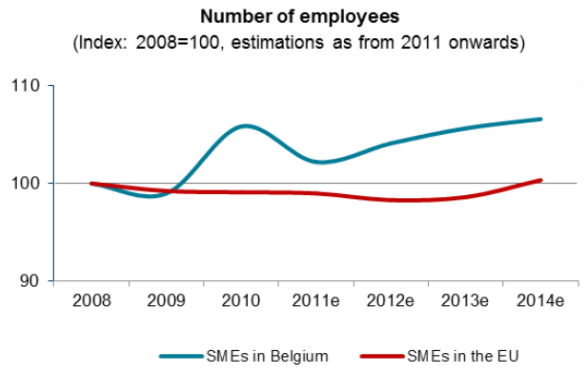
SMEs in Belgium: Fact Sheet

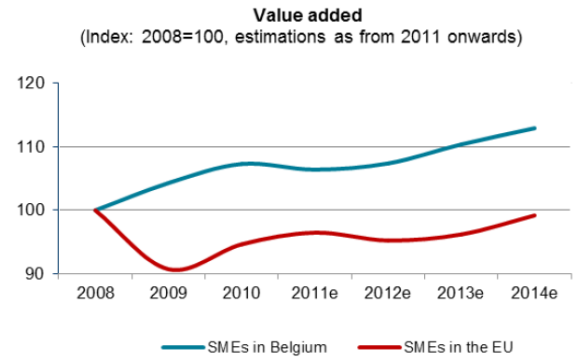
Size	Number of Enterprises		Number of persons employed		Value Added (EUR mn)	
	Belgium	EU-27	Belgium	EU-27	Belgium	EU-27
			(%)			
Micro	93.8	92.1	32.6	28.7	22.3	21.1
Small	5.2	6.6	20.3	20.4	19.7	18.3
Medium	1.1	1.1	16.1	17.3	19.6	18.3
SMEs	99.8	99.8	68.9	66.5	61.6	57.6
Large	0.2	0.2	31.3	33.5	38.4	42.4

Source: European Commission

[1] Source: European Commission – SBA Fact Sheet Belgium 2013.







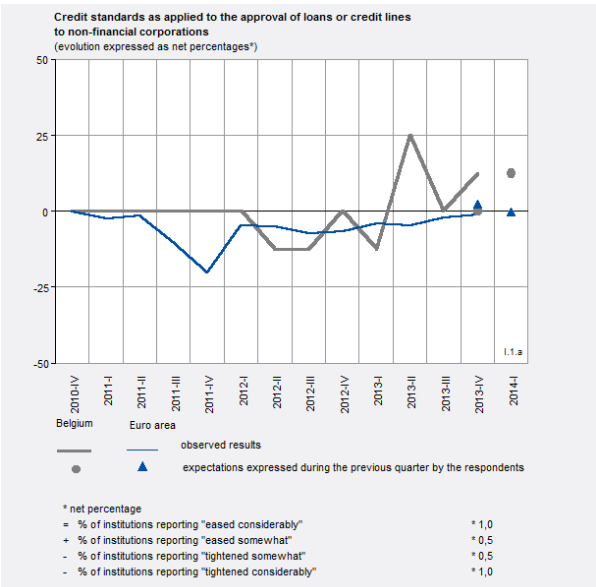
"Belgian SMEs have so far weathered the crisis relatively well. They have even been outperforming their EU peers in many areas since 2008. Although they too experienced a decrease in the number of SMEs, employment and gross value-added, the surges before and after the downturn made Belgian SMEs better off now than they were before the crisis. For instance, SME employment levels were estimated to be 4% higher in 2012 than in 2008. Very few other Member States have a similarly positive development.

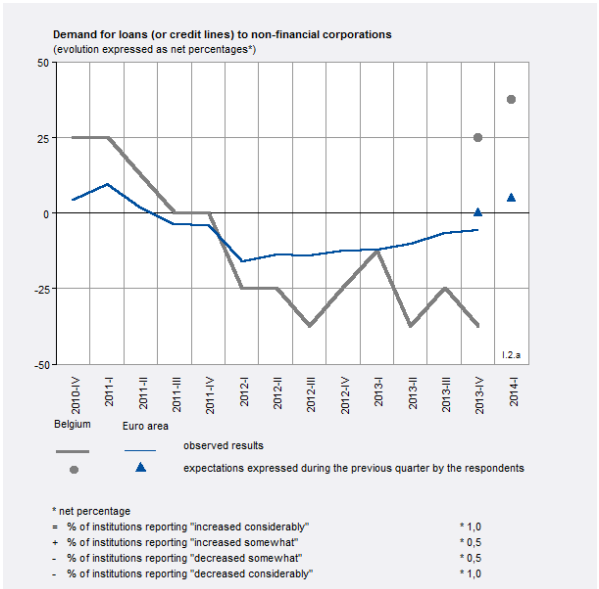
The outlook for Belgian SMEs in 2013 and beyond is still moderately optimistic. However, some risks have recently appeared, most notably due to the wave of closures or downsizing of larger plants (such as the Ford factory in Genk and Caterpillar in Charleroi), which may have an impact on smaller suppliers, especially at regional level."

Source: European Commission – SBA Fact Sheet Belgium 2013

Since the second quarter of 2013, Belgian banks have been easing their credit standards towards non-financial corporations, which compares favourably with the net tightening in the Eurozone. Demand for loans and credit lines has been shrinking since 2012, but is expected to increase again.

Credit Standards and Demand for Loans

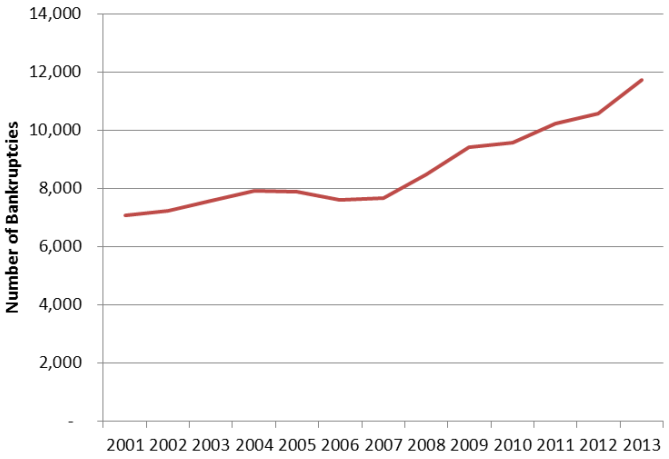




Source: National Bank of Belgium – Bank Lending Survey

The number of bankruptcies continued to increase in 2013. 62% of all bankruptcies in 2013 were concentrated in three sectors: “Catering”, “Construction” and “Retail Trade”.

Number of Bankruptcies



Source: FOD Economie, KMO, Middenstand en Energie

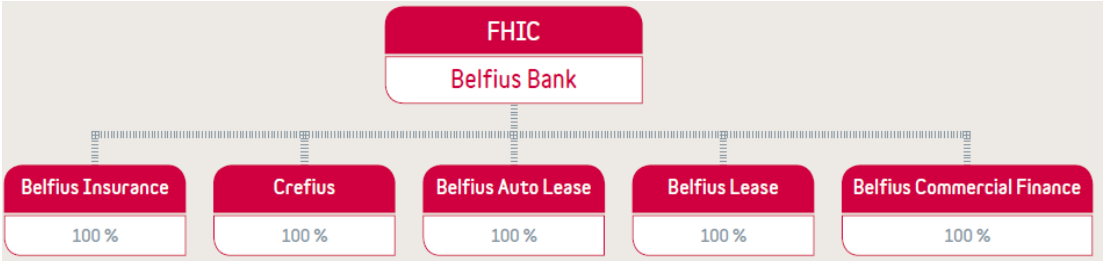
SECTION 14
THE SELLER

14.1 Belfius Bank Profile

Belfius Bank SA/NV (previously Dexia Bank Belgium SA/NV) (the "***Seller***" or "***Belfius***") is a public limited company (*naamloze vennootschap/société anonyme*) of unlimited duration incorporated under Belgian law on 23 October 1962 which collects savings from the public. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

Belfius is wholly owned by the Belgian federal state through the FHIC. Belfius shares are not listed.

Simplified Group structure (as at the date of the Prospectus)



At the time of the Prospectus, Belfius had the following long-term credit ratings:

Fitch Ratings	A - (negative outlook)
Standard and Poor's Credit Market Services France S.A.S.	A - (negative outlook)
Moody's France S.A.S.	Baa1 (stable outlook)

14.2 Mission

As the only integrated, 100% Belgian bank and insurance company, Belfius focuses on establishing a strong, local relationship with customers and creating added value for the community, together with its customers and partners.

Partner of society

Belfius seeks to excel in its community involvement by investing in key areas such as housing, retirement homes and hospitals, public infrastructure, education, energy, mobility and the local economy.

Focus on customer satisfaction

Belfius aims to develop in line with and based on the needs of its customers so that it can provide them with the appropriate, innovative tailor-made solutions, at the right time and through the right channels.

Committed, proud staff

Belfius wants to become an attractive employer by giving people opportunities and responsibilities – and by putting their passion and expertise in finding solutions to work for the benefit of customers and society alike.

Financially sound

Belfius aims to establish an ongoing healthy financial profile, as well as a strong position in terms of liquidity and solvency. For this reason, Belfius conducts a prudent policy on risk.

Operationally efficient

Belfius is making every effort to boost efficiency by simplifying its structures and processes and by enabling the business lines to work together to optimum effect.

14.3 Overview of Business Lines

Commercial activities are essentially organised around three business lines: Retail and Commercial Banking, Public and Wholesale Banking, and Insurance.

Retail and Commercial Banking

The Retail and Commercial Banking business line offers a comprehensive range of retail, commercial and private banking products, as well as insurance services to:

- 3.2 million individual clients;
- 0.3 million "Business" clients. This segment combines the self-employed and professionals, as well as small and medium-sized enterprises whose turnover or total balance sheet is less than EUR 10 million.

At the end of 2013, Belfius' distribution network extended to 772 branches. More than 500 of these operate using the open-branch concept, placing the emphasis on advising customers. These open branches are divided into three zones: self-service, information and services as well as advice. A key feature of this branch design is the absence of teller windows. Most transactions in cash are conducted in the automated self-service space within the branch. The design is all about providing maximum ease of access and personalised contacts with customers.

Belfius ATMs cater for 1.5 million active users a month, which translates into 8.4 million monthly interactions. The proportion of transactions carried out at ATMs is high: 93% of all deposits and 99% of all withdrawals are made at an automatic teller machine, which demonstrates the success of the concept.

Belfius is also totally accessible through digital channels and the popularity of these channels just continues to grow. Belfius Direct Net, the bank's online portal, services 0.9 million active users, which represents 6.3 million interactions each month. Belfius Direct Mobile is experiencing growing success, which has been boosted further since the introduction of a highly effective new version in December 2012 for Smartphones and in May 2013 for tablets (165 000 active users at 31 December 2013).

Direct telephone communications are another major point of contact with clients, and the contact centre records some 30,000 incoming calls a month.

In 2013, Belfius introduced Belfius Pulse Start. It offers its customers the best of both worlds by combining mobile banking with personalised advice – all in one completely integrated package.

This business line provides a full range of products to customers: payment products, loans, savings products, investments and insurance, etc.

Payment products come in the form of packages of current accounts linked to a debit card or credit card, plus additional insurance cover, depending on the level of service selected: blue, red, gold, platinum and white. The granting of a credit card is subject to acceptance through a standard risk management process. Customers can also opt for a MasterCard Prepaid, enabling them to make payments in total security within the limit set for their budget, anywhere in the world and also online. Business customers can also enjoy additional services that correspond to their needs (such as cashflow management).

With its range of credit products, Belfius mainly offers mortgage loans at fixed or variable interest rates, with terms usually ranging from 10 to 20 years. The bank also markets consumer loan products in the form of car loans, personal loans and green loans. The activity surrounding the granting of loans is carefully monitored by the code of conduct issued by the "Professional Credit Union". Tailored loans are provided for the Business segment. This includes tax funding, operating capital facilities (particularly Belfius Business Cash+) and investment loans.

Savings and investment products fall into two categories: balance sheet products (financing Belfius' assets) or off-balance sheet products. Balance sheet products include classic and online savings accounts, current and term accounts, savings certificates and bonds issued by Belfius (Belfius Funding Notes) and placed with retail customers. Off-balance sheet products are made up of mutual funds, shares and (euro)bonds issued by third parties, as well as Belfius Insurance Branch 21, Branch 23 and, more recently, Branch 44 insurance products.

Belfius also offers its customers all of the classic and innovative life and non-life insurance products provided by Belfius Insurance.

With a market share estimated at 13% for both savings accounts and mortgage loans, Belfius' market share remains stable overall.

Despite a still challenging macroeconomic environment, Belfius' commercial business was highly dynamic, with total clients assets recording a 2% rise in 2013 to EUR 93.7 billion. On the deposits side of the ledger, historically low interest rates prompted customers to adopt a wait-and-see attitude. The result was lower investment levels in long-term investments (savings bonds fell 14.3%, while bonds issued by Belfius were down 11.5%). But there was a good rise in assets in current accounts and savings accounts, which reached EUR 6.9 billion (+12.3%) and EUR 33.8 billion (+6.1%) respectively as at 31 December 2013. In total, deposits amounted to EUR 61.5 billion at the end of 2013, down slightly (-0.7%) compared with the end of December 2012.

However this slight decline in deposits was largely offset by the fine performance recorded by off-balance sheet assets, which rose by 11.9% compared with the end of December 2012, reaching EUR 21 billion on account of increasing customer preference for products offering higher returns (mutual funds, mandates).

Technical life insurance reserves reached EUR 11.2 billion, which was a slight increase of 1.4% compared with the end of 2012. Investments in Branch 21 life insurance were under pressure due to low rates and the rise in taxes on premiums to 2%. But this fall was offset by the success of the new Branch 44 product, Belfius Invest Top Funds Selection, introduced in June 2013.

Loans granted to clients remained stable in 2013, at EUR 33.5 billion at the end of December 2013. This was for all types of loans. Mortgage loans, which represent almost two-thirds of the total loans granted, were EUR 21 billion at the end of December 2013, while consumer loans and Business loans were at EUR 1.6 billion and EUR 9.9 billion respectively.

Public and Wholesale Banking

The Public and Wholesale Banking business line offers a comprehensive range of banking products and services essentially to two complementary groups of clients: public and social sector entities (Public and Social Banking), and medium and large companies (Corporate Banking).

The Public and Social Banking segment, which has a total of 12,000 customers, works on behalf of local public bodies (municipalities, provinces, police areas, Public Centres for Social Welfare and so on), supra-local public entities (communities of municipalities, and so on), dependent entities at a community, regional or federal level, as well as a wide range of other public sector organisations. This segment also includes entities associated with healthcare (hospitals, care homes), clients in the field of education (universities, schools), the housing sector and also clients like foundations, social secretariats and pension funds.

The second segment, the Corporate Banking division, serves some 6,000 medium and large corporates (representing approximately 2,700 separate commercial groups) with an annual turnover or balance sheet total in excess of EUR 10 million.

The public and social banking network has some 40 relationship managers located in three regions. Smaller clients (approximately 6,000) are serviced by the branch network of the Retail and Commercial Banking business line. The Corporate Banking commercial network has 49 relationship managers spread across six regions.

Within the two segments, the relationship manager is the reference person, or “hub”, of the commercial relationship with the client. He is the only contact person, enjoying a relationship of trust with the client over time. The relationship manager may at any time call on experts, the so-called “spokes”, for the different product lines, whether that be for investments, loans, insurance, leasing, electronic banking or cash management. This “hub and spoke” model is at the heart of the business line’s commercial dynamic.

The product range consists firstly of classic banking products such as short and long-term loans, cash-flow management, investment management, electronic banking services, trading room products and various finance or operating lease solutions through the subsidiaries Belfius Lease or Belfius Auto Lease.

Clients of the public and social banking segment also benefit from a range of very specific products and services, such as social accounts, advanced cash-flow solutions and active debt management or

long-term financing solutions that are in phase with their own needs, whether in the form of long-term loans or bonds.

For corporate banking clients, there are specific solutions associated with the public authority debt funding (Business-to-Government – B2G), international cash management solutions, "asset finance" solutions (leasing, car leases and commercial finance) as well as expertise in terms of project finance and structured finance.

Eager to provide its clients with true added value, Belfius constantly adapts the range of products and services offered to them so as to meet their needs and any requirements specific to them in a way that is both effective and practical.

Belfius remains the reference banker for public and social banking clients. In the corporate banking market, the bank aims primarily at medium-sized corporates operating in Belgium, as well as the many companies that offer their services to the public authorities (B2G offering).

Throughout 2013, Belfius remained faithful to its primary mission of being the bank "of and for the Belgian society", continuing more than ever to fulfil its role of financier for the Belgian economy. This commercial dynamic was demonstrated by Belfius granting EUR 2.4 billion in new long-term funding to the public and social sectors and EUR 2.1 billion in new loans to corporates in 2013, as well as by the implementation of numerous local initiatives.

Despite the still challenging economic environment, Belfius continued to support local authorities and can rightfully claim to be the only bank that responds systematically to all tender calls. In doing so, the bank fully plays its role as a partner by reinvesting Belgian savings in numerous projects presenting significant added value for the community (public buildings, schools, crèches, hospitals, road networks, etc.).

As at 31 December 2013, total savings and investments amounted to EUR 26 billion, down 7.3% compared with the end of 2012. The fall in deposits to EUR 18 billion at the end of December 2013 was due entirely to the seasonal effect, with the end of the year seeing significant temporary withdrawals by social security organisations. These outflows were entirely regained at the beginning of 2014.

Total outstanding loans were down slightly (-1.4%) at EUR 43.3 billion. This fall was attributable entirely to generally low demand and increased competition on the corporate banking market. Outstanding loans in the public and social banking segment were up slightly, reaching EUR 34.7 billion at the end of December 2013.

Off-balance sheet commitments were down EUR 3.2 billion over the year to EUR 16.3 billion at the end of December 2013, reflecting the bank's active management, in partnership with the client, of unused credit lines. In the context of the introduction of the new Basel III regulation, banks are subject to much more stringent regulatory ratios, both in terms of capital and liquidity. In the Public and Wholesale Banking business line, active collaboration with clients enabled credit lines to be optimised, particularly off-balance sheet, by making the client's actual needs correspond better in terms of financing with the amount of lines needed for the client's development.

Insurance

Belfius Insurance, a subsidiary of Belfius, offers clients of the Retail and Commercial Banking (individuals, the self-employed, small and medium-sized enterprises) and Public and Wholesale

Banking (public and social sector entities, medium and large enterprises) business lines a varied range of life and non-life insurance products.

Belfius Insurance holds fifth position on the Belgian insurance market.

In order to offer an optimum response to the specific needs of different client segments, Belfius Insurance relies on several brands and distribution channels.

In Belgium, for Retail clients, Belfius Insurance combines the advantages of the exclusive agents network of DVV Insurance with those of the Belfius branch network, whilst also relying on Corona Direct, a direct insurer active via the internet and "affinity partners" .

Through the bank-insurance channel, Belfius Insurance addresses individuals, the self-employed and SMEs in search of solutions (for life and for non-life insurance products) via their Belfius branch. In the future, Belfius Insurance aims to make even more of the growth potential of the bank-insurance channel and to work more through the concept of "one stop shopping".

DVV Insurance has been a benchmark for more than 80 years, both for life and for non-life insurance.

Through their 333 points of sale, each with exclusive advisers, DVV Insurance offers 357,598 households – individuals, the self-employed and small enterprises – a complete range of insurances, mortgage loans and a widely renowned and first-class tailored service.

Corona Direct has operated as a direct insurer since 1974. It offers its 174,000 clients family, car, home, funeral and other insurances either directly (by internet, telephone or mailing) or via its "affinity partners". The strength of Corona Direct rests in its strong client service and ability to innovate, for instance with its kilometre-linked vehicle insurance.

For Public and Wholesale Banking clients, Belfius Insurance collaborates with Belfius and also with specialist brokers. By virtue of its unique experience in the field of insurances for the public and non-profit sectors, Belfius Insurance has become a benchmark in those sectors, for which over the years it has developed a complete range of very specific life and non-life insurance products.

Since 2012, this multi-channel approach has also involved the Elantis brand, which offers mortgage loans through independent brokers. Elantis aims to position itself as a new and important distribution channel for the insurer and to strengthen the position of Belfius Insurance on the mortgage market.

In Luxembourg, Belfius Insurance offers its investement and insurance products through the subsidiary International Wealth Insurer (IWI).

The range of products for Retail clients includes classic non-life insurance: car insurance (third party and comprehensive), third party civil liability insurance, fire insurance, and miscellaneous risks insurance. In addition, life insurances such as pension savings, mixed life insurances, savings insurances, guaranteed income cover, death insurances, credit balance insurance linked to mortgage loans and Branch 23 investment products are also offered. By virtue of this complete range, Belfius Insurance plays its role as a locally anchored insurer aiming at protecting Belgian families, maintaining their income levels and increasing their assets.

Public and Wholesale Banking clients have a choice of professional insurances, fire insurance, guaranteed income cover, group hospitalisation insurance, group insurance, company executive insurance, investment products and specific tailored solutions.

Belfius Insurance has a market share of 7.4% on the Belgian market (8.7% in the Life segment and 4.9% in the Non-Life segment)[2]. Belfius Insurance attaches great importance to client satisfaction: the insurer endeavours to be close to its clients, offering them professional and personalised advice and aiming always for optimum efficiency in this regard.

In 2013, total gross written premiums were EUR 2,156 million, against EUR 2,484 million in 2012.

Life insurance premiums amounted to EUR 1,612 million, against EUR 1,953 million in 2012. This fall arose mainly in Belgium (-29%) and is due to the persistence of low interest rates and the increase of insurance premium tax since January 2013.

The Luxembourg market is performing well, with written premiums almost doubling in 2013 to EUR 354 million. In 2012, sales via the banking channel of Banque Internationale à Luxembourg ceased as a consequence of the general economic climate and the Dexia image crisis. Since then, IWI has developed a new business model and production has picked up. This is relatively diversified, both in terms of the number of distribution partners and types of market.

Life insurance reserves remained stable at EUR 20.3 billion at the end of 2013, against EUR 20.4 billion in 2012, despite a difficult context marked by low rates and unfavourable taxation. By product, there was a slight fall in Branch 21 reserves, whilst those for Branch 23 increased following the launch of Belfius Invest Top Funds Selection, a new Branch 44 product, and as a consequence of the sharp increase in written premiums at IWI.

14.4 2013 Results

Belfius posted a consolidated net profit of EUR 445 million in 2013. Operating profitability increased thanks to new commercial initiatives and an ambitious savings plan. Belfius also invested some EUR 10 billion exclusively in the Belgian economy through granting loans to individuals, local authorities, SMEs, ….

Net profit from commercial business rose by 63.9% in 2013 to EUR 508 million.

The legacy, including a.o. a bond portfolio and the exposure to Dexia, had a negative contribution of EUR 63 million to the 2013 net profit, mainly due to high funding costs.

Commercial results of EUR 508 million, after deduction of the negative contribution of legacy-activities, generated a consolidated net profit of EUR 445 million for Belfius in 2013. That is an increase of 5.7% compared with 2012. The main underlying reasons for this were:

- Net fee and commission income increased by 19.2% to EUR 376 million.
- Belfius Insurance performed strongly, with a net result up from EUR 59 million to EUR 215 million and an "economic" combined ratio[3] standing at 98.7%.
- Costs were kept under strict control (costs down by 10.1%) through a disciplined implementation of the cost-cutting plan approved and introduced in 2013.

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[2] Data 2012 – Assuralia. 2013 data are not yet available.

[3] The "economic" combined ratio is the total combined ratio (i.e. the claims ratio + commission fees + costs + reinsurance) adjusted with non-"recurrent" elements (such as VAT on legal fees)

- Cost of risk remained low and was even positive due to the write-back of provisions resulting from the tactical de-risking of the Legacy.

Belfius' total balance sheet has been reduced by 25.3% since September 2011, to EUR 183 billion as of 31 December 2013, without adversely affecting the development of its commercial business.

Total shareholders' equity doubled from EUR 3.3 billion at the end of 2011 to EUR 6.6 billion at the end of 2013.

The outstanding de-risking carried out by Belfius combined with the reported profit resulted in a substantial improvement of the solvency position:

- The Basel II Tier 1 ratio stood at 15.4% at the end of 2013 (compared to 13.3% at the end of 2012 and 11.7% at the end of 2011). The capital adequacy ratio stood at 16.5% at the end of 2013 compared to 13.8% at the end of 2012.

- As at 1 January 2014, the Basel III (CRR) pro forma Common Equity solvency ratio (phased-in) was estimated at 13.5%. As at 31 December 2013, the Basel III (CRR) pro forma Common Equity solvency ratio (fully-fledged) was estimated at 11.7%[4].

14.5 **SME loan business of Belfius**

(i) Loans description

The loans that will be assigned to the Issuer encompass two different loans types originated by Belfius: Belfius Business Credits and Investment Credits.

The Belfius Business Credit (**BBC**) and the Investment Credit (**IC**) are medium to long-term credits by instalments whose purpose is to finance professional investments.

BBCs and ICs are mainly granted for the following purposes:

- Car, commercial or industrial vehicle purchase
- Purchase or enhancement of professional equipment
- Land purchase
- Purchase, renovation or construction of buildings
- Business takeover
- Loan reimbursement
- Financing of working capital
- 13th month and holiday premium payment
- Fiscal adjustment

[4] The NBB decided - on a temporary basis (until the implementation of IFRS 9) - to grant a national option allowing not to take account of the AFS reserve on the sovereign portfolio for an amount of 5% of this portfolio. The NBB also accepted the rules on financial conglomerates (Danish compromise)

The difference between a BBC and an IC resides in the amount.

The amount granted under a BBC is generally subject to a minimum of EUR 2,500 and a maximum of EUR 75,000 (except for 13th month and holiday premium payment for which the maximum is EUR 22,500).

The minimum amount under an IC generally is EUR 75,000 and the maximum EUR 22,500,000.

The term of BBCs and ICs is function of the expected economic life of the investment they finance to the largest extent with a minimum of 3 and a maximum of 20 years.

Interest and capital repayments may be monthly, quarterly, half-yearly or yearly, with interest and principal not always repaying with the same frequency. Main repayment types are:

- Constant periodical payments: the periodical payment, composed of principal and interest, remains the same until the maturity of the loan, but the proportion of interest and principal varies (interest due decreases with time).
- Linear periodical payments: the periodical payment, composed of principal and interest, decreases over time due to the fall in interest payments while the capital repayment amount remains unchanged.

BBCs and ICs may be repaid in full without indemnities between the 1st and the 12th month after being granted. After that, a prepayment penalty equal to 6 months interest on the prepaid capital (3 months for ex-Bacob loans) will generally be charged for a BBC. For an IC, a prepayment penalty of either 6 months interest on the prepaid capital or the actual funding loss of the bank will generally be charged.

(ii) Origination

Belfius offers a full range of SME loans via its branch network to its Retail & Commercial Banking (**RCB**) business clients. These clients are composed of self-employed, small and medium-sized enterprises with an upper limit of EUR 10 million turnover above which clients are generally considered part of Public & Wholesale Banking (PWB) segment and serviced through regional corporate centres.

The RCB branch network is composed of approximately 772 branches (20 per cent. statutory vs. 80 per cent. independent) grouped in 128 regional clusters.

Tariff lists can be obtained in every Belfius branch in Belgium and will be handed over to all clients at the moment a loan application is made.

(iii) Decision Process

The first step in the credit decision process is made at branch level.

An assessment of the credit application is made based on the following criteria:

- General principles of credit policy (legal framework, deontological aspects, prohibited sectors…)
- Borrower characteristics (identification for compliance purposes, extensive description of activity and financial statements analysis)
- Understanding of borrower's needs

- Borrower repayment capacity
- Proposed terms and conditions of the credit (amount, maturity…)

An evaluation of the proposed guarantees is always carried out as well but does not as such interfere in the decision process.

The branches are supported by an integrated system, Crednet. Crednet enables an automatic granting of the loans, by checking loan criteria and standard parameters against input data. Crednet allows for automated decentralised decision taking within certain limits of loan amount, customer exposure, borrower quality and reimbursement capacity and subject to certain exclusion criteria. The system gives a pricing proposition in addition to the decision.

Decisions on loan applications that do not meet the criteria for Crednet automatic decision are made in coordination with business bankers, risk specialists and relevant credit committees in regional centres or headquarters. The decision-making level differs in function of the amount, exposure and rating:

- A "Full Advice" workflow involves a decision at branch level that must be controlled by a risk specialist at headquarters
- A "Partial Advice" workflow involves an analysis at branch level and a decision taken jointly with a risk specialist at headquarters
- A "Headquarters" workflow involves analysis by credit analyst at headquarters and possibly a credit committee decision.

Decision Crednet	**Max amount**	**Max exposure**	**Rating**	**Decision level**
	(≤ €)			
Automatic.....	100,000		≤ Medium	FO
Full advice.....	250,000	500,000	≤ Medium	FO
Partial advice.....	500,000	1,000,000	≤ Medium	FO + CO
Headquarters	100,000	-	≥ Bad / NR	CO (+BB)
			Very bad	CO + BB
				2CO or
	500,000	2,000,000	All	CO + BB
		≥ 2,000,000	All	Committee
	≥ 500,000	-	All	Committee

FO: Branch network

CO: Risk specialist within Credit Operations at headquarters

BB: Business Banker at regional centre

After the applicant has been interviewed by the local branch, the most suitable loan is proposed. All material data on the loan application is thereafter checked and kept in the borrower's file.

Before a loan can be granted, there is a consultation of the credit register of the NBB. There is, specific to each case, a consultation possible of the Central Individual Credit Register, the Central Enterprise Credit register and the ENR-register. The NBB keeps in the Central Individual Credit Register a track of all loans (consumer loans and mortgage loans) granted to natural persons for private purposes, and of all defaults related to those loans. The Central Enterprise Credit Register keeps track of all loans granted to enterprises (legal and natural persons) while the NBB keeps in the ENR-register a track of all defaults related to loans granted to natural persons for professional purposes. This registration aims to strengthen the means of preventing the excessive indebtedness of natural and legal persons.

The loan is only advanced after the signing of the loan contract by all parties, the valid constitution of all demanded guarantees and the respect of all conditions.

(iv) Internal Rating System

Belfius assigns an internal rating to its RCB business clients. This rating is used as basis of the borrower quality assessment upon loan origination and thereby influences both the level of decision-making required to grant a loan and the outcome of the application.

RCB business clients are divided in three segments that each have a specific rating scale:

- The S10 segment (self-employed and SMEs with assets of less than EUR 2 million and exposure with the bank of less than EUR 1 million) is rated following the RIBUS (Risk Business Indicator) methodology. The rating scale and model are different for self-employed (RIBUS) and SMEs (RIBUS enterprises)
- The S15 segment (SMEs with similar characteristics as S10 but part of a group or subject to foreign law and all SME with assets between EUR 2 and 3 million and exposure with the bank less than EUR 1 million) is rated following the Rating Small Corp (RSC) methodology.
- The S20 segment (all other SMEs in the Retail & Commercial Banking segment) is rated following the Rating Mid Corp (RMC) methodology.

The below table gives an overview of the different rating scales, combined in a general masterscale.

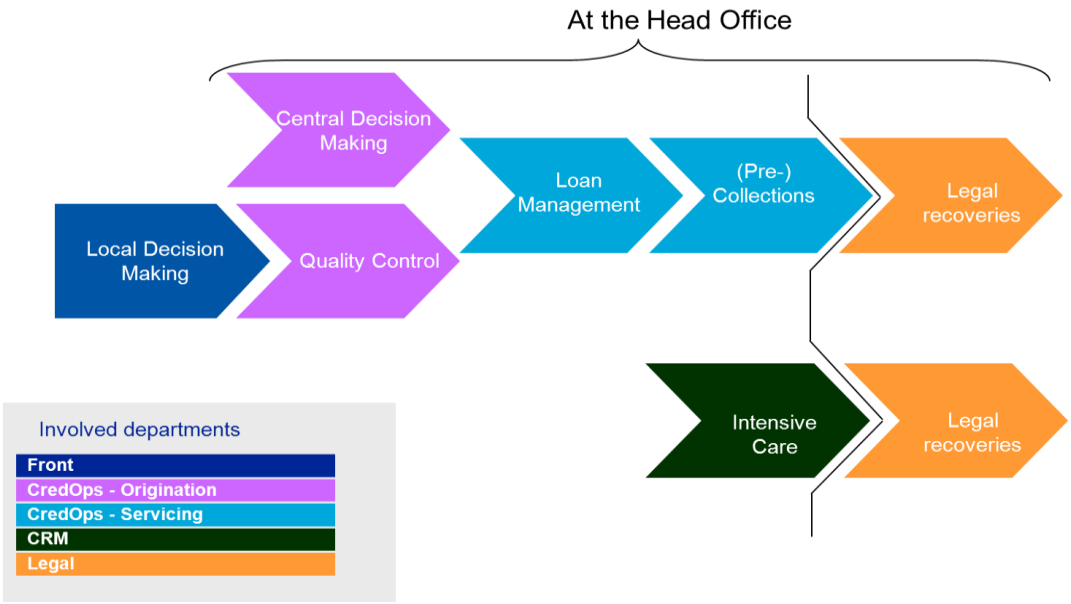
Masterscale	**Ribus ENT**	**Ribus SE**	**Rating small corp**	**Rating midcorp**	**Evaluation**
≥ **A-**	≥ B	≥ B	A-	≥ A	GOOD
BBB+		C		A-, BBB+	
BBB	C	D	BBB+	BBB	
BBB-	D		BBB	BBB-	
BB+		E	BBB-, BB+		MEDIUM
BB	E, F	F		BB+	
BB-		G	BB	BB	

B+	G, H	H	BB-	BB-	
B	I		B+, B	B+, B	BAD
B-		JKL	B-	B-	
CCC	JKL		CCC	CCC	

(v) Loan Servicing, Collections & Recovery

After origination, Belfius will service the loan internally. The major phases in the process involve several teams/departments:

- Loan management starts after the release of the funds and includes the management of "normal" events in the lifecycle of a loan
- Collections and Recovery involve arrears management, soft recovery and hard recovery



(a) Loan Management

Virtually all borrowers have a bank account with Belfius (99 per cent. of the borrowers). Payments are generally made by automatic debit from these accounts.

(b) Late payment, Collections and Recovery

The follow up by reminder letters is fully automated.

The collections process is taken care of by:

- Credit Operations for the S10 segment and the S15/S20 segment enterprises with an outstanding exposure of less than EUR 250,000
- Credit Risk Management (Intensive Care) for the S15/S20 segment enterprises with an outstanding > EUR 250,000, and files on the watchlist (i.e. under close scrutiny by CRM).

- Legal Department for recovery.

Arrears management starts as from the 1st day of delay in payment on the centralized account of the debtor. After 3 days (after the due date for payment), the client is informed that the payment is late by way of a statement of account. After one month past the due date for payment, the first reminder letter is automatically generated by the loan servicing system and sent to the borrower notifying him that his payment is late. This is followed after 40 to 60 days (after the due date for payment) by a second letter indicating that payment is still delinquent and stating that a default to pay can give rise to the issuance of a notice of default. This letter will inform the borrower that the delinquency will be reported to the Credit Register at NBB when the loan will be 90 days delinquent.

As of 75 to 90 days delay, the loan is enforced and transferred to another team or department depending on outstanding amount and guarantees:

- Outstanding < 50,000.00 € and without real guarantees: Collections team within Credit Operations
- Outstanding < 50,000.00 € and with real guarantees: Legal department
- Outstanding > 50,000.00 €: Legal department.

A letter is sent to the client to confirm that his loan has been terminated and invite him to pay or take contact with the bank. A wage constraint or a foreclosure procedure may be started if necessary. If the file is still handled by the Collections team within Credit Operations, the customer will be contacted again 5 days after the letter of confirmation has been sent and once more after an additional 7 days. If no agreement can be found at that time, a last letter will be sent. If no solution is reached within 15 days after this last letter, a strategy is defined that will either lead to the transfer of the loan to the Legal department or to a write-off.

Once the file is transferred to the Legal department, an external law firm may or may not be appointed. If an appearance before court is required, such firm will be appointed, otherwise debt management happens in-house. Every settlement with a defaulted customer needs to be approved by two persons, of whom at least one lawyer. Depending on the amount due, higher seniority is required (< 500 000 EUR: lawyer + file manager; < 1 000 000: lawyer + lawyer; > 1 000 000: senior lawyer + lawyer).

(vi) Write-Offs

A borrower's file will be transferred to the write-off phase if there is no longer any possibility of recovering the debt via any security. The claims outstanding will in this case be written off.

14.6 **Miscellaneous**

More information on Belfius can be found in the annual report 2013 on: www.belfius.be

SECTION 15
SERVICING

15.1 The Servicer

Belfius Bank N.V. / S.A. with its registered office at Pachecolaan 44, B-1000 Brussels, Belgium acts as Servicer.

15.2 The Servicing Agreement

In the Servicing Agreement, the Servicer agrees to provide loan services and foreclosure procedure services to the Issuer on a day-to-day basis in relation to the Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Loans and the transfer of such amounts on a daily basis to the Transaction Account and the implementation of arrears procedures including the enforcement of loan security. The Servicer is obliged to administer the Loans with the same level of skill, care and diligence as it would if it were administering loans in respect of which it is the lender.

Taking into account potential conflicts of interest and for as long as the Seller is the same entity as the Servicer, the Servicing Agreement sets out in detail the respective rights and obligations of the Servicer and the reporting requirements of the Issuer and the Servicer.

15.3 The Back-Up Servicer

In the Servicing Agreement, the Issuer agrees to appoint a back–up servicer within one hundred and eighty (180) calendar days from a downgrade of the Servicer below the relevant Minimum Ratings (the ***Back-Up Servicer***). The Back-Up Servicer will review the Portfolio of Loans and the periodic information it receives and will create a formal servicing transfer plan describing how the services of the Servicer should be transferred to a substitute servicer if the original Servicing Agreement is terminated.

15.4 The Back-Up Servicer Facilitator

In the Servicing Agreement, the Issuer agrees to appoint a back–up servicer facilitator within twenty (20) calendar days from a downgrade of the Servicer below the relevant Minimum Ratings or upon the termination of the appointment of the Servicer in accordance with the Servicing Agreement (the ***Back-Up Servicer Facilitator***). The Back–Up Servicer Facilitator shall assist the Issuer in appointing a Back-Up Servicer. For the avoidance of doubt, the Security Agent may be appointed as Back-Up Servicer Facilitator.

SECTION 16
DESCRIPTION OF THE PORTFOLIO OF LOANS

In addition to the First Batch of Loans, a Second Batch of Loans will be selected from a pool of loans owned by the Seller on the Second Cut-Off Date, leading to an aggregate Current Balance on such date of approximately EUR 4.345 Bn (together, the ***Provisional Pool***). The Provisional Pool has the characteristics indicated in the tables below.

On the Closing Date, the Second Batch of Loans will be so selected that it complies with the representations and warranties and the Sale Asset Warranties specified in *Sections 12.2.1 and 12.2.2* of this Prospectus. The selection will be made such that at the Closing Date the Current Balance of the aggregate of all Loans that have been purchased by the Issuer pursuant to the FLSA and the SLSA and that are at the relevant time still owned by the Issuer will be approximately equal to EUR 4,000,000,000.00, without exceeding such amount.

A. Summary statistics

Number of Loans	60,534	
Number of Borrowers	36,025	
Weighted Average Coupon	4.30%	
Average Loan Amount	71,779.43	EUR
Current Portfolio Amount at Second Cut-Off Date	4,345,095,864.82	EUR
Weighted Average Seasoning	4.62	years
Weighted Average Term to Maturity	9.12	years
Weighted Average Life	5.08	years
Weighted Average Probability of Default	1.90%	(Masterscale)

B. Distribution of the Provisional Pool Function of the Master Scale Rating

Master Scale Rating	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
AAA	384,867.89	0.01%	2	0.00%	192,433.95
AA	142,625,217.07	3.28%	3,317	5.48%	42,998.26
A	304,848,073.07	7.02%	6,273	10.36%	48,596.86
A-	351,333,937.01	8.09%	5,515	9.11%	63,705.16
BBB+	439,025,044.11	10.10%	9,064	14.97%	48,436.13
BBB	459,100,892.64	10.57%	7,001	11.57%	65,576.47
BBB-	702,873,849.91	16.18%	7,214	11.92%	97,431.92
BB+	66,240,440.74	1.52%	430	0.71%	154,047.54
BB	718,272,069.16	16.53%	9,209	15.21%	77,996.75
BB-	594,660,008.12	13.69%	3,468	5.73%	171,470.59
B+	331,211,092.38	7.62%	5,199	8.59%	63,706.69
B	165,498,303.26	3.81%	2,403	3.97%	68,871.54
B-	23,517,259.45	0.54%	619	1.02%	37,992.34
CCC	38,738,443.32	0.89%	702	1.16%	55,182.97
D2	5,329,349.78	0.12%	115	0.19%	46,342.17
NR	1,437,016.91	0.03%	3	0.00%	479,005.64
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

C. Distribution of the Provisional Pool Function of the Industry (mapped to Fitch Industry Segments)

Industry	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
aerospace & defense	8,893.81	0.00%	1	0.00%	8,893.81
automobiles	123,140,039.07	2.83%	1,640	2.71%	75,085.39
banking & finance	225,527,962.02	5.19%	1,763	2.91%	127,922.84
broadcasting & media	119,040,070.73	2.74%	1,637	2.70%	72,718.43
building & materials	313,763,483.97	7.22%	8,653	14.29%	36,260.66
business services	861,675,126.23	19.83%	10,976	18.13%	78,505.39
cable	206,113.23	0.00%	3	0.00%	68,704.41
chemicals	4,448,107.14	0.10%	50	0.08%	88,962.14
computers & electronics	34,757,558.81	0.80%	475	0.78%	73,173.81
consumer products	248,734,925.86	5.72%	4,326	7.15%	57,497.67
energy	14,251,316.90	0.33%	227	0.37%	62,781.13
environmental services	2,545,043.02	0.06%	25	0.04%	101,801.72
farming & agricultural services	38,033,410.45	0.88%	1,049	1.73%	36,256.83
food & beverage & tobacco	96,969,536.00	2.23%	1,529	2.53%	63,420.23
gaming & leisure & entertainment	56,676,667.52	1.30%	867	1.43%	65,371.01
healthcare	554,468,166.90	12.76%	10,288	17.00%	53,894.65
industrial/manufacturing	87,393,337.16	2.01%	1,259	2.08%	69,414.88
lodging & restaurants	184,798,807.50	4.25%	2,596	4.29%	71,185.98
metals & mining	1,773,828.94	0.04%	36	0.06%	49,273.03
packaging & containers	279,688.56	0.01%	6	0.01%	46,614.76
paper & forest products	34,338,555.59	0.79%	480	0.79%	71,538.66
pharmaceuticals	2,796,322.94	0.06%	29	0.05%	96,424.93
real estate	779,233,961.65	17.93%	4,803	7.93%	162,239.01
retail (general)	376,175,545.69	8.66%	4,699	7.76%	80,054.38
supermarkets & drugstores	58,704,568.09	1.35%	1,215	2.01%	48,316.52
telecommunications	3,362,809.61	0.08%	62	0.10%	54,238.86
textiles & furniture	24,198,663.29	0.56%	347	0.57%	69,736.78
transportation	83,673,238.15	1.93%	1,239	2.05%	67,532.88
utilities	14,120,115.99	0.32%	254	0.42%	55,591.01
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

D. Distribution of the Provisional Pool Function of the Interest Rate Reset Frequency

Reset Frequency	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Semi-annually	285,833.48	0.01%	1	0.00%	285,833.48
Annually	51,967,310.57	1.20%	317	0.52%	163,934.73
3/3/3	76,418,432.39	1.76%	445	0.74%	171,726.81
5/5/5	482,336,925.45	11.10%	2,857	4.72%	168,826.37
10/5/5	274,070,015.24	6.31%	1,403	2.32%	195,345.70
Fixed	3,460,017,347.69	79.63%	55,511	91.70%	62,330.30
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

E. Distribution of the Provisional Pool function of the Current Balance

Current Balance Bucket	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
0 - 10.000	99,012,473.88	2.28%	20,718	34.23%	4,779.06
10.000 - 20.000	167,406,502.01	3.85%	11,649	19.24%	14,370.89
20.000 - 30.000	138,969,372.27	3.20%	5,692	9.40%	24,414.86
30.000 - 40.000	110,934,706.99	2.55%	3,203	5.29%	34,634.63
40.000 - 50.000	95,643,856.26	2.20%	2,145	3.54%	44,589.21
50.000 - 60.000	84,718,868.45	1.95%	1,544	2.55%	54,869.73
60.000 - 70.000	89,075,476.76	2.05%	1,373	2.27%	64,876.53
70.000 - 80.000	92,221,692.04	2.12%	1,231	2.03%	74,916.08
80.000 - 90.000	84,911,244.56	1.95%	1,000	1.65%	84,911.24
90.000 - 100.000	83,349,679.05	1.92%	879	1.45%	94,823.30
100.000 - 200.000	791,874,790.25	18.22%	5,535	9.14%	143,066.81
200.000 - 300.000	617,275,318.21	14.21%	2,537	4.19%	243,309.15
300.000 - 400.000	420,675,853.88	9.68%	1,224	2.02%	343,689.42
400.000 - 500.000	274,932,320.18	6.33%	620	1.02%	443,439.23
500.000 - 600.000	193,578,618.92	4.46%	354	0.58%	546,832.26
600.000 - 700.000	135,125,437.08	3.11%	209	0.35%	646,533.19
700.000 - 800.000	98,592,422.03	2.27%	132	0.22%	746,912.29
800.000 - 900.000	78,143,928.80	1.80%	92	0.15%	849,390.53
900.000 - 1.000.000	70,143,828.17	1.61%	74	0.12%	947,889.57
1.000.000 - 1.500.000	212,649,786.79	4.89%	177	0.29%	1,201,411.22
1.500.000 - 2.000.000	110,378,811.78	2.54%	65	0.11%	1,698,135.57
2.000.000 - 2.500.000	43,895,680.50	1.01%	20	0.03%	2,194,784.03
2.500.000 - 3.000.000	41,253,725.70	0.95%	15	0.02%	2,750,248.38
3.000.000 - 3.500.000	42,171,745.74	0.97%	13	0.02%	3,243,980.44
3.500.000 - 4.000.000	26,257,728.17	0.60%	7	0.01%	3,751,104.02
4.000.000 - 4.500.000	37,590,162.02	0.87%	9	0.01%	4,176,684.67
4.500.000 - 5.000.000	13,761,554.90	0.32%	3	0.00%	4,587,184.97
5.000.000 - 5.500.000	26,309,867.26	0.61%	5	0.01%	5,261,973.45
5.500.000 - 6.000.000	5,594,573.76	0.13%	1	0.00%	5,594,573.76
6.000.000 - 6.500.000	12,536,817.20	0.29%	2	0.00%	6,268,408.60
6.500.000 - 7.000.000	13,514,872.96	0.31%	2	0.00%	6,757,436.48
7.000.000 - 7.500.000	7,450,502.05	0.17%	1	0.00%	7,450,502.05
7.500.000 - 8.000.000	7,926,386.03	0.18%	1	0.00%	7,926,386.03
8.000.000 - 8.500.000	8,457,341.57	0.19%	1	0.00%	8,457,341.57
8.500.000 - 9.000.000	8,759,918.60	0.20%	1	0.00%	8,759,918.60
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

F. Distribution of the Provisional Pool Function of the Current Interest Rate

Interest Rate Bucket	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
0% - 0.5%	36,890.78	0.00%	2	0.00%	18,445.39
0.5% - 1%	3,200,752.61	0.07%	13	0.02%	246,211.74
1% - 1.5%	8,593,838.13	0.20%	91	0.15%	94,437.78
1.5% - 2%	52,346,165.92	1.20%	900	1.49%	58,162.41
2% - 2.5%	144,817,337.92	3.33%	2,480	4.10%	58,394.09
2.5% - 3%	333,255,430.11	7.67%	7,106	11.74%	46,897.75
3% - 3.5%	371,035,907.67	8.54%	6,943	11.47%	53,440.29
3.5% - 4%	722,824,993.54	16.64%	12,363	20.42%	58,466.80
4% - 4.5%	763,689,281.46	17.58%	8,751	14.46%	87,268.80
4.5% - 5%	1,061,419,009.33	24.43%	10,588	17.49%	100,247.36
5% - 5.5%	543,274,388.93	12.50%	4,971	8.21%	109,288.75
5.5% - 6%	264,446,509.84	6.09%	3,414	5.64%	77,459.43
6% - 6.5%	52,222,045.27	1.20%	1,230	2.03%	42,456.95
6.5% - 7%	16,711,495.35	0.38%	982	1.62%	17,017.82
7% - 7.5%	3,717,814.61	0.09%	289	0.48%	12,864.41
7.5% - 8%	2,233,035.38	0.05%	229	0.38%	9,751.25
8% - 8.5%	519,831.64	0.01%	64	0.11%	8,122.37
8.5% - 9%	442,595.61	0.01%	62	0.10%	7,138.64
9% - 9.5%	151,211.59	0.00%	25	0.04%	6,048.46
9.5% - 10%	93,823.80	0.00%	15	0.02%	6,254.92
10% - 10.5%	20,281.87	0.00%	4	0.01%	5,070.47
10.5% - 11%	18,998.41	0.00%	6	0.01%	3,166.40
11% - 11.5%	10,571.16	0.00%	2	0.00%	5,285.58
11.5% - 12%	7,853.84	0.00%	2	0.00%	3,926.92
12% - 12.5%	2,192.06	0.00%	1	0.00%	2,192.06
12.5% - 13%	-	-	-	-	-
13% - 13.5%	3,607.99	0.00%	1	0.00%	3,607.99
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

G. Distribution of the Provisional Pool Function of the Seasoning

Seasoning Bucket (months)	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
1 - 24	888,739,696.89	20.45%	17,326	28.62%	51,295.15
25 - 48	1,257,576,094.60	28.94%	23,575	38.95%	53,343.63
49 - 72	1,000,615,784.43	23.03%	9,689	16.01%	103,273.38
73 - 96	687,501,109.36	15.82%	4,852	8.02%	141,694.38
97 - 120	275,988,554.37	6.35%	2,704	4.47%	102,066.77
121 - 144	152,969,243.42	3.52%	1,274	2.10%	120,070.05
145 - 168	81,466,833.74	1.87%	1,112	1.84%	73,261.54
169 - 192	238,547.01	0.01%	1	0.00%	238,547.01
193 - 216	-	-	-	-	-
217 - 240	1.00	0.00%	1	0.00%	1.00
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

H. Distribution of the Provisional Pool Function of the Remaining Term to Maturity

Term to Maturity Bucket (months)	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
1 - 24	228,908,504.84	5.27%	21,639	35.75%	10,578.52
25 - 48	568,766,215.95	13.09%	17,465	28.85%	32,566.06
49 - 72	562,344,730.59	12.94%	7,391	12.21%	76,085.07
73 - 96	559,518,861.17	12.88%	4,377	7.23%	127,831.59
97 - 120	565,668,466.36	13.02%	2,990	4.94%	189,186.78
121 - 144	439,944,804.51	10.13%	1,836	3.03%	239,621.35
145 - 168	579,697,303.34	13.34%	2,031	3.36%	285,424.57
169 - 192	484,876,325.34	11.16%	1,606	2.65%	301,915.52
193 - 216	330,559,342.07	7.61%	1,109	1.83%	298,069.74
217 - 240	24,811,310.65	0.57%	90	0.15%	275,681.23
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

I. Distribution of the Provisional Pool Function of the Amortization Profile

Amortization Profile	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Annuity	3,820,043,783.41	87.92%	57,293	94.65%	66,675.58
Bullet	62,848,074.34	1.45%	117	0.19%	537,163.03
Linear	454,181,720.84	10.45%	3,111	5.14%	145,992.20
Tailor Made	8,022,286.23	0.18%	13	0.02%	617,098.94
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

J. Distribution of the Provisional Pool Function of the Principal Repayment Frequency

Principal Repayment Frequency	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Annual	9,882,814.81	0.23%	20	0.03%	494,140.74
Bullet	62,848,074.34	1.45%	117	0.19%	537,163.03
Monthly	4,266,894,211.98	98.20%	60,393	99.77%	70,652.13
Quarterly	454,097.01	0.01%	2	0.00%	227,048.51
Semi-annual	5,016,666.68	0.12%	2	0.00%	2,508,333.34
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

K. Distribution of the Provisional Pool Function of the Loan Purpose

Loan Purpose	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Acquisition existing business	153,798,492.28	3.54%	855	1.41%	179,881.28
Consolidation	28,709,395.66	0.66%	124	0.20%	231,527.38
Equipment of home/building	629,004.22	0.01%	2	0.00%	314,502.11
Expansion existing business	1,805,297,965.33	41.55%	8,421	13.91%	214,380.47
Financing: company capital	47,871,422.33	1.10%	1,159	1.91%	41,304.07
Financing: stock	6,117.55	0.00%	1	0.00%	6,117.55
Financing: take-over	270,476,802.37	6.22%	2,873	4.75%	94,144.38
Miscellaneous	40,073,618.85	0.92%	637	1.05%	62,909.92
NPO: Invest <= EUR 6.197,338	42,831.84	0.00%	2	0.00%	21,415.92
Opening new business	294,418,746.19	6.78%	1,621	2.68%	181,627.85
Partner current account	6,998,101.97	0.16%	76	0.13%	92,080.29
Payment of taxes	3,373,472.22	0.08%	165	0.27%	20,445.29
Private part of mixed credit	3,548,050.29	0.08%	153	0.25%	23,189.87
Professional part of mixed credit	6,897,000.90	0.16%	146	0.24%	47,239.73
Purchase: building	1,449,502.17	0.03%	2	0.00%	724,751.09
Purchase: building + renovation	1,058,778.84	0.02%	2	0.00%	529,389.42
Purchase: car	335,457,119.13	7.72%	25,122	41.50%	13,353.12
Purchase: equipment	187,964,919.83	4.33%	8,225	13.59%	22,852.88
Purchase: land	46,936,048.20	1.08%	1,619	2.67%	28,990.76
Purchase: land + new building	826,090,085.32	19.01%	4,212	6.96%	196,127.75
Renovation	242,911,813.81	5.59%	4,922	8.13%	49,352.26
Undetermined	41,086,575.52	0.95%	195	0.32%	210,700.39
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

L. Distribution of the Provisional Pool Function of the Geographical Distribution

Province	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Antwerpen	613,691,850.11	14.12%	7,372	12.18%	83,246.32
Brabant Wallon	277,796,318.64	6.39%	3,125	5.16%	88,894.82
Brussel	670,941,732.23	15.44%	5,475	9.04%	122,546.44
Hainaut	496,119,359.32	11.42%	8,324	13.75%	59,601.08
Liège	365,703,553.68	8.42%	7,025	11.61%	52,057.45
Limburg	286,630,837.38	6.60%	4,782	7.90%	59,939.53
Luxembourg	83,211,231.61	1.92%	1,432	2.37%	58,108.40
Namur	240,366,007.52	5.53%	3,822	6.31%	62,890.11
Oost-Vlaanderen	533,794,440.14	12.28%	7,510	12.41%	71,077.82
Vlaams-Brabant	363,143,428.02	8.36%	4,861	8.03%	74,705.50
West-Vlaanderen	413,697,106.17	9.52%	6,806	11.24%	60,784.18
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

M. Distribution of the Provisional Pool Function of the Total Borrower Exposure

Borrower Exposure Bucket	Current Balance (EUR)	%	# Borrowers	%	Average Loan (EUR)
0 - 10,000	50,026,587.56	1.15%	10,376	28.80%	4,821.38
10,000 - 20,000	84,783,674.76	1.95%	5,886	16.34%	14,404.29
20,000 - 30,000	74,022,488.54	1.70%	3,028	8.41%	24,446.00
30,000 - 40,000	66,128,915.04	1.52%	1,911	5.30%	34,604.35
40,000 - 50,000	58,975,644.73	1.36%	1,320	3.66%	44,678.52
50,000 - 60,000	52,591,605.93	1.21%	959	2.66%	54,840.05
60,000 - 70,000	54,221,035.48	1.25%	834	2.32%	65,013.23
70,000 - 80,000	57,364,516.19	1.32%	766	2.13%	74,888.40
80,000 - 90,000	57,310,757.63	1.32%	674	1.87%	85,030.80
90,000 - 100,000	55,219,951.86	1.27%	582	1.62%	94,879.64
100,000 - 200,000	555,159,295.01	12.78%	3,845	10.67%	144,384.73
200,000 - 300,000	526,112,776.76	12.11%	2,149	5.97%	244,817.49
300,000 - 400,000	423,644,226.99	9.75%	1,226	3.40%	345,549.94
400,000 - 500,000	326,440,763.68	7.51%	732	2.03%	445,957.33
500,000 - 600,000	257,905,428.81	5.94%	472	1.31%	546,409.81
600,000 - 700,000	192,484,080.22	4.43%	297	0.82%	648,094.55
700,000 - 800,000	156,449,436.67	3.60%	209	0.58%	748,561.90
800,000 - 900,000	120,641,339.38	2.78%	142	0.39%	849,586.90
900,000 - 1,000,000	100,227,160.71	2.31%	106	0.29%	945,539.25
1,000,000 - 1,500,000	295,328,187.72	6.80%	243	0.67%	1,215,342.34
1,500,000 - 2,000,000	200,231,281.13	4.61%	117	0.32%	1,711,378.47
2,000,000 - 2,500,000	103,857,244.18	2.39%	47	0.13%	2,209,728.60
2,500,000 - 3,000,000	64,902,602.30	1.49%	24	0.07%	2,704,275.10
3,000,000 - 3,500,000	69,087,114.81	1.59%	21	0.06%	3,289,862.61
3,500,000 - 4,000,000	40,902,843.61	0.94%	11	0.03%	3,718,440.33
4,000,000 - 4,500,000	41,983,334.05	0.97%	10	0.03%	4,198,333.41
4,500,000 - 5,000,000	57,860,945.20	1.33%	12	0.03%	4,821,745.43
5,000,000 - 5,500,000	31,639,345.50	0.73%	6	0.02%	5,273,224.25
5,500,000 - 6,000,000	11,507,507.22	0.26%	2	0.01%	5,753,753.61
6,000,000 - 6,500,000	18,828,783.76	0.43%	3	0.01%	6,276,261.25
6,500,000 - 7,000,000	13,475,861.21	0.31%	2	0.01%	6,737,930.61
7,000,000 - 7,500,000	14,578,746.43	0.34%	2	0.01%	7,289,373.22
7,500,000 - 8,000,000	30,954,668.54	0.71%	4	0.01%	7,738,667.14
8,000,000 - 8,500,000	8,457,341.57	0.19%	1	0.00%	8,457,341.57
8,500,000 - 9,000,000	8,535,343.92	0.20%	1	0.00%	8,535,343.92
9,000,000 - 9,500,000	-	-	-	-	-
9,500,000 - 10,000,000	-	-	-	-	-
> 10,000,000	63,255,027.72	1.46%	5	0.01%	12,651,005.54
Total	**4,345,095,864.82**	**100.00%**	**36,025**	**100.00%**	**120,613.35**

N. Distribution of the Provisional Pool Function of the Type of Security

Type of Security	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
Cash	19,346,412.47	0.45%	457	0.75%	42,333.51
Mortgage Inscription	2,670,999,439.45	61.47%	19,122	31.59%	139,682.01
Mortgage Mandate	332,671,865.96	7.66%	3,186	5.26%	104,416.78
Other	611,564,886.98	14.07%	8,443	13.95%	72,434.55
Unsecured	710,513,259.96	16.35%	29,326	48.45%	24,228.10
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

O. Distribution of the Provisional Pool Function of the Borrower Segment

Borrower Segment	Current Balance (EUR)	%	# Loans	%	Average Loan (EUR)
S10	1,591,134,017.34	36.62%	43,248	71.44%	36,790.93
S15	1,238,408,717.48	28.50%	11,835	19.55%	104,639.52
S20	1,515,553,130.00	34.88%	5,451	9.00%	278,032.13
Total	**4,345,095,864.82**	**100.00%**	**60,534**	**100.00%**	**71,779.43**

SECTION 17
PAYMENTS

In order to provide for the payment of principal, interest and other amounts (if any) in respect of the Notes as they shall become due, the Domiciliary Agent at the direction of the Administrator shall pay or cause to be paid (i) in respect of the Class A Notes, to the National Bank of Belgium in Euro and (ii) in respect of the Class B Notes directly to the holder of such Notes as identified in the notes register held by the Issuer, in same day funds on each date on which any payment in respect of the Notes becomes due, an amount, to the extent made available to it by or on behalf of the Issuer, sufficient to pay all amounts becoming due in respect of the Notes.

Upon receipt of such payment with respect to the Class A Notes, the National Bank of Belgium shall cause the amounts due to the relevant Noteholders to be credited to the accounts of the Clearing System Participants through which the Noteholders hold their Notes, who shall cause the same amounts to be credited to the Noteholder's accounts with such Clearing System Participants.

If the due date for payment of any amount of principal or interest in respect of the Notes is not a Business Day, payment will be made on the next Business Day, but the Noteholders shall not be entitled to any further interest or other payment in respect of such delay.

SECTION 18
SUBSCRIPTION AGREEMENT

18.1 Subscription and sale

The Manager will enter into a subscription agreement (the ***Subscription Agreement)*** with the Issuer, the Seller and the Security Agent, pursuant to which the Manager will agree to subscribe to the Notes at their issue price on the Closing Date.

The Issuer will agree to reimburse the Manager for certain of its costs and expenses in connection with the issue of the Notes. The Manager is entitled to terminate the offering of, and refuse receipt of acceptances in respect of, the Notes and be released and discharged from its obligations from the Subscription Agreement in certain circumstances at any time prior to or on the Closing Date. Any decision to terminate the offering early will be communicated promptly to the Issuer, the Seller, the Security Agent and those that have duly entered an acceptance. As a consequence of such termination, the issue of the Notes and all acceptances and sales shall be cancelled automatically and the Issuer and the Manager shall be released and discharged from their obligations and liabilities in connection with the issue and sale of the Notes. The Issuer and the Seller have each agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Notes.

Belfius Bank N.V./S.A. intends to purchase a substantial part of the Notes.

Sales (in any jurisdiction) only permitted to Eligible Holders

The Notes offered by the Issuer may only be subscribed, purchased or held by investors that are:

(a) in respect of the Class A Notes, any person who qualifies both as (i) an Eligible Investor that is acting for its own account; and (ii) a holder of an X-Account; and

(b) in respect of the Class B Notes, any person who qualifies both as (i) an Eligible Investor that is acting for its own account; and (ii) a person who certifies to the Issuer that it qualifies for an exemption from Belgian withholding tax on interest payments under the Class B Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

(c) The Issuer will suspend payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Investor.

The Manager has represented and agreed that it will only, directly or indirectly offer or sell any Notes to Eligible Investors. After the initial distribution of the Notes, the Manager will have no obligation whatsoever to ensure that the Notes are offered, sold or held by Eligible Investors. The Manager will ensure that all investor information will expressly mention that the Notes can only be acquired or held by Eligible Investors.

SECTION 19
USE OF PROCEEDS

The Issuer will use the proceeds from the issue of the Class A Notes and part of the Class B Notes to pay to the Seller the Initial Purchase Price for the Second Batch of Loans pursuant to the SLSA and to redeem the notes with ISIN BE0002414861 and BE6235803614. See further *Section 12.*

SECTION 20
MEETING OF NOTEHOLDERS

20.1 General

The Conditions and the Pledge Agreement contain provisions for convening meetings of the Noteholders to consider matters affecting the interests of the Noteholders.

Articles 568 to 580 of the Company Code shall only apply to the extent that the Conditions, the by-laws of the Issuer or the Transaction Documents do not contain provisions which differ from the provisions contained in such articles. Notwithstanding the provisions of Article 568 of the Company Code, the Meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in the Conditions.

Below is a summary of the rules concerning meetings of Noteholders set out in the Conditions and the Pledge Agreement. Save where provided otherwise or required otherwise by the content, these rules will apply to all meetings of Noteholders, whether meetings of holders of Class A Notes (***Class A Noteholders***) or holders of Class B Notes ***(Class B Noteholders)***.

20.2 Access to Meetings

Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any Meeting of Noteholders unless he produces a Voting Certificate or is a proxyholder.

The Issuer (through its respective officers, employees, advisers, agents or other representatives) and its financial and legal advisers shall be entitled to attend and speak at any Meeting of the Noteholders. Proxyholders do not need to be Noteholders.

20.3 Quorums and majorities

The Conditions and the Pledge Agreement contain provisions for convening meetings of the Noteholders to consider any matter affecting the interests of Noteholders, including proposals by Extraordinary Resolution to modify, or to sanction the modification of, the Notes or the provisions of any of the Transaction Documents.

The quorum at any Meeting of Noteholders of the relevant Class (other than where the business of such meeting includes the proposal of a Basic Term Modification) will be one or more persons holding or representing over fifty (50) per cent.of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes or, at any adjourned meeting, other than a meeting convened by the Noteholders, one or more persons holding or representing Notes of the relevant Class of Notes whatever the aggregate Principal Amount Outstanding of the relevant Class of Notes so held or represented and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business.

The quorum at any Meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Term Modification shall be one or more persons holding or representing not less than seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes or, at any adjourned meeting, other than a meeting convened by the Noteholders, one or more persons holding or representing not less than twenty-five (25) per cent. of the aggregate Principal Amount Outstanding of the Notes in the relevant Class of Notes at the time of the meeting, or, at any subsequent adjourned meeting, other than a meeting convened by the Noteholders, one or more persons holding or representing Notes of the relevant Class of Notes whatever the aggregate Principal

Amount Outstanding of the relevant Class of Notes so held or represented and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business.

At any meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a declaration of a Clearing System Participant of its Notes being blocked until that date of the meeting *(blocking certificate)* or is identified as a Noteholder in the notes register held with the Issuer or is a proxyholder shall have one vote in respect of each Note and (b) on a poll every person who is so present shall have one vote in respect of each EUR 10,000 of Principal Amount Outstanding of Notes referred to on the blocking certificate or registered in the notes register or in respect of which that person is a proxy.

The majority required for an Extraordinary Resolution shall be seventy-five (75) per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

20.4 **Binding resolutions**

Any resolution passed at a meeting of the Noteholders of a particular Class duly convened and held in accordance with the Conditions shall be binding upon all the Noteholders of such Class whether present or not present at such meeting and whether or not voting, provided that:

(a) a Basic Term Modification (as defined in Condition 13) shall be effective if the modification is approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast of the Notes thereat, whether by show of hand or a poll (an ***Extraordinary Resolution***) passed at a meeting of the Noteholders of the relevant Classes duly convened and held in accordance with the rules set out in the Pledge Agreement for approving a Basic Term Modification;

(b) an Extraordinary Resolution of the Class B Noteholders shall be effective if (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; and (b) either (i) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or (ii) none of the Class A Notes remain outstanding;

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Term Modification which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the relevant Class of Noteholders.

A resolution in writing signed by on or behalf of all Noteholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a Meeting of Noteholders duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Basic Term Modification means any variation, modification, abrogation, cancellation or waiver of certain terms, including the date or priority of redemption of any of the Notes, any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal payable in respect of the Notes in excess of the provisions of the Notes or the rate of interest applicable thereto or altering the currency of payment thereof or of the majority required to pass an Extraordinary Resolution or altering the definition of an Event of Default, or altering the Security Agent's duties in respect of the Pledge such as referred to in Condition 13.

20.5 **Powers of the Meeting**

The meeting shall have all the powers expressly given to it in the Conditions, the by-laws of the Issuer, the Pledge Agreement or any other Transaction Document. The following powers may only be exercised by way of an Extraordinary Resolution:

(a) power to approve any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether such rights shall arise under the Conditions, the Notes or otherwise;

(b) power to approve the exchange or substitution of the Notes or the conversion of the Notes into shares, stock, convertible Notes, or other obligations or securities of the Issuer or any other body corporate formed or to be formed;

(c) power to approve any alteration of the provisions contained in the Conditions, the Notes, the Pledge Agreement or any of the Transaction Documents or which shall be proposed by the Issuer and/or the Security Agent;

(d) power to authorise the Security Agent or any third party to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(e) power to discharge or exonerate the Security Agent from any liability in respect of any act or omission for which the Security Agent may have become responsible under or in relation to the Conditions, the Notes, the Pledge Agreement or any of the Transaction Documents;

(f) power to give any authority, direction or sanction, which under the provisions of the Conditions or the Notes is required to be given by Extraordinary Resolution;

(g) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could

(h) power to sanction the release of the Issuer or of the whole or any part of the Pledged Assets from all or any part of the principal moneys and interest owing in respect of the Notes; and

(i) power to authorise the Security Agent or any receiver appointed by it where it or he shall have entered into possession of the Pledged Assets or otherwise enforced the Security in relation thereto to discontinue enforcement of any security constituted by the Pledge Agreement either unconditionally or upon any Conditions.

20.6 **Compliance**

Subject to all other provisions contained in the Conditions, the Issuer may, with the consent of the Security Agent but without the consent of the Noteholders, prescribe such further regulations regarding the holding of Meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

20.7 **Conflict of interest**

In order to avoid any potential conflict of interest, if and as long as any Notes are held by Belfius or any of its affiliates (***Belfius Related Noteholders***), all quorums and voting majorities set out above required to pass a Noteholders' resolution, will have to be met in respect of the group consisting of Belfius Related Noteholders on the one hand and the group of all other Noteholders (excluding the Belfius Related Noteholders).

SECTION 21
GENERAL INFORMATION

1. The issue of the Notes is to be authorised by a resolution of the board of directors of the Issuer to be adopted on 6 May 2014.

2. The Class A Notes have been accepted for clearance through the X/N clearing system operated by the National Bank of Belgium and by the Clearing System Participants with the following ISIN Code BE0002469444.

   The Class B Notes can be transferred by registration of such transfer in the notes register held with the Issuer in accordance with the provisions of the Company Code.

3. As at the date of this Prospectus, the last audited financial statements of the Issuer are those in relation to the accounting year that started on 15 December 2011 and ended on 31 December 2012, approved by the general meeting of shareholders on 28 June 2013.

4. The Issuer is not involved in any legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position and the Issuer is not aware that any such proceedings are pending or threatened against the Issuer.

5. Since the date of its incorporation, the Issuer has not entered into any material contract other than (i) contracts entered into in its ordinary course of business, (ii) the transaction documents under the Prior Operations and (iii) the Transaction Documents (together with the Simultaneous Redemption).

6. Since 15 December 2011 (being the date of incorporation of the Issuer), there has been:

   (a) no material adverse change in the financial position or prospects of the Issuer; and

   (b) other than the Prior Operations and the entering into the Transaction Documents (leading to the Simultaneous Redemption), no significant change in the trading or financial position of the Issuer.

7. The Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, and the Issuer has not created any mortgages, charges or given any guarantees other than under the Transaction Documents and the Prior Operations.

8. The Issuer shall publish the following accounts and reports and shall make available to the public as a whole on www.belfius.be/securitisation the investor reports to be prepared by the Administrator pursuant to the Administration, Corporate Services and Accounting Services Agreement (the ***Investor Reports***). In addition, the Issuer is required to make available certain other information in particular information in respect of important facts that are not known to the public and that, due to their impact on the assets, financial situation or general state of the Issuer, could influence the price of the relevant Notes (privileged information as defined in the law of 2 August 2002 on the supervision of the financial sector and financial services) and mandatory information such as described in the royal decree of 14 November 2007 on the obligations of issuers of financial instruments which are admitted to trading on a Belgian regulated market (including information as to modifications to the conditions, rights or guarantees attached to the Notes).

9. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Domiciliary Agent and on www.belfius.be/securitisation.

10. A copy of the Issuer's by-laws is available, free of charge, at the office of the Issuer and at the offices of the Domiciliary Agent and on www.belfius.be/securitisation.

11. Copies of the following documents may be inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Issuer and at the specified offices of the Domiciliary Agent at any time after the Closing Date:

(a) Account Bank Agreement;

(b) Administration, Corporate Services and Accounting Services Agreement;

(c) Clearing Agreement;

(d) Master Definitions Agreement;

(e) FLSA;

(f) SLSA;

(g) Pledge Agreement;

(h) Servicing Agreement;

(i) Agency Agreement;

(j) Parallel Debt Agreement; and

(k) the most recent balance sheet of the Issuer and the auditors' report thereon.

SECTION 22
RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS

22.1 The Seller

22.1.1 Name and Status

The Loans have been originated by the Seller or the other Originators as legal predecessors of the Seller.

For a description of the Seller, see *Section 14*.

22.1.2 First Loan Sale Agreement and Second Loan Sale Agreement

Under the FLSA, the Issuer has purchased on the First Sale Date and has accepted the transfer by way of assignment of legal title to the First Batch of Loans and the related Loan Security.

Under the SLSA, the Issuer will on the Closing Date purchase and accept the transfer by way of assignment of legal title to the Second Batch of Loans and the related Loan Security.

For a description of the First Loan Sale Agreement and the Second Loan Sale Agreement, see *Section 12*.

22.2 Servicer

22.2.1 Name and Status

The Seller has been appointed as Servicer.

For a description of the Seller, see *Sections 22.1 and 14*.

22.2.2 The Servicing Agreement

Pursuant to the Servicing Agreement the Seller has been appointed as Servicer and, in this capacity as Servicer, agrees to provide loan administration and collection services and the other services as agreed in the Servicing Agreement in relation to the Loans.

Under the Servicing Agreement the Servicer is entitled to delegate the performance of its obligations thereunder to a sub-contractor, agent or delegate. The Servicer shall thereby however not be released or discharged from any liability under the Servicing Agreement and shall remain responsible for the performance of the obligations of the Servicer thereunder and the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate of any of the Services shall not affect the Servicer's obligations thereunder.

For a description of the Servicer Agreement, see *Section 15*.

22.2.3 Remuneration

In consideration of the Servicer's agreement to carry out certain services as agreed in the Servicing Agreement, the Issuer shall pay monthly in arrears on each Payment Date to the Servicer a servicing fee of 10 bps per annum (exclusive of taxes, if any) calculated (on the basis of the actual number of calendar days elapsed during the immediately preceding Interest Period and a calendar year of 360 calendar days) over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Collection Period (or, in respect of the First Payment Date, on 1 April 2014 for the First Batch of Loans or on the Closing Date for the Second Batch of Loans).

22.2.4 Termination

In certain circumstances, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Servicer.

22.2.5 Conflict of Interest

The Servicer may have a conflict of interest resulting from its responsibilities as Servicer for the Issuer pursuant to the Servicing Agreement, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Servicing Agreement. The Servicing Agreement provides, among other things, that the Servicer must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the Servicer. In addition, the Servicing Agreement contains certain specific undertakings to protect the interests of the Issuer.

22.3 The Security Agent

22.3.1 Name and Status

Stichting Security Agent Mercurius is a foundation *(stichting /fondation)* incorporated under the laws of the Netherlands on 22 February 2012, with its registered office at Amsterdam, the Netherlands and has been appointed as representative of the Noteholders and as agent of the Secured Parties on terms and subject to the conditions set out in the Security Agent Agreement.

22.3.2 Remuneration

The Issuer pays to the Security Agent for the performance of the Services as described in the Pledge Agreement an annual fee of Euro 5,250,- exclusive of VAT (if any), which is paid annually up front starting from the day of incorporation of the Security Agent and which shall be increased annually with a percentage equal to the Dutch Consumer Price Index *("Geharmoniseerd indexcijfer der consumptieprijzen/Index des prix à la consummation harmonisé").*

22.3.3 Replacement

See Conditions 12.15 to 12.17.

22.4 The Administrator, Corporate Services Provider and Accounting Service Provider

22.4.1 Name and Status

Belfius has been appointed as Administrator.

Belfius Fiduciaire N.V. / S.A. has been appointed as Corporate Services Provider and as Accounting Services Provider.

22.4.2 The Administration, Corporate Services and Accounting Services Agreement

Under the Administration, Corporate Services and Accounting Services Agreement, (i) the Administrator agrees to provide certain administration, calculation and cash management services for the Issuer, (ii) the Corporate Services Provider agrees to provide general corporate services to support the Issuer in terms of the corporate and bookkeeping management of the Issuer and (iii) the Accounting Services Provider agrees to provide certain accounting and bookkeeping services for the Issuer.

22.4.3 Remuneration

The Issuer pays to the Administrator monthly in arrears on each Payment Date a fee of 2 bps per annum exclusive of VAT (if any) on an Actual/360 basis, calculated over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Collection Period or, with respect to the Second Batch of Loans, in case of the First Payment Date, the Closing Date.

The Issuer pays to the Corporate Services Provider since 7 May 2012, and as long as the Notes are outstanding, quarterly, in arrears, an amount of EUR 625 (i.e., EUR 2,500 on an annual basis) (exclusive of VAT and office disbursements).

The Issuer pays to the Accounting Services Provider an annual fee of EUR 20,000, to be increased to EUR 21,950 for as long as a Deposit Event has occurred and is continuing, which shall be paid quarterly in arrears to the Accounting Services Provider on the relevant Payment Date.

In addition, the Issuer reimburses to the Administrator, the Corporate Services Provider and the Accounting Services Provider all reasonable out-of-pocket costs, expenses and charges properly incurred by the Administrator, the Corporate Services Provider or the Accounting Services Provider in connection with the Administration, Corporate Services and Accounting Services Agreement.

22.4.4 Replacement

In certain circumstances, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the Administrator, the Corporate Services Provider and/or the Accounting Services Provider.

22.5 Account Bank

22.5.1 Name and Status

Pursuant to the Account Bank Agreement the Seller has been appointed as the Account Bank to hold the Issuer Accounts.

For a description of the Seller, see *Sections 22.1* and *14*.

22.5.2 Remuneration

The Issuer pays any costs and expenses related to the management of the Issuer Accounts. Such amounts are paid upon receipt of an invoice sent by the Account Bank or are directly debited from the Issuer Accounts by the Account Bank in accordance with the general terms and conditions of the Account Bank for current accounts.

22.5.3 Replacement

The Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by written notice terminate the appointment of the Account Bank with immediate effect upon the occurrence of certain events.

See further Section 5.2.3

22.6 The Domiciliary Agent, the Listing Agent and the Calculation Agent

22.6.1 Name and Status

The Seller has been appointed as Domiciliary Agent, Listing Agent and Calculation Agent. For a description of the Seller, see *Sections 22.1 and 14*.

22.6.2 The Agency Agreement

Under the Agency Agreement, the Domiciliary Agent will undertake to ensure the payment of the sums due on the Notes by the Issuer and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.

The Domiciliary Agent will also perform the tasks described in the Clearing Agreement, which comprise inter alia providing the Clearing System Operator with information relating to the issue of Notes, the Prospectus and other documents required by law or regulations.

The Listing Agent will cause an application to be made to Euronext Brussels N.V./S.A. for the admission to trading of the Class A Notes.

The Calculation Agent shall determine rates of interest and perform other duties in respect of the Notes as set out in the Conditions and the Agency Agreement.

22.6.3 Remuneration

An annual fee of Euro 10,000 per annum, exclusive of VAT (if any), as may be determined from time to time.

22.6.4 Replacement

The Issuer and each of these agents may at any time, subject to prior written notice, terminate the appointment of a relevant agent. In certain events, the Issuer may terminate the appointment of an agent forthwith, subject to the prior approval of the Security Agent.

The termination of the appointment of an agent (whether by the Issuer or by the resignation of the agent) shall not be effective unless upon the expiry of the relevant notice a suitable replacement has been appointed.

22.7 The Rating Agencies

The following rating agencies have been requested to rate the Class A Notes:

(a) Moody's;

(b) Fitch; and

(c) DBRS.

22.8 The Clearing System Operator

Pursuant to the Clearing Agreement, the Clearing System Operator will provide clearing services to the Issuer.

SECTION 23
MAIN TRANSACTION EXPENSES

23.1 General Income and Expenses

In addition to the expenses relating specifically to the Issuer (see below), the Issuer needs to pay the expenses relating to its operations generally (including its possible liquidation). The expenses of the transaction payable in respect of the Closing of the transaction will be paid by the Seller in consideration of the Deferred Purchase Price. All other expenses are paid by the Issuer, and are the following:

23.2 The Administrator, the Corporate Services Provider and the Account Services Provider

(a) Administrator: a fee of 2 bps per annum payable monthly in arrears on each Payment Date calculated over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Collection Period or, with respect to the Second Batch of Loans, in case of the First Payment Date, the Closing Date.

(b) Corporate Services Provider: an annual fee of Euro 2,500 per annum, exclusive of VAT (if any) (*see Section 22.4.3*).

(c) Accounting Services Provider: an annual fee of EUR 20,000 per annum, exclusive of VAT (if any), to be increased to EUR 21,950, exclusive of VAT (if any), for as long as a Deposit Event has occurred and is continuing.

See Section 22.4.3.

23.3 The Security Agent

An annual fee of Euro 5,250 (indexed),- exclusive of VAT (if any) (*see Section 22.3).* The remuneration for any additional work shall be calculated at the applicable current billing rate per hour of effective service (exclusive of VAT).

23.4 The Servicer

A servicing fee of 10 bps per annum (exclusive of taxes, if any) payable monthly in arrears on each Payment Date and calculated (on the basis of the actual number of calendar days elapsed during the immediately preceding Collection Period and a calendar year of 360 calendar days) over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Collection Period (or, in respect of the First Payment Date, on 1 April 2014 for the First Batch of Loans or on the Closing Date for the Second Batch of Loans). (see *Section 22.2).*

23.5 Other expenses payable by the Issuer

The Issuer pays or shall pay also, in addition, expenses to the following parties:

(a) the Domiciliary Agent and the Calculation Agent;

(b) certain Issuer Directors (whereby such Issuer Director is entitled to a yearly fee; as from 2012, each active Compartment pays a *pro rata* share of such fee, which *pro rata* is calculated on the basis of the aggregate current balances of all the loans held by the relevant Compartment on the first calculation date for such Compartment in each calendar year;

(c) insurance companies in connection with directors insurance, if any.

(d) the Auditor;

(e) the Rating Agencies;

(f) the National Bank of Belgium;

(g) Euronext Brussels.

The total amount of expenses related to the admission to trading are such as described in Euronext "European Fee Book".

ANNEX 1:
TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions (the Conditions, and each a Condition) of the Notes. They will be incorporated by reference into the Notes. Except where the context otherwise requires, each of the Conditions will apply to each Class of the Notes and any reference herein to the Notes means the Notes of that Class.

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents. In particular, the Notes will not be the obligations or responsibilities of the Seller and the Seller will not be under any obligation whatsoever to provide additional funds to the Issuer.

The Issuer may be organised into separate subdivisions, each a Compartment. On the date of issuance of the Notes, six Compartments have been created: Compartment Mercurius-1, Compartment Mercurius-2, Compartment Mercurius-3, Compartment Mercurius-4, Compartment Mercurius-5 and Compartment Mercurius-6, each for the purpose of collective investment of funds collected in accordance with the articles of association of the Issuer in a portfolio of selected loans. Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Mercurius-1 and the recourse for such obligations is limited so that only the assets of Compartment Mercurius-1 subject to the Pledge will be available to meet the claims of the Noteholders and the other Secured Parties.

By subscribing or otherwise acquiring the Notes, the Noteholders (i) shall be deemed to have acknowledged receipt of, accept and be bound by the Conditions, (ii) acknowledge and accept that the Notes are allocated to Compartment Mercurius-1 and (iii) acknowledge that they are Eligible Holders and that they can only transfer their Notes to Eligible Holders.

Except as expressly provided otherwise, all Conditions apply exclusively to the Notes as allocated to Compartment Mercurius-1 of the Issuer and all appointments, rights, title, assignments, covenants, representations, assets and liabilities generally in relation to this transaction are exclusively allocated to, or binding on, Compartment Mercurius-1 and will not be recoverable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment Mercurius-1.

Unless otherwise stated, defined terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement. In this Prospectus the term "Issuer" shall generally refer only to Mercurius Funding N.V. / S.A., an *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* acting through and for the account of its Compartment Mercurius-1, unless where the context requires, in which case such term may refer to the entire company as such, but in each case without prejudice to the limitation of recourse set out in Condition 11.4.

PART 1
DESCRIPTION OF THE NOTES

General

1 The issue of EUR 3,200,000,000 Class A Asset-Backed Fixed Rate Notes due 24 April 2035 (the ***Class A Notes***) and EUR 924,000,000 Class B Asset-Backed Fixed Rate Notes due 24 April 2037 (the ***Class B Notes*** and, together with the Class A Notes, the ***Notes)*** is to be authorised by a resolution of the board of directors of Mercurius Funding N.V. / S.A., an *institutionele VBS naar Belgisch recht /SIC institutionnelle de droit belge* (an institutional company for investment in receivables under Belgian law) (the ***Issuer)*** acting through its Compartment Mercurius-1 (***Compartment Mercurius-1***) was adopted on 22 April 2014.

2 The Notes will be issued on 12 May 2014, in accordance with the provisions of an agency agreement dated 7 May 2012, as amended from time to time (the ***Agency Agreement)*** between the Issuer, Belfius Bank N.V. - S.A. (*Belfius*) (the ***Domiciliary Agent, Listing Agent, Calculation Agent, Manager*** *and* ***Arranger)*** and Stichting Security Agent Mercurius (the ***Security Agent)*** as security agent for, *inter alia,* the holders at any time of the Notes (the ***Noteholders)***.

3 Pursuant to the Agency Agreement, provision is made for the payment of principal and interest in respect of the Notes and for the determination of the rate of interest payable on the Notes.

4 The Notes are secured by the security created pursuant to, and on the terms set out in, an agreement for the creation of a parallel debt as entered into on 7 May 2012 between, *inter alia,* the Issuer, the Security Agent, the Seller and the Servicer, and as amended from time to time and a Belgian law pledge agreement establishing security over certain assets of the Issuer as entered into on or before the Closing Date (the ***Parallel Debt Agreement*** and the ***Pledge Agreement)***.

5 The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

(i) the Agency Agreement;

(ii) the Parallel Debt Agreement;

(iii) the Pledge Agreement;

(iv) the administration, corporate services and accounting services agreement as entered into on 7 May 2012 between the Issuer, the Security Agent and Belfius in its capacity as administrator (the ***Administrator)*** and Belfius Fiduciaire N.V. / S.A. as corporate services provider (the ***Corporate Services Provider)*** and as accounting services provider (the ***Accounting Services Provider***) , and as amended from time to time (the ***Administration, Corporate Services and Accounting Services Agreement)***;

(v) the account bank agreement as entered into on 7 May 2012 between, *inter alia,* the Issuer, the Security Agent and Belfius in its capacity as the account bank (the ***Account Bank***), and as amended from time to time (the ***Account Bank Agreement)***;

(vi) the servicing agreement as entered into on 7 May 2012 between the Issuer, the Security Agent and Belfius in its capacity as the servicer (the ***Servicer***), and as amended from time to time (the ***Servicing Agreement)*** ;

(vii) the First Loan Sale Agreement as entered into on 7 May 2012 (the *First Sale Date*) between Belfius in its capacity as seller (the ***Seller)***, the Security Agent and the Issuer, and as amended from time to time (the ***First Loan Sale Agreement*** or the ***FLSA)***, and the Second Loan Sale Agreement (the ***Second Loan Sale Agreement*** or the ***SLSA***) to be entered into on or before the Closing Date between Belfius in its capacity as Seller, the Security Agent and the Issuer;

(viii) the clearing agreement (the ***Clearing Agreement***) as entered into on 3 May 2012 between the Issuer, the Domiciliary Agent and the Clearing System Operator;

(ix) the master definitions agreement as entered into on 7 May 2012 between, *inter alia*, the Issuer, the Seller and the Security Agent, and as amended from time to time (the ***Master Definitions Agreement***) ;

(x) the issuer management agreements as entered into on 7 May 2012 between the Issuer, the Security Agent and each of the Issuer Directors, and as amended from time to time (the ***Issuer Management Agreements***);

(xi) the Stichting Vesta management agreements as entered into on 7 May 2012 between Stichting Vesta, the Security Agent and each of the directors of Stichting Vesta, and as amended from time to time (the ***Stichting Vesta Management Agreements***); and

(xii) the Security Agent management agreements as entered into on 7 May 2012 between the Security Agent, the Issuer and the director of the Security Agent, and as amended from time to time (the ***Security Agent Management Agreements***).

6 Pursuant to the FLSA, a portfolio of Belgian loans to micro, small and medium sized enterprises (the ***First Batch of Loans***) were sold by the Seller to the Issuer acting through its Compartment Mercurius-I on the First Sale Date. Pursuant to the SLSA, a portfolio of Belgian loans to micro, small and medium sized enterprises (the ***Second Batch of Loans)*** will be sold by the Seller to the Issuer acting through its Compartment Mercurius-1 on the Closing Date. Together the First Batch of Loans and the Second Batch of Loans are referred to as the ***Loans***.

7 The Issuer, the Seller, the Manager and the Arranger will enter into a subscription agreement on or before the Closing Date (the ***Subscription Agreement)***.

8 The FLSA, the SLSA, the Account Bank Agreement, the Administration, Corporate Services and Accounting Services Agreement, the Agency Agreement, the Servicing Agreement, the Parallel Debt Agreement, the Pledge Agreement, the Subscription Agreement, the Clearing Agreement, the Master Definitions Agreement, the Issuer Management Agreements, the Stichting Vesta Management Agreements, the Security Agent Management Agreements and all other agreements, forms and documents executed pursuant to or in relation to such documents collectively, all as amended from time to time, will be referred to as the ***Transaction Documents***. Each of the parties to the Transaction Documents shall be referred to as a ***Transaction Party***.

9 Any reference in these Conditions to any Transaction Document is to such document, as may be from time to time amended, varied or novated in accordance with its provisions and includes any agreement or other document expressed to be supplemental to it, as from time to time so amended.

10 References to any of the Transaction Parties shall, where the context permits, include references to their successors, transferees and permitted assigns.

11 The Issuer has been incorporated subject to the provisions of the Act of 20 July 2004, replaced by the Act of 3 August 2012, on certain forms of collective management of investment portfolios *(Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / Loi relative à certaines formes de gestion collective de portefeuilles d'investissement),* as amended from time to time (as replaced and amended, the ***UCITS Act)***.

12 Copies of the Transaction Documents are available for inspection at the specified offices of the Domiciliary Agent as of the Closing Date. By subscribing for, or otherwise acquiring the Notes, the Noteholders and all persons claiming through them or under the Notes will be deemed to have notice of, accept and be bound by all the provisions of the Conditions, the Pledge Agreement, the Parallel Debt Agreement, the Agency Agreement, the Servicing Agreement, the Account Bank Agreement, the Administration, Corporate Services and Accounting Services Agreement, the Subscription Agreement, the Clearing Agreement, the FLSA, the SLSA, the Issuer Management Agreements, the Stichting Vesta Management Agreements, the Security Agent Management Agreements and all the other Transaction Documents.

PART 2
TERMS AND CONDITIONS OF THE NOTES

1 Form, Denomination, Title and Selling Restrictions - Eligible Holders

Form

1.1 The Class A Notes are issued in dematerialised form under the Belgian Company Code (the ***Company Code***) as amended from time to time. The Notes are accepted for clearance through the clearing system operated by the National Bank of Belgium or any successor thereto (the ***Clearing System***), and are accordingly subject to the applicable clearing regulations of the National Bank of Belgium. The Class A Notes may be cleared through the X/N accounts system organised within the Clearing System in accordance with the Act of 6 August 1993 on transactions in certain securities *(loi relative aux opérations sur certaines valeurs mobilières / wet betreffende de transacties met bepaalde effecten)* and the corresponding royal decrees of 26 May 1994 and 14 June 1994. The Noteholders will not be entitled to the exchange of the Notes into bearer or registered notes.

1.2 If at any time the Class A Notes are transferred to another clearing system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an ***Alternative Clearing System***).

1.3 The Class B Notes are issued in registered form (*op naam / nominatives*) under the Company Code as amended from time to time. The Class B Notes can be transferred by registration of such transfer in the notes register held by the Issuer in accordance with the provisions of the Company Code and the selling restrictions set out in these Conditions.

Denomination

1.4 The Notes will be issued in denominations of EUR 250,000.

Selling, Holding and Transfer Restrictions - Only Eligible Holders

1.5 The Notes may only be acquired, by subscription, transfer or otherwise and may only be held by Eligible Holders. ***Eligible Holders*** are holders:

(i) that qualify as eligible investors within the meaning of Article 5 §3/1 of the Belgian Act of 3 August 2012 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement),* as amended from time to time (the ***UCITS Act***) (***Eligible Investors***), as described in Annex 2 to the Prospectus that are acting for their own account (see for more detailed information *Section 4* of the Prospectus); and

(ii)

(a) in respect of the Class A Notes, that hold an exempt securities account (***X-Account***) with the Clearing System or (directly or indirectly) with a participant in such system; or

(b) in respect of the Class B Notes, that certify to the Issuer that they qualify for an exemption from Belgian withholding tax on interest payments under the Class B Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

1.6 In the event that the Issuer becomes aware that any Notes are held by an investor other than an Eligible Holder, the Issuer will suspend interest payments relating to these Notes until such Notes have been transferred to, and are held by, Eligible Holders acting for their own account.

Excluded holders

1.7 Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the Belgian Income Tax Code 1992) or who is resident or established in a tax haven country or a low-tax jurisdiction (within the meaning of Article 307 of the Belgian Income Tax Code 1992).

2 Status, Security and Priority

Status and Priority

2.1

(i) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 10) *pari passu* without preference or priority amongst themselves. The rights of the Class A Notes in respect of the Priority of Payments and security are set out in Conditions 2 and 10.

(ii) The Class B Notes constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 10) *pari passu* without preference or priority amongst themselves. The Class B Notes are subordinated to the Class A Notes in the event of the Pledge being enforced as well as prior to such event, as set out Conditions 2 and 10.

(iii) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.

(iv) The Notes are allocated exclusively to Compartment Mercurius-1.

Security

2.2 As security for the obligations of the Issuer under the Notes and the Transaction Documents, the Issuer has, pursuant to the Pledge Agreement, created a first ranking commercial pledge in favour of the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt and as representative of the Noteholders, over:

(i) all sums owing to the Issuer under or in connection with the Loans and the Loan Security and Ancillary Assets in respect thereof;

(ii) all sums owing to the Issuer under or in connection with the Transaction Documents and all other documents to which the Issuer is a party; and

(iii) the balance (including principal and interest) standing from time to time to the credit of any of the Issuer Accounts,

Under the Pledge Agreement, the Security Agent may, at any time and at its entire discretion, request the Issuer to grant a first ranking commercial pledge over any of the other assets allocated to Compartment Mercurius-1.

2.3 The security created by the Issuer (in favour of all the Secured Parties) pursuant to the Pledge Agreement is collectively referred to herein as the ***Pledge***. The assets over which the Pledge is, or may in the future be, created are referred to herein as the ***Pledged Assets***. The Pledge Agreement provides, amongst other things, security for

the Issuer's obligation to pay amounts due to the Secured Parties under the Transaction Documents, including amounts payable to:

(i) the Noteholders;

(ii) the Security Agent under the Parallel Debt Agreement and Pledge Agreement;

(iii) the Servicer, the Back-Up Servicer, if any, and the Back-Up Servicer Facilitator, if any, under the Servicing Agreement;

(iv) the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration, Corporate Services and Accounting Services Agreement;

(v) the Seller under the FLSA and the SLSA;

(vi) the Account Bank under the Account Bank Agreement;

(vii) the Domiciliary Agent and the Calculation Agent under the Agency Agreement; and

(viii) Stichting Vesta, Dirk Stolp and Joris Laenen (together the **Issuer Directors**) in their capacity as directors of the Issuer under the Issuer Management Agreements,

(all such beneficiaries of the Pledge referred to as the ***Secured Parties***), in accordance with the applicable Priority of Payments, but only to the extent that such amounts have been properly and specifically allocated to Compartment Mercurius-1.

2.4 The Noteholders will be entitled to the benefit of the Pledge Agreement and the Parallel Debt Agreement and, by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Pledge and to exercise the rights arising under the Pledge Agreement for the benefit of the Noteholders and the other Secured Parties.

2.5 The Pledge Agreement also contains provisions regulating the priority of the application of amounts forming part of the Pledged Assets among the persons entitled thereto.

Pre-enforcement Interest Priority of Payments

2.6 The Calculation Date shall be, in relation to any Payment Date, the third (3) Business Day preceding the relevant Payment Date (the ***Calculation Date***). On each Calculation Date the Administrator will calculate the amount of the Interest Available Funds which will be available to the Issuer in the Transaction Account on the immediately following Payment Date. The interest funds available shall be calculated by reference to the interest receipts received in respect of any relevant Payment Date, as for the period from (and including) the first (1) calendar day of the month in which the immediately preceding Payment Date fell to (but excluding) the first (1) calendar day of the month in which such relevant Payment Date falls, which shall be the ***Collection Period*** except for the first Collection Period which shall be the period (a) from (and including) 1 April 2014 to (but excluding) 1 June 2014 for the First Batch of Loans and (b) from (and including) the Closing Date to (but excluding) 1 June 2014 for the Second Batch of Loans or to be received on the following Payment Date. Such interest funds (the ***Interest Available Funds***) shall be the sum of the following:

(i) any interest received by the Issuer on the Loans;

(ii) any prepayment penalties and default interest received by the Issuer under the Loans;

(iii) all other moneys received by the Issuer in respect of the Loans to the extent these do not relate to principal;

(iv) all amounts received in connection with a repurchase or sale of a Loan or in respect of other amounts received under the FLSA and the SLSA, to the extent they do not relate to principal;

(v) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 12 of the FLSA and Clause 12 of the SLSA, which are to be transferred from the Deposit Account to the Transaction Account;

(vi) any interest accrued and received on sums standing to the credit of the Issuer Accounts (with the exception of the Share Capital Account and the Deposit Account);

(vii) any Recoveries;

(viii) the Reserve Fund;

(ix) the Interest Cash Buffer Allocation as of the previous Payment Date;

(x) any remaining amounts standing to the credit of the Transaction Account, excluding amounts in respect of the new Collection Period and amounts retained for the non-Eligible Holders to the extent they do not relate to principal; and

(xi) to the extent on any Payment Date, the amount of Interest Available Funds determined as the sum of (i) to (x) (included) above would be insufficient to cover amounts due in respect of items (i) to (iii) in the Interest Priority of Payments (such shortfall, the ***Class A Interest Shortfall***), the amount of principal applied to meet such shortfall (using the Principal Priority of Payments).

2.7 On each Payment Date prior to the issuance of an Enforcement Notice, the Administrator, on behalf of the Issuer, shall apply the Interest Available Funds in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Transaction Account would not be overdrawn, and to the extent that payments or provisions of a higher order or priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the ***Interest Priority of Payments***):

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses due by the Issuer:

(a) the amounts due and payable to the Servicer;

(b) the amounts due and payable to the Back-Up Servicer;

(c) the amounts due and payable to the Back-Up Servicer Facilitator;

(d) the amounts due and payable to the Corporate Services Provider;

(e) the amounts due and payable to the Accounting Services Provider;

(f) the amounts due and payable to the National Bank of Belgium;

(g) the amounts due and payable to the FSMA;

(h) the amounts due and payable to Euronext Brussels;

(i) the amounts due and payable to the CFI ("*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*");

(j) the Fonds de traitement du surendettement;

(k) the amounts due and payable to the Auditor;

(l) the amounts due and payable to the Rating Agencies;

(m) the amounts due and payable to the Account Bank;

(n) the amounts due and payable to the Domiciliary Agent;

(o) the amounts due and payable to the Security Agent;

(p) the amounts due and payable to the Administrator;

(q) the amounts due and payable to the Calculation Agent;

(r) the amounts due and payable to the Issuer Directors, if any; and

(s) the amounts due and payable for taxes or Dividend Reserve.

(ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (i) above, in the normal course of its business conducted in accordance with its by-laws and the transaction documents;

(iii) *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due on the Class A Notes;

(iv) *fourth*, for as long as any Class A Notes are outstanding, in or towards replenishment of the Reserve Fund up to Reserve Fund Level 1;

(v) *fifth*, in or towards reducing to zero the balance of the Class A Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);

(vi) *sixth*, in or towards reducing to zero the balance of the Class B Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);

(vii) *seventh*, for so long as any Class A Notes are outstanding, in or towards replenishing the Reserve Fund up to the Reserve Fund Level 2, or, to the extent more than 50 per cent. of the Class A Notes have been amortised or the Notes are to be redeemed in full on such date, up to the Reserve Fund Required Amount;

(viii) *eight*, in or towards satisfaction of all amounts standing to the credit of the Class B Interest Deficiency Ledger;

(ix) *ninth, in* or towards satisfaction of all interest due on the Class B Notes; and

(x) *tenth*, in payment of the Deferred Purchase Price to the Seller; if any.

Payments During Any Interest Period

2.8 Provided no Enforcement Notice has been given, amounts due and payable by the Issuer:

(xi) to satisfy any expenses referred to in items (i) and (ii) of Condition 2.7 that become due and payable at such time; and

(xii) in respect of payments to the Servicer of any amount previously credited to the Issuer Accounts in error,

may be paid by the Issuer on a date that is not a Payment Date provided there are sufficient funds available in the Transaction Account or (solely for the purposes of (a) above) that can be drawn from the Reserve Fund.

2.9 The Issuer will, in accordance with the Interest Priority of Payments, reserve an amount of distributable profit of no more than EUR 9,300 to be potentially distributed to the shareholders annually (the ***Dividend Reserve)*** in accordance with article 32 of the articles of association.

This Dividend Reserve shall be reserved by the Issuer as from the First Payment Date of each accounting year (and for the first time on the First Payment Date) on the basis of the following formula:

AxB

whereby

A = the aggregate of the Current Balances of all the Loans held by Compartment Mercurius-1 on the first calendar day of such accounting year divided by the aggregate of the Current Balances of the aggregate of all loans held by all Compartments of Mercurius Funding NV on the first calendar day of such accounting year; and

B = EUR 9,300.

First Payment Date means 24 June 2014.

Pre-enforcement Principal Priority of Payments

2.10 On each Calculation Date, prior to the issuance of an Enforcement Notice, the Administrator shall calculate the amount of principal funds which will be available to the Issuer in the Transaction Account on the following Payment Date to satisfy its obligations under the Notes by reference to amounts received in respect of the Loans in the Transaction Account during the applicable Collection Period, or to be received on the following Payment Date, and such principal funds (the ***Principal Available Funds***) shall be the sum of the following:

(i) all repayments and prepayments of principal amounts under the Loans;

(ii) all other sums of money received in respect of principal on the Loans;

(iii) all amounts received in connection with a repurchase or sale of a Loan or in respect of other amounts received under the FLSA or the SLSA, as applicable, to the extent they do not relate to interest or to a Written-Off Loan;

(iv) the Principal Cash Buffer Allocation on such Payment Date, or if the Notes stand to be redeemed in full all amounts standing to the credit of the Cash Buffer (for the avoidance of doubt, after application of the Interest Priority of Payments on such date);

(v) any principal related funds calculated on the immediately preceding Calculation Date but not applied;

(vi) any amounts (as indemnity for losses of scheduled principal on the Loans as a result of Commingling Risk) to be received from the Deposit Account in accordance with Clause 12 of the FLSA or the SLSA, as applicable, which are to be transferred from the Deposit Account to the Transaction Account;

(vii) in respect of the First Payment Date, the excess of the Principal Amount Outstanding of the Notes on the Closing Date, over the sum of the Current Balances of all Loans on the Closing Date and of the Reserve Fund Required Amount; and

(viii) on the date when the Notes stand to be redeemed in full, all amounts standing to the credit of the Reserve Fund (for the avoidance of doubt, after application of the Interest Priority of Payments on the related Payment Date).

2.11 On each Payment Date prior to enforcement, the following payments will be made (the ***Principal Priority of Payments***):

(i) *first*, in or towards satisfaction of amounts required to cover any shortfall on items (i) to (iii) (included) of the Interest Priority of Payment (the ***Redirected Principal***);

(ii) *second*, in redeeming, *pari passu* and *pro rata* the Class A Notes until redeemed in full;

(iii) *third*, in redeeming, *pari passu* and *pro rata* the Class B Notes until redeemed in full; and

(iv) *fourth*, in payment of the Deferred Purchase Price to the Seller, if any.

Post-enforcement Priority of Payments

2.12 Following the issue of an Enforcement Notice, all monies standing to the credit of the Issuer Accounts and received by the Issuer (or the Security Agent or the Administrator) will be applied in the following priority (the ***Post-enforcement Priority of Payments*** and, together with the Interest Priority of Payments and the Principal Priority of Payments, the ***Priority of Payments***) (if, and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer), it being understood that (i) amounts standing to the credit of the Deposit Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover for losses incurred by the Issuer of scheduled interest or principal on the Loans as a result of Commingling Risk, and (ii) the

remainder of the amount standing to the credit of the Deposit Account shall be released directly to the Seller as provided for in Clause 12.3 of the FLSA or in Clause 12.3 of the SLSA, as applicable:

(i) *first*, in or towards satisfaction of all amounts due and payable to any agent or delegate appointed by the Security Agent for the enforcement of the Security and any costs, charges, liabilities and expenses incurred by such agent or delegate together with interest as provided in the Pledge Agreement;

(ii) *second*, in or towards satisfaction of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(iii) *third*, in or towards satisfaction of all amounts due to the Administrator acting in that capacity;

(iv) *fourth*, in or towards satisfaction of *pari passu* and *pro rata*:

(a) all amounts due and payable to the Servicer, the Back-Up Servicer and the Back-Up Servicer Facilitator; and

(b) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider;

(v) *fifth*, in or towards satisfaction of *pari passu* and *pro rata* of:

(a) all amounts due and payable to the National Bank of Belgium in relation to the use of the X/N Clearing System;

(b) all amounts due and payable to the FSMA;

(c) all amounts due and payable to Euronext Brussels;

(d) all amounts due and payable to the CFI ("*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*");

(e) the Fonds de traitement du surendettement;

(f) all amounts due and payable to the Auditor;

(g) all amounts due and payable to the Rating Agencies;

(h) all amounts due and payable to the Account Bank;

(i) all amounts due and payable to the Domiciliary Agent;

(j) all amounts due and payable to the Calculation Agent;

(k) all amounts due and payable to the Issuer Directors, if any; and

(l) all amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (v) above, in the normal course of its business conducted in accordance with its articles of association and the Transaction Documents;

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class A Notes;

(viii) *eighth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal outstanding in respect of the Class A Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class B Notes;

(x) *tenth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal outstanding in respect of the Class B Notes until redeemed in full; and

(xi) *eleventh*, finally, in payment of the Deferred Purchase Price to the Seller, if any.

Calculations in case of Disruption

2.13 If due to an operation or technical failure (not relating to its financial condition) which occurs in respect of the Servicer (a ***Disruption***), the Servicer fails to prepare and distribute the Servicer Report in accordance with the provisions of the Servicing Agreement and no information is available to calculate the exact amount of the Interest Available Funds, the Principal Available Funds, the amounts due on the Notes and/or any of the other amounts payable in accordance with the Priority of Payments, the Administrator shall in good faith and in a commercially reasonable manner, having regard to all relevant information at the Administrator's disposal (which for the avoidance of doubt may, but need not, include information set out in the three most recent Servicer Reports), (a) make an estimate of the Interest Available Funds and the Principal Available Funds available on and the amounts due on the Notes and any of the other amounts payable in accordance with the relevant Priority of Payments on the immediately succeeding Payment Date, as the case may be, (b) determine the amount available to it to satisfy such amount (estimated to be) due and payable, and (c) pay such amount estimated due and payable up to the amount available to it at the relevant Payment Date, as the case may be. Any amount overpaid at such time (the ***Disruption Overpaid Amount***) shall be withheld from the payments to be made on the following Payment Date, as the case may be. Any amount underpaid at such time (the ***Disruption Underpaid Amount***) shall be paid on the next succeeding Payment Date, as the case may be.

Any (i) calculations made in good faith and in a commercially reasonable manner on the basis of such estimates in accordance with the Administration, Corporate Services and Accounting Services Agreement, (ii) payments made (or not made) under any of the Notes and Transaction Documents in accordance with such calculations, and (iii) reconciliation calculations and Disruption Underpaid Amounts paid (or Disruption Overpaid Amounts withheld) as a result of such reconciliation calculations , shall be deemed to be done, made or withheld in accordance with the provisions of the applicable Priority of Payments and the Transaction Documents and will in themselves not lead to an Event of Default or any other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Notification Events).

3 Covenants

3.1 Save with the prior written consent of the Security Agent or as otherwise provided in, or envisaged by the Transaction Documents, the Issuer undertakes to the Secured Parties, that so long as any Note remains outstanding, it shall not:

(i) create or permit to subsist any Security (other than the Pledge) over any of the Pledged Assets;

(ii) (agree to) sell, lease, transfer or otherwise dispose of any of the Pledged Assets;

(iii) waive any right attached to/amend in any way the terms of any of the Pledged Receivables;

(iv) close the Issuer Accounts; or

(v) allow any executory attachment ("*uitvoerend beslag/saisie execution*") to be made on the Pledged Assets and will not allow any conservatory attachment ("*bewarend beslag/saisie conservatoire*") to subsist for longer than 30 days of it first being made. In the event of any executor or conservatory attachment, the Issuer shall immediately notify the Security Agent thereof.

The Issuer further undertakes, without prejudice to any other provision under any other Transaction Documents, that it shall:

(i) immediately upon the Security Agent's request, provide the Security Agent with all material information and supporting documentation relating to the Pledged Assets and allow the Security Agent to inspect its administrative records at its own costs, to the extent required in the reasonable discretion of the Security Agent.

(ii) remain liable to observe and perform all its obligations and rights in respect of the Pledged Receivables.

(iii) promptly do whatever the Security Agent requires:

(a) to perfect or protect the Pledge or the priority of the Pledge; or

(b) to facilitate the enforcement of the Pledge or the exercise of any rights vested in the Secured Parties or the Security Agent under this Agreement.

3.2 In giving any consent to any of the foregoing, the Security Agent may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Security Agent may deem necessary (in its absolute discretion) in the interest of the Noteholders.

3.3 In determining whether or not to give any proposed consent, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from, a valuer, accountant, banker, broker, securities company or other company or adviser (other than the Rating Agencies) whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its gross negligence, being negligence of such a serious nature that no other prudent security agent would have acted similarly ***(Gross Negligence)***, wilful misconduct or fraud.

3.4 The Issuer further covenants with the Secured Parties as follows:

(i) at all times to carry on and conduct its affairs in a proper, prudent and efficient manner in accordance with Belgian law;

(ii) to give to, and procure that is given to, the Security Agent such information and evidence (and in such form) as the Security Agent shall reasonably require for the purpose of the discharge of the duties, powers, authorities and discretions vested in it under or pursuant to Condition 12 and the Pledge Agreement;

(iii) to cause to be prepared and certified by its auditors, in respect of each financial year, accounts in such forms as will comply with the requirements at any time of Belgian laws and regulations;

(iv) at all times to keep proper books of accounts separate from any other person or entity and allow the Security Agent and any person appointed by the Security Agent free access to such books of account at all reasonable times during normal business hours;

(v) forthwith after becoming aware thereof and without waiting for the Security Agent to take any action, to give notice in writing to the Security Agent of the occurrence of any Event of Default or any Notification Event or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default or any Notification Event;

(vi) at all times to execute all such further documents and do all such acts and things as may be necessary or appropriate at any time or times to give effect to the Transaction Documents;

(vii) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any material amendment or modification thereto or agree to waive or authorise any material breach thereof;

(viii) at all times to comply with any reasonable direction given by the Security Agent in relation to the Pledge in accordance with the Pledge Agreement;

(ix) upon occurrence of a termination event under the Account Bank Agreement, to use its best endeavours to appoint a substitute account bank within thirty (30) calendar days, subject to the terms of the Account Bank Agreement;

(x) upon resignation of the Domiciliary Agent or upon the revocation of its appointment, to use its best endeavours to appoint a substitute domiciliary agent within thirty (30) days, in accordance with the provisions of the Agency Agreement;

(xi) at no time to pledge, change or encumber the assets allocated to Compartment Mercurius-1 otherwise than pursuant to the Pledge Agreement;

(xii) at all times to keep separate bank accounts allocated to its separate Compartments;

(xiii) at all times to clearly identify itself, where relevant, as acting through Compartment Mercurius-1;

(xiv) at all times pay its own liabilities with its own funds (other than the moneys received under this Transaction);

(xv) at all times to have adequate corporate capital to run its business in accordance with the corporate purpose as set out in its articles of association;

(xvi) at all times not to commingle its own assets allocated to any of its Compartments with the assets of another Compartment or the assets of any third parties;

(xvii) to observe at all times all applicable corporate formalities set out in its articles of association, the UCITS Act, the Company Code and any other applicable legislation, including any requirement applicable as a consequence of admission of the Class A Notes to Euronext;

(xviii) to comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* and to refrain from all acts which could prejudice the continuation of such status at any time;

(xix) to procure that at all times, in respect of the shares of the Issuer:

(a) the shares of the Issuer will be registered shares;

(b) the articles of association of the Issuer contain transfer restrictions stating that its shares can only be transferred to Eligible Investors acting for their own account;

(c) the articles of association of the Issuer provide that the Issuer will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not an Eligible Investor acting for its own account; and

(d) the articles of association of the Issuer provide that the Issuer will suspend the payment of dividends in relation to its shares of which it becomes aware that these are held by a person who is not an Eligible Investor acting for its own account;

(xx) to procure that, in respect of the Notes:

(a) the Notes will have the selling and holding restrictions described in Section 18 (*Subscription and sale*) of the Prospectus;

(b) the Manager will undertake pursuant to the Subscription Agreement to sell the Notes in the primary sales only to Eligible Holders acting for their own account;

(c) the Class A Notes are issued in dematerialised form and are cleared through the X/N clearing system operated by the National Bank of Belgium;

(d) the Class B Notes are issued in registered form;

(e) nominal value of each individual Note is EUR 250,000 on the Closing Date;

(f) in the event that the Issuer becomes aware that Notes are held by investors other than Eligible Holders in breach of the above requirement, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and are held by Eligible Holders;

(g) the Conditions of the Notes, the articles of association of the Issuer, the Prospectus and any other document issued by the Issuer in relation to the issue and initial placing of the Notes will state that the Notes can only be acquired, held by and transferred to Eligible Holders;

(h) all notices, notifications or other documents issued by the Issuer (or a person acting on its account) and relating to transactions with the Notes or the trading of the Notes on Euronext Brussels will state that the Notes can only be acquired, held by and transferred to Eligible Holders; and

(i) the Conditions provide that (i) the Class A Notes may only be held by Eligible Investors acting for their own account that are holders of an X-Account with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system and that (ii) the Class B Notes may only be held by a person that certifies to the Issuer that is an Eligible Investor and qualifies for an exemption from Belgian withholding tax on interest payments under the Class B Notes and shall comply with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction;

(xxi) to conduct at all times its business in its own name; for the avoidance of doubt, this requirement does not prejudice those provisions under the Transaction Documents which provide that certain transaction parties (including the Administrator, the Corporate Services Provider, the Accounting Services Provider, the Servicer and the Account Bank) shall for certain purposes act on behalf of the Issuer; and

(xxii) if it has been informed that a substantial change has occurred in the development of the Loans or the cash flows generated by the Loans or that any particular event has occurred which may materially change the ratings of the Notes, the expected financial results of the Transaction or the expected cash flows, it will without delay inform the Security Agent of such change or event.

3.5 As long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a provider of administration services and a servicer for the Loans, the Loan Security and the Ancillary Assets. The appointment of the Security Agent, the Administrator, the Calculation Agent, the Domiciliary Agent, the Corporate Services Provider, the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, the Accounting Services Provider, the Listing Agent, the Account Bank, the Clearing System Operator, may be terminated only as provided in the Transaction Documents.

4 Interest

Period of Accrual

4.1 Each Class A Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Class B Note shall bear interest on its Principal Amount Outstanding on the Closing Date from (and including) the Closing Date. Interest on the Notes will accrue by reference to successive Interest Periods at an Interest Rate (as defined in Condition 4.4), with respect to the Class A Notes, in respect of its Principal Amount Outstanding on the first day of the applicable Interest Period or, with respect to the Class B Notes, in respect of its Principal Amount Outstanding on the Closing Date, and payable in each case on the Payment Date at the end of an Interest Period. Interest shall cease to accrue on any part of the Principal Amount Outstanding of a Class A Note as from (and including) the due date for redemption of such part, unless payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh (7) calendar day after notice is duly given by the Domiciliary Agent to the relevant Noteholder (in accordance with Condition 14) that it has received all sums due in respect of such Note (except to the extent that there is any subsequent default in payment).

Principal Amount Outstanding in respect of a Note on any date shall be the principal amount of that Note upon issue (i) less the aggregate amount of all payments of principal in respect of such Note that have been paid by the Issuer since the Closing Date and on or prior to such date and (ii) with respect to the Class B Notes.

4.2 Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period (as defined in Condition 4.3)), such interest will be calculated as follows ("*Actual/Actual - ICMA*"):

(i) If the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Determination Period and (y) the number of Determination Periods in any year; and

(ii) if the Calculation Period is longer than one Determination Period, the sum of:

(a) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (a) the actual number of days in such Determination Period and (b) the number of Determination Periods in any year, and

(b) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (a) the actual number of days in such Determination period and (b) the number of Determination Periods in any year,

where,

Determination Period means the period from (and including) a Determination Date (or the Closing Date in respect of the first Determination Period) to (but excluding) the immediately succeeding Determination Date.

Determination Date means the 24th of each calendar month starting on the 24th of May 2014.

Calculation Period means an Interest Period.

Payment Dates and Interest Periods

4.3

(i) Subject to Condition 4.8, Interest on the Notes will be payable in arrears in Euros on the 24th calendar day of each month (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each a ***Payment Date***) and for the first time on the Payment Date falling on 24 June 2014. The period from (and including) a Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the immediately succeeding (or first) Payment Date is called an ***Interest Period*** in these Conditions.

(ii) ***Business Day*** means a day on which banks are open for business in Brussels and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer Systems ***(TARGET System)*** or any successor to the TARGET System is operating credit or transfer instructions in respect of payments in Euros.

(iii) The first Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the First Payment Date.

Interest Rate

4.4 The rate of interest payable from time to time in respect of each Class of Notes (each an ***Interest Rate)*** and the relevant Interest Amount (as defined in Condition 4.8) will be determined on the basis of the provisions set out below:

Interest on the Notes

4.5 Interest applicable to the Notes will accrue at an annual rate equal to:

(i) in respect of the Class A Notes: 2.75 per cent. per annum; and

(ii) in respect of the Class B Notes: 4.5 per cent. per annum.

Determination and notification of Interest Rates

4.6 The Calculation Agent shall, as soon as practicable after 11.00 a.m. (CET) on each Calculation Date, determine and notify the Domiciliary Agent and the Administrator of the Interest Rate applicable to the Interest Period beginning on and including the first succeeding Payment Date in respect of the Class B Notes. For the avoidance of doubt, the Class B Notes will carry a fixed rate of interest on their Principal Amount Outstanding on the Closing Date, however, the actual rate of interest referred to in this paragraph may vary as a consequence of any reduction of the Principal Amount Outstanding of the Class B Notes as a consequence of any redemption of principal or the application of the Class B Waiver as set out in Condition 5.3.

4.7 If the Calculation Agent does not at any time for any reason determine the Interest Rate for the Class B Notes in accordance with the foregoing paragraph, the Calculation Agent shall forthwith notify the Administrator, the Account Bank and the Security Agent thereof and the Administrator shall, after consultation with the Security Agent, determine the Interest Rate at such rate as, in its reasonable opinion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all circumstances and any such determination and/or calculation shall be deemed to have been made by the Calculation Agent.

Calculation of Interest Amounts by the Administrator

4.8 The Administrator shall calculate the Euro amount of interest payable on each of relevant Class of Notes for the relevant Interest Period (the ***Interest Amount)*** and shall notify the Interest Amount and the Principal Amount Outstanding in respect of each Note to the Domiciliary Agent by no later than 11:00 a.m. (CET) on the Calculation Date.

Calculation of Interest Amounts

4.9

(i) The Interest Amount for the Class A Notes will be equal to the accrued interest for the Class A Notes;

(ii) The Interest Amount for the Class B Notes will be equal to:

(a) the accrued interest for the Class B Notes*;* and;

(b) (A) *plus* the Class B Interest Surplus and (B) *minus* the Class B Interest Deficiency, in accordance with Condition 4.14.

(iii) With respect to the payment of Interest Amounts on the Notes, for rounding purposes only, the Interest Amounts due and payable to any Class of Notes will be calculated:

(a) for the purpose of providing the Clearing System or the Domiciliary Agent with the necessary funds for the payment of the Interest Amounts on a Payment Date to the Noteholders, by multiplying the Interest Amount for a Note of a particular Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure to the nearest Euro cent (half a Euro cent being rounded upwards); and

(b) in the event of the payment of the Interest Amounts on a Payment Date by the Clearing System or the Domiciliary Agent, by multiplying the Interest Amount for a Note of a particular Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure down to the lower Euro cent.

(iv) Any amounts resulting from rounding the relevant figure down shall be added to the Interest Available Funds for payment on the immediately succeeding Payment Date.

Publication of Interest Rate, Interest Amount and other Notices

4.10 As soon as practicable after receiving notification thereof and in any event by 11:00 a.m. (CET) on the Calculation Date, the Administrator will cause the Interest Rate and the Interest Amount applicable to each Class of Notes for each Interest Period and the Payment Date falling at the end of such Interest Period to be notified to the Clearing System Operator, the Issuer, the Administrator, the Servicer, the Security Agent, the Domiciliary Agent and will cause notice thereof to be given to the relevant Class of Noteholders. The Interest Rate, the Interest Amount and the Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period or of a manifest error.

Notifications to be final

4.11 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 4, whether by the Calculation Agent, the Administrator or the Security Agent shall (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Security Agent and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Calculation Agent, the Administrator or the Security Agent in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

Payments subject to Priority of Payments

4.12 All payments of interest and principal in respect of the Notes are subject to the applicable Priority of Payments and all other fiscal laws and regulations applicable in the place of payment.

Class A Interest Shortfall

4.13 Subject to Condition 9, it shall be an Event of Default under the Class A Notes if, on any Payment Date, the Interest Amounts then due and payable under and in respect of the Class A Notes have not been paid in full. On any Payment Date, amounts may be paid from the Principal Available Funds and added to the Interest Available Funds to the extent there would otherwise be a shortfall in the payment of the Interest Amount of the Class A Notes.

Class B Interest Roll-Over

4.14 To the extent that, on any Payment Date, the Interest Available Funds are not sufficient to pay the accrued interest in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B Interest Deficiency Ledger after application of the Interest Priority of Payments on such date.

The balance of the Class B Interest Deficiency Ledger existing on any Calculation Date shall on the next succeeding Payment Date be reduced with the Class B Interest Surplus.

Class B Interest Surplus means, on any Calculation Date, the Interest Available Funds to be allocated to the Class B Interest Deficiency Ledger on the next succeeding Payment Date in accordance with the Interest Priority of Payments.

5 Redemption and Cancellation

Redemption

5.1 Unless previously redeemed or cancelled as provided in this Condition and subject always to Condition 10, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with the accrued interest thereon on the Payment Date falling:

- On 24 April 2035 (or, if such day would not be a Business Day, the next following Business Day) for the Class A Notes; and
- On 24 April 2037 (or, if such day would not be a Business Day, the next following Business Day) for the Class B Notes,

such date being the **Final Redemption Date**.

5.2 The Issuer may not redeem Notes in whole or in part prior to the Final Redemption Date except as provided in this Condition, but without prejudice to Condition 9.

5.3 The Notes will be redeemed in sequential order starting from the most senior then outstanding Class of Notes. The Notes of each Class will rank *pari passu* and *pro rata* without preference or priority among themselves. Payments of principal and interest on any outstanding class of Notes will be subordinated in relation to principal and interest payments made on any other outstanding class of Notes ranking higher than such class of Notes.

On the Payment Date falling on the 24th of December of every year, the Principal Amount Outstanding of the Class B Notes will be adjusted to an amount, determined after the application of the relevant Priorities of Payment, equal to the higher of:

(i) The Principal Amount Outstanding of the Class B Notes on such Payment Date less the Class B Waiver; and

(ii) 1 EUR per note

The ***Class B Waiver*** represents on any Payment Date an amount equal to the minimum of:

(i) The difference between the Reserve Fund Required Amount and the sum of the previous Class B Waivers, if any; and

(ii) The Net Variation.

Net Variation on any Payment Date, an amount equal to the higher of:

(i) Zero; and

(ii) The difference between (1) the Impairment Variation and (2) the sum of (i) the PDL Allocations of the First Batch of Loans from (and excluding) the corresponding Payment Date in the previous year to (and including) the Payment Date when the determination is done and (ii) the PDL Allocations of the Second Batch of Loans from (and excluding) the most recent of a) the corresponding Payment Date in the previous year and b) the Closing Date to (and including) the Payment Date when the determination is done.

Impairment Variation means, in relation to the Portfolio on any Payment Date, an amount, calculated on the related Calculation Date, equal to:

(i) the sum of (a) the aggregate Loan Reductions of the First Batch of Loans from and including the First Sale Date until the end of the current Collection Period and (b) the aggregate Loan Reductions of the Second Batch of Loans from and including the Closing Date until the end of the current Collection Period ; less

(ii) the sum of (a) the aggregate Loan Reductions of the First Batch of Loans from and including the First Sale Date until the end of the corresponding Collection Period in the previous year and (b) the aggregate Loan Reductions of the Second Batch of Loans from and including the Closing Date until the end of the corresponding Collection Period in the previous year, or, in respect of the First Payment Date, zero;

Loan Reductions ("*waardeverminderingen/réductions de valeur*" or "*verlies/perte*") means, in relation to a Loan in Loan Status "B", "C", "D" or "Z" and on any day, the valuation reserve as calculated by the Servicer in its daily operations, representing the amount needed to cover estimated losses or, as the case may be the realised loss in relation to such Loan.

End PDL in respect of a Payment Date represents the difference between the Start PDL on such date and the PDL Allocation, calculated on the related Calculation Date.

Start PDL in respect of a Payment Date represents an amount, calculated on the related Calculation Date, equal to the sum of:

(i) the Loan Reductions Variation at the end of the relevant Collection Period; and

(ii) the End PDL on the previous Payment Date, or, with regards to the Second Batch of Loans in respect of the First Payment Date, zero;

subject to a minimum of zero.

Loan Reductions Variation means, in relation to the Portfolio on any Payment Date, an amount, calculated on the related Calculation Date, equal to:

(a) the aggregate Loan Reductions on Loans which are not Written-Off Loans at the end of the current Collection Period and Total Write-Offs from and including the Closing Date for the Second Batch of Loans or the First Sale Date for the First Batch of Loans until the end of the current Collection Period; less

(b) the aggregate Loan Reductions on Loans which were not Written-Off Loans at the end of the previous Collection Period and Total Write-Offs from and including the Closing Date for the Second Batch of Loans or the First Sale Date for the First Batch of Loans until the end of the immediately preceding Collection Period (or, with regards to the Second Batch of Loans in respect of the First Payment Date, zero); plus

(c) the Redirected Principal on the immediately previous Payment Date or with respect to the First Payment Date the relevant amounts due with regard to the notes with ISIN BE0002414861.

Total Write-Off means, in relation to a Loan, on any day, the Current Balance of a Loan immediately prior to it becoming a Written-Off Loan. For the avoidance of doubt, the Total Write-Off in respect of a Written Off Loan under (iii) of the definition of Written-Off Loan will be equal to the Loan Reductions at such date.

Written-Off Loan means a Loan which (i) has been assigned Loan Reductions for an uninterrupted period of two years, (ii) has received a Loan Status "D" or "Z" or (iii) has Loan Reductions higher than zero and which has been repurchased.

5.4 Following the making of a payment of a principal amount in respect of a Note or the application of a Class B Waiver, the Principal Amount Outstanding of the relevant Note shall be reduced accordingly.

The Reserve Fund

5.5 The Issuer will maintain the Reserve Fund. Amounts will be credited to the Reserve Fund as funds become available for such purpose in accordance with the Interest Priority of Payments.

Save as otherwise described below, on every Payment Date, the money standing to the credit of the Reserve Fund will form part of the Interest Available Funds and be available to the Issuer to meet its obligations under the Interest Priority of Payments.

On the earlier of the Payment Date when the Notes stand to be fully redeemed and the First Payment Date when the Class A Notes are no longer outstanding (for the avoidance of doubt, after application of the Priority of Payments on such date), all money standing to the credit of the Reserve Fund will form part of the Principal Available Funds and be available to the Issuer to meet its obligations under the Principal Priority of Payments.

The Issuer will pay on the Closing Date from the Reserve Account the accrued interest component of the Initial Purchase Price for the Second Batch of Loans and the accrued interest component on the redemption of the notes with ISIN BE0002414861 and on the notes with ISIN BE6235803614. For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (iii) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Level 1, under item (iv) of the Interest Priority of Payments.

For as long as any Class A Notes are outstanding, if, and to the extent that, the Interest Available Funds calculated on any Calculation Date exceed the amount required by the Issuer to satisfy its obligations under items (i) to (vi) (inclusive) of the Interest Priority of Payments in full, such excess amounts will be credited on the immediately following Payment Date to the Reserve Fund (to replenish the Reserve Fund, as the case may be) until the balance standing to the credit of the Reserve Fund is an amount not less than the Reserve Fund Level 2, or to the extent more than 50 per cent. of the Class A notes have amortized or the Notes are to be redeemed in full on the relevant Payment Date, the Reserve Fund Required Amount, under item (vii) of the Interest Priority of Payments.

Calculation of payments of principal

5.6 On each Calculation Date, the Administrator shall determine (a) the amount (if any) of any principal amounts due in respect of each Note of each Class of Notes on the next Payment Date and (b) the Principal Amount Outstanding of each Class of Notes on the next Payment Date (after taking account of the amount in (a)) and (c) the fraction expressed as a decimal to the twelfth point (the ***Note Factor***), of which the numerator is the Principal Amount Outstanding of a Note of the Class of Notes (as referred to in (b) above) and the denominator is the Principal Amount Outstanding of a Note of such Class A Notes on the Closing Date). Each determination by or on behalf of the Issuer of any payment of principal, and the Principal Amount Outstanding of each Note of each Class of Notes, shall in each case (in the absence of wilful misconduct, bad faith or manifest error) be final and binding on all persons.

5.7 The Administrator on behalf of the Issuer will determine the payment of principal in respect of each Class of Notes, the Note Factor and the Principal Amount Outstanding and shall notify forthwith the Security Agent, the Issuer, the Domiciliary Agent, the Servicer, the Calculation Agent and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, of each determination of the payment of principal, the Note Factor and the Principal Amounts Outstanding in respect of each Class of Notes in accordance with Condition 14 by no later than 11:00 a.m. (CET time) on that Calculation Date.

5.8 If the Issuer does not at any time for any reason determine (or cause the Administrator to determine) a payment of principal or the Principal Amount Outstanding in respect of any Class of Notes in accordance with the preceding provisions of this Condition 5, such payment of principal and Principal Amount Outstanding may be determined by the Security Agent in accordance with this Condition 5 and each such determination or calculation shall be deemed to have been made by the Issuer. Any such determination shall be binding on the Issuer, the Servicer, the Administrator, the Domiciliary Agent and the Calculation Agent.

Optional Redemption Call

5.9 Upon giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14, the Issuer shall have the right (but not the obligation) to redeem all of the Notes on 24 May 2017 (the ***First Optional Redemption Date***), or on any Payment Date thereafter (each such date, an ***Optional Redemption Date***).

Clean-Up Call

5.10 Upon giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14, the Issuer shall have the right (but not the obligation) to redeem all of the Notes on each Payment Date if, on the Calculation Date immediately preceding such Payment Date, the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

Exercise of Optional Redemption Call or Clean-Up Call

5.11 The Optional Redemption Call or Clean-Up Call may be exercised provided in each case that:

(i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes; and

(ii) prior to giving any such notice, the Issuer shall have provided to the Security Agent a certificate signed by two Issuer Directors to the effect that it will have the funds, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes and any amounts required under the Pledge Agreement to be paid in priority to or *pari passu* with the Notes in accordance with these Conditions.

5.12 The amount of principal and accrued interest payable by the Issuer to the Noteholders upon such redemption pursuant to an Optional Redemption Call or a Clean-Up Call will be equal to the Optional Redemption Amount.

Optional Redemption Amount shall, in all cases of early redemption of the Notes, be equal to:

(i) in respect of the Class A Notes, the aggregate Principal Amount Outstanding of the relevant Class of Notes, plus all accrued and unpaid interest thereon up to, but excluding, the date of the redemption; and

(ii) in respect of the Class B Notes, the lower of:

(a) the aggregate Principal Amount Outstanding of the Class B Notes, plus all accrued and unpaid interest thereon up to, but excluding the date of the redemption; and

(b) the amount of available funds determined in accordance with Condition 2.7.

5.13 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator. For these purposes, interest will accrue on the Notes up to, but excluding, the date of redemption.

Optional Redemption for Tax Reasons

5.14 The Issuer shall have the right (but not the obligation) to redeem all of the Notes, on any Payment Date, on the occurrence of one or more of the following circumstances:

(i) If, on the next Payment Date, the Domiciliary Agent is or would become required to deduct or withhold for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or any sub division thereof or therein) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been an Eligible Investor; or

(ii) If the total amount payable in respect of a Collection Period as interest on any of the Loans ceases to be receivable by the Issuer during such Collection Period due to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(iii) if, after the Closing Date, the Belgian tax regulations introducing income tax and VAT concessions for Belgian companies for investment in receivables (including the Issuer) (the ***IIR Tax Regulations)*** are changed (or their application is changed) in a materially adverse way to the Issuer or if the IIR Tax Regulations would no longer be applicable to the Issuer;

by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days notice in accordance with Condition 14, provided that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two Issuer Directors to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes as provided in the Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions;

(d) all payments that are due and payable in priority to such Notes have been made or will be made at the same date as such Notes are to be redeemed; and

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

5.15 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes, interest will accrue on the Notes up to but excluding the date of redemption. The aggregate amount payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.12).

Optional Redemption in case of Change of Law

5.16 In addition, on each Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all of the Notes, if there is a change in, or any amendment to, the laws, regulations, decrees or guidelines of the Kingdom of Belgium (which, for the avoidance of doubt, includes any new laws, regulations, decrees or guidelines entering into force after the Closing Date) or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could adversely affect the Issuer or any Class of Notes, as certified by the Security Agent, by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14, provided that:

(i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(ii) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two Issuer Directors to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes as provided in the Conditions;

(iii) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions; and

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

5.17 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes, interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.12).

Optional Redemption in case of Regulatory Change

5.18 On each Payment Date, the Issuer has the obligation to redeem all (but not some only) of the Notes, if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date (i) in the Basle Capital Accords promulgated by the Basle Committee on Banking Supervision (the ***Basle Accords)*** or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB) (the ***Bank Regulations)*** applicable to Belfius (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accords) or a change in the manner in which the Basle Accords 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 the NBB or other competent regulatory or supervisory authority) which, in the opinion of Belfius, has the effect of adversely affecting the rate of return on capital of Belfius or increasing its cost or reducing its benefit with respect to the transaction contemplated by the Notes or (ii) in the eligible collateral framework of the European Central Bank as result of which the Class A Notes no longer qualify as eligible collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem (a ***Regulatory Change)***, by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14, provided that:

(i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(ii) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes as provided in the Conditions;

(iii) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions; and

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

5.19 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes, interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.12).

Optional Redemption in case of Ratings Downgrade Event

5.20 On each Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem the Notes, in whole, but not in part, upon the Seller no longer complying with the minimum ratings which are:

(i) a long-term issuer default rating of BB+ and a short-term issuer default rating of F-3 from Fitch;

(ii) the long-term, unsecured and unsubordinated debt or counterparty obligations of the party are assigned at least a Ba1 rating from Moody's; and

(iii) a long-term rating or internal assessment or credit view assigned and maintained of BBB(low) from DBRS,

and such ratings or internal assessment or credit view are in each case not withdrawn.

(a ***Ratings Downgrade Event***) by giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 14, provided that:

(i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(ii) prior to giving such notice, the Administrator shall have provided to the Security Agent a certificate signed by two Issuer Directors to the effect that it will have the funds in the Issuer Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes as provided in the Conditions;

(iii) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions; and

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

5.21 The amounts payable by the Issuer upon such redemption will be calculated by the Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 5.12).

Notice of Redemption

5.22 Any such notice as is referred to in Conditions 5.9, 5.10, 5.14, 5.16, 5.18, 5.20 and 5.22 above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes by paying the Optional Redemption Amount.

Cancellation

5.23 All Notes redeemed in full pursuant to the foregoing provisions, or in part (in the event that any claim on the Notes remains unsatisfied after the enforcement of the Security and the application of the proceeds in accordance with the Post-Enforcement Priority of Payments) or otherwise surrendered, will be cancelled upon such redemption or surrender of rights or title to the Notes and may not be resold or re-issued.

6 Payments

6.1 All payments of principal or interest owing under the Class A Notes shall be made through the Domiciliary Agent and the Clearing System in accordance with the rules of the Clearing System. All payments of principal or interest owing under the Class B Notes shall be made through the Domiciliary Agent directly to the relevant Class B Noteholders.

6.2 No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.

6.3 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto, without prejudice to Condition 8.

6.4 If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day in the jurisdiction where payment is to be received, no further payments of additional amounts by way of interest, principal or otherwise shall be due.

7 Prescription (*"verjaring/prescription"*)

7.1 Claims for principal or interest under the Notes shall become time barred ten or five years, respectively, after their relevant due date.

8 Taxation

8.1 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 (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax, unless the withholding or deduction for or on account of such taxes, duties, assessments or charges are required by law. In that event, the Issuer, the Domiciliary Agent (as the case may be) or any other person will make the required withholding or deduction for or on account 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 respect of any such withholding or deduction. Neither the Issuer nor any Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders.

8.2 The Issuer, the Clearing System Operator, the Domiciliary Agent or any other person being required to make a tax deduction shall not constitute an Event of Default.

9 Events of Default

9.1 The Security Agent at its discretion may and, if so requested in writing by the holders of not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes outstanding or if so directed by or pursuant to an Extraordinary Resolution of the holders of the highest ranking Class of Notes (subject, in each case, to being indemnified to its satisfaction) (but in the case of the events mentioned in Condition 9.2(i) to 9(vi), only if the Security Agent shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of the highest ranking Class of Notes then outstanding), shall be bound to give notice (an ***Enforcement Notice)*** to the Issuer declaring the Notes to be immediately due and payable at their Principal Amount Outstanding together with accrued interest at any time after the occurrence of an Event of Default, and a copy of such notice shall be sent to the Administrator, the Servicer and the Rating Agencies.

9.2 Each of the following events is an ***Event of Default***:

(i) default is made for a period of fifteen (15) Business Days or more in any payment of interest in respect of the Class A Notes when due to be paid in accordance with the Conditions or default is made for a period of fifteen (15) Business Days or more in any payment of principal in respect of the Notes when due to be paid in accordance with the Conditions (for the avoidance of doubt: (x) to the extent that there is any Class B Interest Deficiency, any Class B Principal Deficiency or any Class B Waiver, such deficiency(ies) shall not be construed to be an Event of Default; and (y) any suspension of payment of interest in accordance with Condition 1.5 shall not be construed as an Event of Default); or

(ii) the Issuer fails to perform or observe any of its other material obligations or is in breach under any of the representations and warranties under or in respect of the Notes or the other Transaction Documents (with the exception of the Issuer's obligation under certain Transaction Documents to find substitutes for any of the parties to the Transaction Documents) and, except where (i) such failure or breach, in the reasonable opinion of the Security Agent, is incapable of remedy; and (ii) the Security Agent has notified the Issuer hereof, such default or breach continues for a period of thirty (30) calendar days (or such longer period as the Security Agent may agree) after written notice by the Security Agent to the Issuer requiring the same to be remedied (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice, such period shall be reduced to fifteen (15) calendar days to rectify any technical errors);

(iii) an order being made or an effective resolution being passed for the winding-up (*ontbinding / dissolution*) of the Issuer or Compartment Mercurius-1 except a winding up for the purposes of or pursuant to an

amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or

(iv) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (iii) above, ceasing or, through an official action of the board of Issuer Directors, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment Mercurius-1 as and when they fall due or the value of its assets allocated to Compartment Mercurius-1 falling to less than the amount of its liabilities or otherwise becomes insolvent; or

(v) proceedings shall be initiated against or by the Issuer or Compartment Mercurius-1 under any applicable liquidation, reorganisation, insolvency or other similar law including the *Faillissementswet / Loi sur les faillites* (Law on Bankruptcies of 8 August 1997) and the *Wet betreffende de continuïteit van ondernemingen / Loi relative à la continuité des entreprises* (Law on the Continuity of Enterprises of 31 January 2009) or an administrative receiver or other receiver, administrator or other similar official (including a *voorlopig bewindvoerder / administrateur provisoire* (ad hoc administrator)) has been appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a *bevel tot betalen* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek / Code Judiciaire* (Judicial Code), or *uitvoerend beslag / saisie exécutoire* (distraint) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment Mercurius-1 and in any of the foregoing cases it shall not be discharged within thirty (30) Business Days; or

(vi) any action is taken by any authority, court or tribunal, which results in the loss of the Issuer of its status as an "institutional VBS" or which in the reasonable opinion of the Security Agent, after consultation with the Issuer and the Administrator, is very likely to result in the loss of such status and would adversely affect the Transaction.

For the avoidance of doubt, upon the Security Agent becoming aware of an Event of Default or an event which would the passing of time would become an Event of Default, the Security Agent shall immediately notify thereof the Issuer, the Seller and the Administrator.

9.3 Upon any declaration being made by the Security Agent in accordance with Condition 9.1 above that the Notes are due and repayable, the Notes shall, subject to Condition 10, immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in these Conditions and the Agency Agreement.

9.4 If an Event of Default has occurred, and unless the Security Agent shall be bound to give an Enforcement Notice in accordance with Condition 9.1 above, the Security Agent may call a meeting of Noteholders and propose to the Noteholders (a) not to give an Enforcement Notice, (b) to proceed with an amicable sale of the Portfolio, and where practical other Pledged Assets, pursuant to a limited private auction procedure on terms set out in the Pledge Agreement (the private auction sale), and (c) to redeem in full all, but not some only, of the Notes, after completion of the sale of the Portfolio, in accordance with the Post-Enforcement Priority of Payments set out in Condition 2.12. Such proposal shall be deemed approved if the holders of the Notes shall have approved the proposal in accordance with the provisions (including the required majority and quorum) for a Basic Term Modification.

10 Subordination

Class A Notes

10.1 The Class A Notes will be senior to the Class B Notes.

Class B Notes

10.2 The Class B Notes will be subordinated to the Class A Notes as follows:

(i) until all the Class A Notes have been redeemed in full, principal amounts under the Class B Notes shall not become due and payable;

(ii) interest on the Class B Notes will only be paid in accordance with the Interest Priority of Payments prior to enforcement; and

(iii) in the event of an Enforcement by the Security Agent, any amount due in respect of the Class B Notes will rank behind any amounts due in respect of the Class A Notes, which shall rank in priority in point of payment and security to the Class B Notes in accordance with the Post-Enforcement Priority of Payments following service of an Enforcement Notice.

General Subordination

10.3 In the event of insolvency (which term includes bankruptcy *(faillissement/faillite)*, winding-up *(vereffening/liquidation)* and judicial reorganisation *(gerechtelijke reorganisatie/réorganisation judiciaire)* of Compartment Mercurius-1 any amount due or overdue in respect of the Class B Notes will:

(i) rank lower in priority in point of payment and security than any amount due or overdue in respect of the Class A Notes; and

(ii) shall only become payable after any amounts due in respect of any Class A Notes sequentially have been paid in full;

Waiver in case of lack of funds on the Final Redemption Date

10.4 Subject to Condition 11.4, to the extent that available funds are insufficient to repay any principal and accrued interest outstanding on any Class of Notes on the Final Redemption Date, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer and the Issuer shall be under no obligation to pay any interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remain unpaid as a result.

Principal Deficiencies and Allocation

Principal Deficiency Ledgers

10.5 Principal deficiency ledgers will be established on behalf of the Issuer by the Administrator in respect of the Class A Notes (***Class A Principal Deficiency Ledger***), and the Class B Notes (***Class B Principal Deficiency Ledger***) (together, the ***Principal Deficiency Ledgers***) in order to record (i) the Loan Reductions of any Loan(s); (ii) the Additional Loan Reductions of any Written-Off Loan(s) and (iii) any Principal Available Funds which in accordance with the Principal Priority of Payments are used to cover any Class A Interest Shortfall.

Cash Buffer

10.6 If, and to the extent, amounts are credited to the Principal Deficiency Ledgers on a Payment Date, those amounts will be used to fund a cash buffer (the ***Cash Buffer***) in accordance with the Interest Priority of Payments (the PDL Allocation). For the avoidance of doubt, on any Payment Date where there is a Class A Interest Shortfall, the PDL Allocation for such date is zero. The Cash Buffer will be credited on the Reserve Account.

Operation of the Cash Buffer

The Issuer shall procure that on every Payment Date the following amounts are released from the Cash Buffer and credited to the Transaction Account:

(a) the Interest Cash Buffer Allocation determined on the previous Payment Date, or, in respect of the First Payment Date, EUR 1,390,176.62; and

(b) the Principal Cash Buffer Allocation as of such Payment Date.

Such amounts will form part of the Interest Available Funds and the Principal Available Funds, respectively, on the Payment Date by reference to the applicable Collection Period.

The ***Principal Cash Buffer Allocation*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the lowest of:

(a) the Cash Buffer Available for Principal; and

(b) the Cash Buffer Required for Principal.

The ***Cash Buffer Available for Principal*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to:

(a) the sum of the Cash Buffer balance on the immediately previous Payment Date and the PDL Allocation on such Payment Date; less

(b) the Interest Cash Buffer Allocation determined on the immediately previous Payment Date or with respect to the First Payment Date the relevant amounts due with regard to the notes with ISIN BE0002414861 and BE6235803614;

The ***Cash Buffer Required for Principal*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the sum of the New Write-Offs on such Payment Date and of the Unallocated Write-Offs as of the immediately previous Payment Date.

The ***Interest Cash Buffer Allocation*** in respect of any Payment Date, to form part of the Interest Available Funds on the following Payment Date, represents an amount (calculated on the related Calculation Date) equal to the lowest of:

(a) the Cash Buffer Available for Interest; and

(b) the Cash Buffer Required for Interest.

The ***Cash Buffer Available for Interest*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to the Cash Buffer balance on the respective Payment Date after application of the relevant Priorities of Payments.

The ***Cash Buffer Required for Interest*** in respect of any Payment Date represents an amount (calculated on the related Calculation Date) equal to:

(a) the Start PDL on such Payment Date; less

(b) the sum of

  a. the Loan Reductions Variation; and

  b. the End PDL on the immediately previous Payment Date

If the Notes have been redeemed in full and all other obligations in respect of the Notes have been satisfied on the Payment Date immediately before such Calculation Date or will be satisfied on the next Payment Date, all amounts standing to the credit of the Cash Buffer may be released and thus the Cash Buffer will be reduced to zero, save for any amounts reasonably determined by the Administrator. In such circumstances, all amounts standing to the credit of the Cash Buffer will thereafter be credited to and form part of the Principal Available Funds and will be available towards the satisfaction of the Issuer's obligations under the Principal Priority of Payments.

Allocation

10.7 On every Calculation Date and for the purposes of the immediately following Payment Date, any debit balance on the Principal Deficiency Ledger shall be deemed to be covered and the Start PDL on such date will be debited to the Principal Deficiency Ledgers sequentially as follows:

(i) *first*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes less the Reserve Fund Required Amount plus all Class B Waivers until such Payment Date, and if there are sufficient Interest Available Funds then any debit balance on the Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (vi) of the Interest Priority of Payments; and

(ii) *second*, to the Class A Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class A Notes, and if there is sufficient Interest Available Funds then any debit balance on the Class A Principal Deficiency Ledger shall be reduced by crediting such funds at item (v) of the Interest Priority of Payments.

Any debit balance recorded on the respective Principal Deficiency Ledgers shall be a Class A Principal Deficiency, or a Class B Principal Deficiency, each a Principal Deficiency, as applicable and as the context requires.

11 Enforcement of Notes, Limited Recourse and Non-Petition

Enforcement

11.1 At any time after the Notes have become due and repayable, the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Pledge and to enforce repayment of the Notes together with payment of accrued interest, but it shall not be bound to take any such proceedings unless:

(i) it shall have been so directed by an Extraordinary Resolution of the highest ranking Class of Notes then outstanding or so requested in writing by the holders of at least twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes; and

(ii) it shall have been indemnified to its satisfaction.

11.2 Only the Security Agent may enforce the security interests created by or pursuant to the Pledge Agreement and no other Secured Party or Noteholder shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement, fails to do so within a reasonable period (30 days being deemed for this purpose to be a reasonable period) and such failure shall be continuing.

11.3 The Security Agent cannot, while any of the Notes are outstanding, be required to enforce the Pledge at the request of any Secured Party under the Pledge Agreement other than the Noteholders of the Notes.

Limited Recourse

11.4 If, on the earlier of (a) the Final Redemption Date, (b) the date on which a Class of Notes is redeemed in full, or (c) the date following the enforcement of the Pledge and after payment of all other claims ranking in priority to the Notes under the Pledge Agreement in accordance with the Post-Enforcement Priority of Payments, to the extent that Principal Available Funds and Interest Available Funds are insufficient to repay any principal and accrued interest outstanding on any Class of Notes, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Each of the Noteholders of the Notes agrees with the Issuer and Security Agent that all obligations of the Issuer to the Noteholders and all other Secured Parties are limited in recourse such that

only the assets of the Issuer allocated to Compartment Mercurius-1 subject to the Pledge will be available to meet the claims of the Noteholders and the other Secured Parties.

11.5 Any claim remaining unsatisfied after the enforcement and realisation of the Pledge and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer will cease to be payable by the Issuer. Except as otherwise provided by this Condition 11 or in Condition 12, none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any other steps to enforce any Pledge.

Non-Petition

11.6 Except as otherwise provided in this Condition 11 or in Condition 12, no Noteholder or any of the other Secured Parties shall be entitled to take any steps:

(i) to direct the Security Agent to enforce the Pledge;

(ii) to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;

(iii) to initiate or join any person in initiating against the Issuer any bankruptcy, winding up, reorganisation, arrangement, insolvency or liquidation proceeding under any applicable law; or

(iv) to take any steps or proceedings that would result in any applicable Priority of Payments not being observed.

12 The Security Agent Appointment

Appointment

12.1 The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with article 29, §1, first to seventh indent and article 126 of the UCITS Act and as irrevocable agent and attorney *(mandataire/mandataris)* of the other Secured Parties upon the terms and conditions set out in the Pledge Agreement and herein.

Powers, authorities and duties

12.2 The Security Agent, acting in its own name and on behalf of the Noteholders and the other Secured Parties, shall have the power:

(i) to accept the Pledge (on behalf of the Noteholders);

(ii) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents and to enforce the Pledge;

(iii) to collect all proceeds in the course of enforcing the Pledge;

(iv) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions and the provisions of the Pledge Agreement;

(v) to open an account in the name of the Secured Parties or in the name of the Domiciliary Agent (or any substitute domiciliary agent appointed in accordance with the provisions of the Agency Agreement) with a credit institution with a rating by the Rating Agencies equal or equivalent to the minimum rating imposed on the Account Bank from time to time pursuant to the Transaction Documents for the purposes of depositing the proceeds of enforcement of the Pledge and to give all directions to such credit institution and/or the Domiciliary Agent (or its substitute) to administer such account;

(vi) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and

(vii) generally, to do all things necessary in connection with the performance of such powers and duties.

12.3 The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Pledge Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Pledge Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate.

12.4 The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in Condition 12.2(i), (iii), (iv) and (v) and Condition 12.5 unless:

(i) it shall have been directed to do so by (i) an Extraordinary Resolution of the highest ranking Class of Notes then outstanding; or (ii) the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes; and

(ii) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own Gross Negligence, wilful misconduct or fraud.

12.5 Whenever the interests of the Noteholders are or can be involved in the opinion of the Security Agent, the Security Agent may, if indemnified to its satisfaction, take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy *("faillissement/faillite"),* liquidation *("vereffening/liquidation"),* judicial reorganisation *("gerechtelijke reorganisatie/réorganisation judiciaire")* and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

Amendments to the Transaction Documents

12.6 The Security Agent may on behalf of the Noteholders without the consent of the Noteholders and the other Secured Parties, at any time and from time to time, concur with the Issuer and the other parties thereto in making:

(i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature, is made to correct a manifest error or to comply with the mandatory provisions of Belgian law (or European law with direct effect in Belgium), provided that this is notified to the Rating Agencies (without this implying the need to obtain a Rating Agency Confirmation); and

(ii) any other modification (except if prohibited in the Transaction Documents), any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents or any proposed (non-)action of a Party to the Transaction Documents, which, in the sole opinion of the Security Agent, is not materially prejudicial to the interests of the Noteholders, subject to each relevant Rating Agency either (i) having provided a Rating Agency Confirmation in respect of the relevant event or matter or (ii) by the fifteenth (15) calendar day after it was notified of such event or matter, not having indicated (a) which conditions are to be met in order for it to grant a Rating Agency Confirmation or (b) that the then current ratings assigned by it to the Class A Notes will be adversely affected by or withdrawn as a result of the relevant event or matters;

12.7 Any such modification, authorisation, waiver or approval of inaction shall be binding on the Noteholders and, if the Security Agent so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

Rating Agency Confirmation means a written confirmation from a Rating Agency, following such Rating Agency receiving notification of a certain event or matter, that (i) the then current ratings assigned by it to the Class A

Notes will not be adversely affected by or withdrawn as a result of such event or matter or (ii) it does not consider such confirmation or response to such notification necessary in the circumstances.

12.8 For the avoidance of doubt, the Security Agent is not obliged to take any action even if each relevant Rating Agency either (i) has provided a Rating Agency Confirmation in respect of the relevant event or matter or (ii) by the 15th calendar day after it was notified of such event or matter, has not indicated (a) which conditions are to be met before it is in a position to grant a Rating Agency Confirmation or (b) that the then current ratings assigned by it to the Notes will be adversely affected by or withdrawn as a result of the relevant event or matters.

12.9 In determining whether or not any proposed change, event or action will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from, a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies, whether obtained by itself or the Issuer, and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

12.10 If, in the Security Agent's opinion, it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this paragraph, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders (in accordance with Schedule 4 to the Pledge Agreement) or to refuse the proposed amendment or variation.

Waivers

12.11 The Security Agent may, without the consent of the Secured Parties or the Issuer, without prejudice to its right in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of Noteholders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Pledge Agreement, these Conditions or any of the other Transaction Documents or (ii) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute), but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Pledge Agreement. Any such authorisation, waiver or determination pursuant to this Condition 12.11 shall be binding on the Noteholders and if, but only if, the Security Agent shall so require, notice thereof shall be given to the Noteholders and the Rating Agencies. In determining whether or not the interests of the Noteholders will be materially prejudiced, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from, a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

Conflicts of interest

12.12 The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. If:

(i) an actual conflict exists or is likely to exist between the interests of Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Pledge Agreement and the Conditions; and

(ii) any of the Transaction Documents and the Conditions gives the Security Agent a material discretion in relation to such action, decision or duty;

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties. In connection with the exercise of its powers, authorities and discretions, the Security Agent

shall have regard to the interests of the Noteholders as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

Class A Noteholders

For so long as there are any Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of: (a) the Class A Noteholders and (b) the Class B Noteholders and/or any other Secured Parties (provided that, if there is a conflict of interest in respect of such parties, the applicable Priority of Payments shall determine which interests shall prevail).

Class B Noteholders

For as long as only Class B Notes remain outstanding, the Security Agent is to have regard solely to the interests of the Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) any Secured Parties (provided that, if there is a conflict of interest in respect of such parties, the applicable Priority of Payments shall determine which interests shall prevail).

Other Secured Parties

If, in the Security Agent's opinion, there is a conflict of interest in respect of the Secured Parties other than the Noteholders, the applicable Priority of Payments shall determine which interests shall prevail.

Issuer and Secured Parties

12.13 Further, to the extent that:

(i) an actual conflict exists or is likely to exist between the interests of the Issuer and the Secured Parties, and the interests of the Seller in relation to any material action, decision or duty of the Security Agent under or in relation to the Pledge Agreement and any other Transaction Document; and

(ii) the Pledge Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty;

then the Security Agent shall have regard to the interests of the Issuer and the other Secured Parties (other than the Seller) in priority to the interests of the Seller.

12.14 In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the Secured Parties in relation to the Pledged Assets and under or in connection with the Pledge Agreement and any other Transaction Document, the Security Agent shall discharge these by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Pledge Agreement, the other Transaction Documents and the Conditions.

Replacement of the Security Agent

12.15 The Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided:

(i) in the same resolution a substitute security agent is appointed; and

(ii) such substitute security agent meets all legal requirements, if any, to act as security agent in respect of an Institutional VBS and accepts to be bound by the terms of the Pledge Agreement and all other Transaction Documents in the same way as its predecessor.

12.16 If any of the following events (each a ***Security Agent Termination Event)*** shall occur, namely:

(i) an order is made or an effective resolution is passed for the dissolution *(ontbinding / dissolution)* of the Security Agent except a dissolution *(ontbinding / dissolution)* for the purpose of a merger where the Security Agent remains solvent; or

(ii) the Security Agent ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or

(iii) the Security Agent defaults in the performance or observance of any of its material covenants and obligations under this Agreement or any other Transaction Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Security Agent becoming aware of such default and receipt by the Security Agent of written notice from the Issuer requiring the same to be remedied; or

(iv) the Security Agent becomes subject to any bankruptcy (*faillissement / faillite*), judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*) or other insolvency proceeding under applicable laws;

(v) the Security Agent is rendered unable to perform its material obligations under the Pledge Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or force majeure; or

(vi) the management (*bestuur*) of the Security Agent is in one of the circumstances as set out under (b) or (d) above;

then the Issuer may, by notice in writing, terminate the powers delegated to the Security Agent under the Pledge Agreement and the Transaction Documents with effect from a date (not earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders which shall promptly be convened by the Issuer. Upon such selection being made and notified by the Issuer to the Secured Parties in a way deemed appropriate by the Issuer, all rights and powers granted to the company then acting as Security Agent shall terminate and shall automatically be vested in the substitute security agent so selected. All references to the Security Agent in the Transaction Documents shall, where and when appropriate, be read as references to the substitute security agent as selected and upon vesting of rights and powers pursuant to this Condition.

12.17 Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney *(mandataris / mandataire)* of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

Accountability, Indemnification and Exoneration of the Security Agent

12.18 With respect to the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders of a particular Class as a Class and shall not have regard to the consequences of such exercise for individual Noteholders.

12.19 If so requested in advance by the board of directors of the Issuer or the Noteholders, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Pledge Agreement provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

12.20 In determining whether or not the exercise of any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from, a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any

loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

12.21 The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Pledge unless indemnified to its satisfaction.

12.22 The Security Agent shall not be liable to the Issuer, the Noteholders or any of the other Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

12.23 The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Pledged Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Servicer or any agent or related company of the Servicer or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

12.24 The Security Agent shall have no liability for any breach of or default under its obligations under the Pledge Agreement and under any other Transaction Document if and to the extent that such breach is caused by any failure on the part of the Issuer to perform any of its material obligations under the Pledge Agreement or by any failure on the part of the Issuer or any of the Secured Parties to duly perform any of its material obligations under any of the other Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under any of the Transaction Documents by any circumstances beyond its control, the Security Agent shall not be liable for any failure to carry out the obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Pledge Agreement and under any other Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

12.25 The Security Agent shall not be responsible for ensuring that any security interest securing the loans is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as to create or maintain sufficient control to obtain the type of Pledge described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby and the Security Agent may, until it has actual knowledge or express notice to the contrary, assume that the Issuer is observing and performing all its obligations under the Pledge Agreement or any other Transaction Documents and in any notices or acknowledgements delivered in connection with any such documents.

Parallel Debt

12.26 In the Parallel Debt Agreement, the Issuer irrevocably and unconditionally undertakes to pay to the Security Agent (the *Parallel Debt)* amounts which will be equal to the aggregate amount due *(verschuldigd / dû)* by the Issuer:

(i) as fees or other remuneration to the Issuer Directors, under the Issuer Management Agreements;

(ii) as fees and expenses to the Servicer, the Back-Up Servicer, if any, the Back-Up Servicer Facilitator, if any, under the Servicing Agreement;

(iii) as fees and expenses to the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration, Corporate Services and Accounting Services Agreement;

(iv) as fees and expenses to the Domiciliary Agent, the Listing Agent and the Calculation Agent under the Agency Agreement;

(v) to the Seller under the First Loan Sale Agreement and the Second Loan Sale Agreement;

(vi) to the Account Bank under the Account Bank Agreement;

(vii) to the Noteholders; and

(viii) to the Security Agent under the Pledge Agreement.

12.27 The Parallel Debt constitutes the separate and independent obligations of the Issuer and constitutes the Security Agent's own separate and independent claim *(eigen en zelfstandige vordering / créance propre et indépendante)* to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent 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.

12.28 To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the then applicable Priority of Payments.

13 Meetings of Noteholders and modifications

General Waiver

13.1 The Articles 568 to 580 of the Company Code shall only apply to the extent that the Conditions, the articles of association of the Issuer or the Transaction Documents do not contain provisions which differ from the provisions contained in such articles. Notwithstanding the provisions of Article 568 of the Company Code, the Meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in these Conditions.

Calling of the Meeting of Noteholders

13.2 The board of directors of the Issuer or the Auditor may at any time convene a Meeting of Noteholders. The board of directors of the Issuer or the Auditor will furthermore be required to convene a Meeting of the Noteholders at the request of the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned) or of Noteholders representing not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes.

Notwithstanding the provisions of Article 570 of the Company Code, a notice specifying the day, time and place of the Meeting of Noteholders shall be given to the Noteholders in the manner provided by Condition 14. Such notice shall not be necessary if all Noteholders are present or represented at the Meeting of Noteholders and such Meeting of Noteholders will be considered as validly convened.

Access to the Meeting of Noteholders

13.3 Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any Meeting of Noteholders unless he produces a Voting Certificate or is a proxy.

The Issuer (through its respective officers, employees, advisers, agents or other representatives) and its financial and legal advisers shall be entitled to attend and speak at any Meeting of the Noteholders. Proxyholders need not to be Noteholders.

Conflicts of interests

13.4 The following provisions shall apply where outstanding Notes belong to more than one Class:

(i) business which in the opinion of the Security Agent affects the Notes of only one Class shall be transacted at a separate Meeting of the Noteholders of that Class;

(ii) business which in the opinion of the Security Agent affects the Notes of more than one Class but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other Class shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes as the Security Agent shall in its absolute discretion determine;

(iii) business which in the opinion of the Security Agent affects the Notes of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other such Class shall be transacted at separate meetings of the Noteholders of each such Class; and

(iv) as may be necessary to give effect to the above provisions, the preceding paragraphs shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant Class and to the Noteholders of such Notes.

Extraordinary Resolutions

13.5 The term "***Extraordinary Resolution***" when used herein means a resolution of the Noteholders that is passed in accordance with Condition 13.9. A Basic Term Modification (as defined below) can only be passed by an Extraordinary Resolution at a Meeting of Noteholders duly convened in accordance with the provisions contained herein. Such Extraordinary Resolution shall be binding upon all the Noteholders of such Class, whether or not they are present at the meeting and whether or not they vote in favour of such resolution, provided that:

(i) a Basic Term Modification (as defined in Condition 13.7) shall be effective if the modification is approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast of the Notes thereat, whether by show of hand or a poll passed at a meeting of the Noteholders of the relevant Classes duly convened and held in accordance with the rules set out in the Pledge Agreement for approving a Basic Term Modification;

(ii) an Extraordinary Resolution of the Class B Noteholders shall be effective if (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders or (c) none of the Class A Notes remain outstanding. An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders.

Resolutions in writing

13.6 A resolution in writing signed by or on behalf of all Noteholders shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a Meeting of Noteholders duly convened and held in accordance with the provisions herein contained. Such resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. The date of a written resolution shall be the date when the last Noteholder has signed.

Basic Term Modification

13.7 Any variation, modification, abrogation, cancellation or waiver of certain terms, including the date or priority of redemption of any of the Notes, any modification which would have the effect of postponing any day for payment

of interest thereon, reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable thereto or altering the currency of payment thereof or of the majority required to pass an Extraordinary Resolution or altering the definition of an Event of Default, or altering the Security Agent's duties in respect of the Pledge, is referred to herein as a ***Basic Term Modification***.

Quorum

13.8 The quorum at any Meeting of Noteholders of the relevant Class (other than where the business of such meeting includes the proposal of a Basic Term Modification) will be one or more persons holding or representing over fifty (50) per cent, of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes or at any adjourned meeting, other than a meeting convened by the Noteholders, one or more persons holding or representing Notes of the relevant Class of Notes whatever the aggregate Principal Amount Outstanding of the relevant Class of Notes so held or represented and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business.

13.9 The quorum at any Meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Term Modification shall be one or more persons holding or representing not less than seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes or, at any adjourned meeting, other than a meeting convened by the Noteholders, one or more persons holding or representing not less than twenty-five (25) per cent. of the aggregate Principal Amount Outstanding of the Notes in the relevant Class of Notes at the time of the meeting.

Voting

13.10 At any meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a declaration of a Clearing System Participant of its Notes being blocked until that date of the meeting (blocking certificate) or is identified as a Noteholder in the notes register held with the Issuer or is a proxy shall have one vote in respect of each Note and (b) on a poll every person who is so present shall have one vote in respect of each EUR 10,000 of Principal Amount Outstanding of Notes referred to on the blocking certificate or in the notes register held with the Issuer or in respect of which that person is a proxy.

Majorities

13.11 The majority required for an Extraordinary Resolution shall be seventy-five (75) per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

13.12 The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

Powers

13.13 The meeting shall have all the powers expressly given to it by the articles of association of the Issuer, the Pledge Agreement, these Conditions or any other Transaction Document. The following powers may only be exercised by way of an Extraordinary Resolution:

(i) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether such rights shall arise under the Conditions, the Notes or otherwise;

(ii) power to sanction the exchange or substitution of the Notes or the conversion of the Notes into shares, stock, convertible Notes, or other obligations or securities of the Issuer or any other body corporate formed or to be formed;

(iii) power to assent to any alteration of the provisions contained in the Conditions, the Notes, the Pledge Agreement or any of the Transaction Documents or which shall be proposed by the Issuer and/or the Security Agent;

(iv) power to authorise the Security Agent to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(v) power to discharge or exonerate the Security Agent from any liability in respect of any act or omission for which the Security Agent may have become responsible under or in relation to the Conditions, the Notes, the Pledge Agreement or any of the Transaction Documents;

(vi) power to give any authority, direction or sanction, which under the provisions of the Conditions or the Notes is required to be given by Extraordinary Resolution;

(vii) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

(viii) power to sanction the release of the Issuer or of the whole or any part of the Pledged Assets from all or any part of the principal moneys and interest owing in respect of the Notes; and

(ix) power to authorise the Security Agent or any receiver appointed by it where it or he shall have entered into possession of the Pledged Assets or otherwise enforced the Pledge in relation thereto to discontinue enforcement of any security constituted by the Pledge Agreement either unconditionally or upon any conditions.

Compliance

13.14 Subject to all other provisions contained in the Conditions and these rules, the Issuer may, with the consent of the Security Agent but without the consent of the Noteholders, prescribe such further regulations regarding the holding of Meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

Conflicts of Interest

13.15 In order to avoid any potential conflict of interest, if and as long as any Notes are held by Belfius or any of its affiliates (Belfius Related Noteholders), all quorums and voting majorities set out above required to pass a Noteholders' resolution, will have to be met in respect of the group consisting of Belfius Related Noteholders on the one hand and the group of all other Noteholders on the other hand (excluding the Belfius Related Noteholders).

14 Notice to Noteholders

14.1 All notices to Noteholders of any Class shall be deemed to have been duly given if:

(A) in case of notices for convening meetings of Noteholders:

(i) all Noteholders receive an individualized invitation by registered letter or, subject to the explicit written approval of the individual Noteholder, by fax or e-mail; or

(ii) such notices are published (x) in Dutch and English in a leading daily newspaper with general circulation in Belgium and (y), in addition thereto, in the Belgian State Gazette (*Belgisch Staatsblad/Moniteur Belge*), at least fifteen (15) calendar days before the date of the meeting, but the Security Agent shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held in accordance with the Company Code, Condition 13 hereof and the relevant provisions contained in Schedule 4 of the Pledge Agreement;

(B) in case such notice (other than a notice under (A)) does constitute regulated information as described in the November 2007 RD, a notice in English and Dutch is published:

(i) through such communication channels (which may include leading newspapers with general circulation in Belgium, communications sent through the Clearing System, publication on Bloomberg,…) as would be in compliance of the November 2007 RD and appropriate in view of the type of regulated information; and

(ii) on the website of the Issuer.

(C) in case such notice does not constitute regulated information as described in the November 2007 RD, a notice in English and Dutch:

(i) is published on the website of the Issuer; and/or

(ii) is published through Bloomberg; and/or

(iii) is distributed by the Issuer (or the Administrator on its behalf), the Manager or the Security Agent to each individual Noteholder by fax, e-mail or registered letter.

14.2 Notices specifying a Payment Date, an Interest Rate, an Interest Amount, a payment of principal (or absence thereof), a Principal Amount Outstanding or a Note Factor or relating generally to payment dates, payments of interest, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given (provided they do not constitute regulated information under the November 2007 RD) if the information contained in such notice appears in an Investor Report, on the website of the Issuer, on the relevant page of Bloomberg, or on such other medium for the electronic display of data as may be approved by the Security Agent and notified to the Noteholders (the *Relevant Screen)* or is distributed to the individual Noteholders as set out under paragraph (C) above at least two Business Days before a Payment Date. Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen or if it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph.

14.3 Any notice (other than a notice referred to under Condition 14.2) shall be deemed to have been given on:

(1°) on the date of receipt of such notice (in the case of a notice to an individual Noteholder) whereby (x) notice by fax or e-mail will be deemed to have been received on the date of sending, if such date is a Business Day and the e-mail or fax has been sent before 17.00h Brussels time and no notice of non-delivery has been received and (ii) notice by registered letter will be deemed to have been received on the second Business Day after the day of sending;

(2°) in case of a publication on a website, through Bloomberg or in a newspaper: on the date of such publication or, if published more than once or on different dates in a newspaper, on the first date on which publication is made in the manner required in one of the newspapers referred to above;

(3°) in case of notice being sent through the Clearing System, on the date of sending such notice; and

(4°) in case of notice being sent through another channel as mentioned under Condition 14.1 (B)(ii), on the date which according to generally accepted market practice is the date of receipt of such notice or on such date which in the opinion of the Security Agent is to be considered the date of receipt of such notice.

15 Governing Law

15.1 These Conditions are governed by and shall be construed in accordance with, Belgian law.

15.2 The courts of Brussels, Belgium have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Notes.

ANNEX 2:
ELIGIBLE INVESTORS UNDER THE UCITS ACT

Article 5, §3/1 of the UCITS Act, as complemented by the Eligible Investors Royal Decree, lists for the time being the following eligible investors:

1. Professional investors that are described in Annex A to the Royal Decree of 3 June 2007 determining further rules for transposing the Directive on markets in financial instruments, including:

   (f) entities which are required to be authorised or regulated to operate in the financial markets:

      i. credit institutions;

      ii. investment firms;

      iii. other authorised or regulated financial institutions;

      iv. insurance companies;

      v. collective investment schemes and management companies of such schemes;

      vi. pension funds and management companies of such funds;

      vii. commodity and commodity derivatives dealers;

      viii. locals;

      ix. other institutional investors;

   (g) large undertakings meeting two of the following size requirements on a company basis:

      i. balance sheet total: EUR 20,000,000;

      ii. net turnover: EUR 40,000,000;

      iii. own funds: EUR 2,000,000;

   (h) the Belgian State, the Communities and Regions, foreign national and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, IMF, ECB, EIB and other similar international organisations;

   (i) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

2. Persons or entities who qualify as eligible counterparties pursuant to Article 3, §1 of the Royal Decree of 3 June 2007:

   (a) investment firms;

   (b) credit institutions;

   (c) insurance companies;

   (d) UCITS and their management companies;

   (e) pension funds and their management companies;

(f) other financial institutions authorised or regulated under Community legislation or the national law of a Member State;

(g) undertakings exempted from the application of Directive 2004/39/EC under Article, paragraph 1, points (k) and (l);

(h) national governments and their corresponding offices including public bodies that deal with the public debt;

(i) central banks;

(j) supranational organisations;

3. Other investors that are listed by the FSMA on the register of Eligible Investors in accordance with the Eligible Investors Royal Decree.

ANNEX 3:
2012 AUDITED FINANCIAL STATEMENTS

40				1	EUR		
NAT.	Datum neerlegging	Nr.	Blz.	E.	D.		VOL 1.1

JAARREKENING IN EURO

NAAM: *MERCURIUS FUNDING NV*

Rechtsvorm: *Naamloze vennootschap*

Adres: *PACHECOLAAN* Nr.: *44* Bus:

Postnummer: *1000* Gemeente: *Brussel*

Land: *België*

Rechtspersonenregister (RPR) - Rechtbank van Koophandel van *Brussel*

Internetadres *:

Ondernemingsnummer *BE 0842.094.414*

DATUM *23 / 12 / 2011* van de neerlegging van de oprichtingsakte OF van het recentste stuk dat de datum van bekendmaking van de oprichtingsakte en van de akte tot statutenwijziging vermeldt.

JAARREKENING goedgekeurd door de algemene vergadering van *28 / 06 / 2013*

met betrekking tot het boekjaar dat de periode dekt van *15 / 12 / 2011* tot *31 / 12 / 2012*

Vorig boekjaar van / / tot / /

De bedragen van het vorige boekjaar **zijn / zijn niet**** identiek met die welke eerder openbaar werden gemaakt.

VOLLEDIGE LIJST met naam, voornamen, beroep, woonplaats (adres, nummer, postnummer en gemeente) en functie in de onderneming, van de BESTUURDERS, ZAAKVOERDERS EN COMMISSARISSEN

Joris Laenen	*Diepezoel 8, 2440 Geel, België*	*Bestuurder* *15/12/2011 - 30/06/2015*
Dirk Stolp	*meester sixlaan 32 bus B, 1181 PK Amstelveen, Nederland*	*Bestuurder* *15/12/2011 - 30/06/2015*
Private Stichting Vesta *Nr.: BE 0899.631.745*	*Louizalaan 486, 1050 Elsene, België*	*Bestuurder* *15/12/2011 - 30/06/2015*
Vertegenwoordigd door:		
Johan Dejans	*rue de la victoire 58, 8047 STRASSEN, Luxemburg*	
Deloitte Bedrijfsrevisoren BCVBA *Nr.: BE 0429.053.863* *Lidmaatschapsnr.: B00025*	*Berkenlaan 8 bus b, 1831 Diegem, België*	*Commissaris* *15/12/2011 - 30/06/2015*

Zijn gevoegd bij deze jaarrekening: *Jaarverslag, Verslag van de commissarissen*

Totaal aantal neergelegde bladen: *28* Nummers van de secties van het standaardmodel die niet werden neergelegd omdat ze niet dienstig zijn: *5.1, 5.2.1, 5.2.2, 5.2.3, 5.2.4, 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.5, 5.3.6, 5.4.1, 5.4.2, 5.4.3, 5.5.1, 5.5.2, 5.8, 5.11, 5.12, 5.13, 5.16, 5.17.1, 5.17.2, 6*

Stolp Dirk
Bestuurder

Laenen Joris
Bestuurder

* Facultatieve vermelding.

** Schrappen wat niet van toepassing is.

LIJST VAN DE BESTUURDERS, ZAAKVOERDERS EN COMMISSARISSEN (vervolg van de vorige bladzijde)

Vertegenwoordigd door:

Bernard Demeulemeester
(Revisor)
Lidmaatschapsnr.: A01408

VERKLARING BETREFFENDE EEN AANVULLENDE OPDRACHT VOOR NAZICHT OF CORRECTIE

Het bestuursorgaan verklaart dat geen enkele opdracht voor nazicht of correctie werd gegeven aan iemand die daar wettelijk niet toe gemachtigd is met toepassing van de artikelen 34 en 37 van de wet van 22 april 1999 betreffende de boekhoudkundige en fiscale beroepen.

De jaarrekening **~~werd~~ / werd niet*** geverifieerd of gecorrigeerd door een externe accountant of door een bedrijfsrevisor die niet de commissaris is.

In bevestigend geval, moeten hierna worden vermeld: naam, voornamen, beroep en woonplaats van elke externe accountant of bedrijfsrevisor en zijn lidmaatschapsnummer bij zijn Instituut, evenals de aard van zijn opdracht:

A. Het voeren van de boekhouding van de onderneming**,
B. Het opstellen van de jaarrekening**,
C. Het verifiëren van de jaarrekening en/of
D. Het corrigeren van de jaarrekening.

Indien taken bedoeld onder A. of onder B. uitgevoerd zijn door erkende boekhouders of door erkende boekhouders-fiscalisten, kunnen hierna worden vermeld: naam, voornamen, beroep en woonplaats van elke erkende boekhouder of erkende boekhouder-fiscalist en zijn lidmaatschapsnummer bij het Beroepsinstituut van erkende Boekhouders en Fiscalisten, evenals de aard van zijn opdracht.

Naam, voornamen, beroep en woonplaats	Lidmaatschaps-nummer	Aard van de opdracht (A, B, C en/of D)
Belfius Fiduciaire *Nr.: BE 0416.799.201* *Pachecolaan 44, 1000 Brussel, België* *Vertegenwoordigd door:*	*222990-N-76*	*AB*
Freddy Boullard	*3099-N-54*	
Roger Moreau	*10119-N-49*	

* Schrappen wat niet van toepassing is.

** Facultatieve vermelding.

BALANS NA WINSTVERDELING

	Toel.	Codes	Boekjaar	Vorig boekjaar
ACTIVA				
VASTE ACTIVA		20/28		
Oprichtingskosten	5.1	20		
Immateriële vaste activa	5.2	21		
Materiële vaste activa	5.3	22/27		
Terreinen en gebouwen		22		
Installaties, machines en uitrusting		23		
Meubilair en rollend materieel		24		
Leasing en soortgelijke rechten		25		
Overige materiële vaste activa		26		
Activa in aanbouw en vooruitbetalingen		27		
Financiële vaste activa	5.4/ 5.5.1	28		
Verbonden ondernemingen	5.14	280/1		
Deelnemingen		280		
Vorderingen		281		
Ondernemingen waarmee een deelnemingsverhouding bestaat	5.14	282/3		
Deelnemingen		282		
Vorderingen		283		
Andere financiële vaste activa		284/8		
Aandelen		284		
Vorderingen en borgtochten in contanten		285/8		
VLOTTENDE ACTIVA		29/58	*3.663.842.073*	
Vorderingen op meer dan één jaar		29	*2.906.975.790*	
Handelsvorderingen		290		
Overige vorderingen		291	*2.906.975.790*	
Voorraden en bestellingen in uitvoering		3		
Voorraden		30/36		
Grond- en hulpstoffen		30/31		
Goederen in bewerking		32		
Gereed product		33		
Handelsgoederen		34		
Onroerende goederen bestemd voor verkoop		35		
Vooruitbetalingen		36		
Bestellingen in uitvoering		37		
Vorderingen op ten hoogste één jaar		40/41	*558.876.269*	
Handelsvorderingen		40		
Overige vorderingen		41	*558.876.269*	
Geldbeleggingen	5.5.1/ 5.6	50/53		
Eigen aandelen		50		
Overige beleggingen		51/53		
Liquide middelen		54/58	*197.274.252*	
Overlopende rekeningen	5.6	490/1	*715.762*	
TOTAAL VAN DE ACTIVA		20/58	*3.663.842.073*	

	Toel.	Codes	Boekjaar	Vorig boekjaar
PASSIVA				
EIGEN VERMOGEN (+)/(-)		10/15	*21.227.945*	.....
Kapitaal	5.7	10	*62.000*	.....
Geplaatst kapitaal		100	*62.000*	.....
Niet-opgevraagd kapitaal		101	.....	.....
Uitgiftepremies		11	.....	.....
Herwaarderingsmeerwaarden		12	.....	.....
Reserves		13	*21.165.945*	.....
Wettelijke reserve		130	.....	.....
Onbeschikbare reserves		131	.....	.....
Voor eigen aandelen		1310	.....	.....
Andere		1311	.....	.....
Belastingvrije reserves		132	.....	.....
Beschikbare reserves		133	*21.165.945*	.....
Overgedragen winst (verlies) (+)/(-)		14	.....	.....
Kapitaalsubsidies		15	.....	.....
Voorschot aan de vennoten op de verdeling van het netto-actief		19	.....	.....
VOORZIENINGEN EN UITGESTELDE BELASTINGEN		16	.....	.....
Voorzieningen voor risico's en kosten		160/5	.....	.....
Pensioenen en soortgelijke verplichtingen		160	.....	.....
Belastingen		161	.....	.....
Grote herstellings- en onderhoudswerken		162	.....	.....
Overige risico's en kosten	5.8	163/5	.....	.....
Uitgestelde belastingen		168	.....	.....
SCHULDEN		17/49	*3.642.614.128*	.....
Schulden op meer dan één jaar	5.9	17	*3.076.747.136*	.....
Financiële schulden		170/4	*3.076.747.136*	.....
Achtergestelde leningen		170	.....	.....
Niet-achtergestelde obligatieleningen		171	*3.076.747.136*	.....
Leasingschulden en soortgelijke schulden		172	.....	.....
Kredietinstellingen		173	.....	.....
Overige leningen		174	.....	.....
Handelsschulden		175	.....	.....
Leveranciers		1750	.....	.....
Te betalen wissels		1751	.....	.....
Ontvangen vooruitbetalingen op bestellingen		176	.....	.....
Overige schulden		178/9	.....	.....
Schulden op ten hoogste één jaar		42/48	*561.383.112*	.....
Schulden op meer dan één jaar die binnen het jaar vervallen	5.9	42	*535.141.760*	.....
Financiële schulden		43	*14.647.674*	.....
Kredietinstellingen		430/8	.....	.....
Overige leningen		439	*14.647.674*	.....
Handelsschulden		44	*13.552*	.....
Leveranciers		440/4	*13.552*	.....
Te betalen wissels		441	.....	.....
Ontvangen vooruitbetalingen op bestellingen		46	.....	.....
Schulden met betrekking tot belastingen, bezoldigingen en sociale lasten	5.9	45	.....	.....
Belastingen		450/3	.....	.....
Bezoldigingen en sociale lasten		454/9	.....	.....
Overige schulden		47/48	*11.580.126*	.....
Overlopende rekeningen	5.9	492/3	*4.483.880*	.....
TOTAAL VAN DE PASSIVA		10/49	*3.663.842.073*	.....

RESULTATENREKENING

	Toel.	Codes	Boekjaar	Vorig boekjaar
Bedrijfsopbrengsten		70/74	*66.765*	.....
Omzet	5.10	70	.....	.....
Voorraad goederen in bewerking en gereed product en bestellingen in uitvoering: toename (afname) (+)/(-)		71	.....	.....
Geproduceerde vaste activa		72	.....	.....
Andere bedrijfsopbrengsten	5.10	74	*66.765*	.....
Bedrijfskosten (+)/(-)		60/64	*1.473.646*	.....
Handelsgoederen, grond- en hulpstoffen		60	.....	.....
Aankopen		600/8	.....	.....
Voorraad: afname (toename) (+)/(-)		609	.....	.....
Diensten en diverse goederen		61	*58.091*	.....
Bezoldigingen, sociale lasten en pensioenen (+)/(-)	5.10	62	.....	.....
Afschrijvingen en waardeverminderingen op oprichtingskosten, op immateriële en materiële vaste activa		630	.....	.....
Waardeverminderingen op voorraden, op bestellingen in uitvoering en op handelsvorderingen: toevoegingen (terugnemingen) (+)/(-)		631/4	*601.941*	.....
Voorzieningen voor risico's en kosten: toevoegingen (bestedingen en terugnemingen) (+)/(-)	5.10	635/7	*813.525*	.....
Andere bedrijfskosten	5.10	640/8	*89*	.....
Als herstructureringskosten geactiveerde bedrijfskosten (-)		649	.....	.....
Bedrijfswinst (Bedrijfsverlies) (+)/(-)		9901	*-1.406.881*	.....
Financiële opbrengsten		75	*112.098.866*	.....
Opbrengsten uit financiële vaste activa		750	*271.356*	.....
Opbrengsten uit vlottende activa		751	*111.827.510*	.....
Andere financiële opbrengsten	5.11	752/9	.....	.....
Financiële kosten (+)/(-)	5.11	65	*89.437.426*	.....
Kosten van schulden		650	*85.053.990*	.....
Waardeverminderingen op vlottende activa andere dan voorraden, bestellingen in uitvoering en handelsvorderingen: toevoegingen (terugnemingen) (+)/(-)		651	.....	.....
Andere financiële kosten (+)/(-)		652/9	*4.383.436*	.....
Winst (Verlies) uit de gewone bedrijfsuitoefening vóór belasting (+)/(-)		9902	*21.254.559*	.....

	Toel.	Codes	Boekjaar	Vorig boekjaar
Uitzonderlijke opbrengsten		76		
Terugneming van afschrijvingen en van waardeverminderingen op immateriële en materiële vaste activa		760		
Terugneming van waardeverminderingen op financiële vaste activa		761		
Terugneming van voorzieningen voor uitzonderlijke risico's en kosten		762		
Meerwaarden bij de realisatie van vaste activa		763		
Andere uitzonderlijke opbrengsten	5.11	764/9		
Uitzonderlijke kosten (+)/(-)		66	*79.314*	
Uitzonderlijke afschrijvingen en waardeverminderingen op oprichtingskosten, op immateriële en materiële vaste activa		660		
Waardeverminderingen op financiële vaste activa		661		
Voorzieningen voor uitzonderlijke risico's en kosten: toevoegingen (bestedingen) (+)/(-)		662		
Minderwaarden bij de realisatie van vaste activa		663		
Andere uitzonderlijke kosten	5.11	664/8	*79.314*	
Als herstructureringskosten geactiveerde uitzonderlijke kosten (-)		669		
Winst (Verlies) van het boekjaar vóór belasting (+)/(-)		9903	*21.175.245*	
Onttrekking aan de uitgestelde belastingen		780		
Overboeking naar de uitgestelde belastingen		680		
Belastingen op het resultaat (+)/(-)	5.12	67/77		
Belastingen		670/3		
Regularisering van belastingen en terugneming van voorzieningen voor belastingen		77		
Winst (Verlies) van het boekjaar (+)/(-)		9904	*21.175.245*	
Onttrekking aan de belastingvrije reserves		789		
Overboeking naar de belastingvrije reserves		689		
Te bestemmen winst (verlies) van het boekjaar (+)/(-)		9905	*21.175.245*	

RESULTAATVERWERKING

	Codes	Boekjaar	Vorig boekjaar
Te bestemmen winst (verlies) .....(+)/(-)	9906	*21.175.245*	.....
Te bestemmen winst (verlies) van het boekjaar .....(+)/(-)	(9905)	*21.175.245*	.....
Overgedragen winst (verlies) van het vorige boekjaar .....(+)/(-)	14P	.....	.....
Onttrekking aan het eigen vermogen	791/2	.....	.....
aan het kapitaal en aan de uitgiftepremies	791	.....	.....
aan de reserves	792	.....	.....
Toevoeging aan het eigen vermogen	691/2	*21.165.945*	.....
aan het kapitaal en aan de uitgiftepremies	691	.....	.....
aan de wettelijke reserve	6920	.....	.....
aan de overige reserves	6921	*21.165.945*	.....
Over te dragen winst (verlies) .....(+)/(-)	(14)	.....	.....
Tussenkomst van de vennoten in het verlies	794	.....	.....
Uit te keren winst	694/6	*9.300*	.....
Vergoeding van het kapitaal	694	*9.300*	.....
Bestuurders of zaakvoerders	695	.....	.....
Andere rechthebbenden	696	.....	.....

GELDBELEGGINGEN EN OVERLOPENDE REKENINGEN (ACTIVA)

	Codes	Boekjaar	Vorig boekjaar
OVERIGE GELDBELEGGINGEN			
Aandelen	51		
Boekwaarde verhoogd met het niet-opgevraagde bedrag	8681		
Niet-opgevraagd bedrag	8682		
Vastrentende effecten	52		
Vastrentende effecten uitgegeven door kredietinstellingen	8684		
Termijnrekeningen bij kredietinstellingen	53		
Met een resterende looptijd of opzegtermijn van			
hoogstens één maand	8686		
meer dan één maand en hoogstens één jaar	8687		
meer dan één jaar	8688		
Hierboven niet-opgenomen overige geldbeleggingen	8689		

	Boekjaar
OVERLOPENDE REKENINGEN	
Uitsplitsing van de post 490/1 van de activa indien daaronder een belangrijk bedrag voorkomt	
Prorata Interesten	*700.334*
verworven opbrengsten	*15.427*

STAAT VAN HET KAPITAAL EN DE AANDEELHOUDERSSTRUCTUUR

	Codes	Boekjaar	Vorig boekjaar
STAAT VAN HET KAPITAAL			
Maatschappelijk kapitaal			
Geplaatst kapitaal per einde van het boekjaar	100P	*xxxxxxxxxxxxxxx*	.....
Geplaatst kapitaal per einde van het boekjaar	(100)	*62.000*	

	Codes	Bedragen	Aantal aandelen
Wijzigingen tijdens het boekjaar			
Aandelen A		*1.000*	*1.000*
Aandelen B		*1.000*	*1.000*
Aandelen C		*1.000*	*1.000*
Aandelen D		*1.000*	*1.000*
Aandelen E		*1.000*	*1.000*
Aandelen F		*57.000*	*57.000*
Samenstelling van het kapitaal			
Soorten aandelen			
Aandelen A		*1.000*	*1.000*
Aandelen B		*1.000*	*1.000*
Aandelen C		*1.000*	*1.000*
Aandelen D		*1.000*	*1.000*
Aandelen E		*1.000*	*1.000*
Aandelen F		*57.000*	*57.000*
Aandelen op naam	8702	*xxxxxxxxxxxxx*	*62.000*
Aandelen aan toonder en/of gedematerialiseerde aandelen	8703	*xxxxxxxxxxxxx*	.....

	Codes	Niet-opgevraagd bedrag	Opgevraagd, niet-gestort bedrag
Niet-gestort kapitaal			
Niet-opgevraagd kapitaal	(101)	.....	*xxxxxxxxxxxxx*
Opgevraagd, niet-gestort kapitaal	8712	*xxxxxxxxxxxxx*	.....
Aandeelhouders die nog moeten volstorten			
.....		.....	.....
.....		.....	.....
.....		.....	.....
.....		.....	.....

	Codes	Boekjaar
Eigen aandelen		
Gehouden door de vennootschap zelf		
Kapitaalbedrag	8721	.....
Aantal aandelen	8722	.....
Gehouden door haar dochters		
Kapitaalbedrag	8731	.....
Aantal aandelen	8732	.....
Verplichtingen tot uitgifte van aandelen		
Als gevolg van de uitoefening van conversierechten		
Bedrag van de lopende converteerbare leningen	8740	.....
Bedrag van het te plaatsen kapitaal	8741	.....
Maximum aantal uit te geven aandelen	8742	.....
Als gevolg van de uitoefening van inschrijvingsrechten		

	Codes	Boekjaar
Aantal inschrijvingsrechten in omloop	8745	
Bedrag van het te plaatsen kapitaal	8746	
Maximum aantal uit te geven aandelen	8747	
Toegestaan, niet-geplaatst kapitaal	8751	

	Codes	Boekjaar
Aandelen buiten kapitaal		
Verdeling		
Aantal aandelen	8761	
Daaraan verbonden stemrecht	8762	
Uitsplitsing volgens de aandeelhouders		
Aantal aandelen gehouden door de vennootschap zelf	8771	
Aantal aandelen gehouden door haar dochters	8781	

AANDEELHOUDERSSTRUCTUUR VAN DE ONDERNEMING OP DE DATUM VAN DE JAARAFSLUITING, ZOALS DIE BLIJKT UIT DE KENNISGEVINGEN DIE DE ONDERNEMING HEEFT ONTVANGEN

Private Stichting Vesta : 62000 aandelen

STAAT VAN DE SCHULDEN EN OVERLOPENDE REKENINGEN (PASSIVA)

	Codes	Boekjaar
UITSPLITSING VAN DE SCHULDEN MET EEN OORSPRONKELIJKE LOOPTIJD VAN MEER DAN EEN JAAR, NAARGELANG HUN RESTERENDE LOOPTIJD		
Schulden op meer dan één jaar die binnen het jaar vervallen		
Financiële schulden	8801	*535.141.760*
Achtergestelde leningen	8811	.....
Niet-achtergestelde obligatieleningen	8821	*535.141.760*
Leasingschulden en soortgelijke schulden	8831	.....
Kredietinstellingen	8841	.....
Overige leningen	8851	.....
Handelsschulden	8861	.....
Leveranciers	8871	.....
Te betalen wissels	8881	.....
Ontvangen vooruitbetalingen op bestellingen	8891	.....
Overige schulden	8901	.....
Totaal der schulden op meer dan één jaar die binnen het jaar vervallen	(42)	*535.141.760*
Schulden met een resterende looptijd van meer dan één jaar doch hoogstens 5 jaar		
Financiële schulden	8802	*1.430.730.752*
Achtergestelde leningen	8812	.....
Niet-achtergestelde obligatieleningen	8822	*1.430.730.752*
Leasingschulden en soortgelijke schulden	8832	.....
Kredietinstellingen	8842	.....
Overige leningen	8852	.....
Handelsschulden	8862	.....
Leveranciers	8872	.....
Te betalen wissels	8882	.....
Ontvangen vooruitbetalingen op bestellingen	8892	.....
Overige schulden	8902	.....
Totaal der schulden met een resterende looptijd van meer dan één jaar doch hoogstens 5 jaar	8912	*1.430.730.752*
Schulden met een resterende looptijd van meer dan 5 jaar		
Financiële schulden	8803	*1.646.016.384*
Achtergestelde leningen	8813	.....
Niet-achtergestelde obligatieleningen	8823	*1.646.016.384*
Leasingschulden en soortgelijke schulden	8833	.....
Kredietinstellingen	8843	.....
Overige leningen	8853	.....
Handelsschulden	8863	.....
Leveranciers	8873	.....
Te betalen wissels	8883	.....
Ontvangen vooruitbetalingen op bestellingen	8893	.....
Overige schulden	8903	.....
Totaal der schulden met een resterende looptijd van meer dan 5 jaar	8913	*1.646.016.384*

	Codes	Boekjaar
GEWAARBORGDE SCHULDEN *(begrepen in de posten 17 en 42/48 van de passiva)*		
Door Belgische overheidsinstellingen gewaarborgde schulden		
Financiële schulden	8921	
Achtergestelde leningen	8931	
Niet-achtergestelde obligatieleningen	8941	
Leasingschulden en soortgelijke schulden	8951	
Kredietinstellingen	8961	
Overige leningen	8971	
Handelsschulden	8981	
Leveranciers	8991	
Te betalen wissels	9001	
Ontvangen vooruitbetalingen op bestellingen	9011	
Schulden met betrekking tot bezoldigingen en sociale lasten	9021	
Overige schulden	9051	
Totaal van de door Belgische overheidsinstellingen gewaarborgde schulden	9061	
Schulden gewaarborgd door zakelijke zekerheden gesteld of onherroepelijk beloofd op activa van de onderneming		
Financiële schulden	8922	
Achtergestelde leningen	8932	
Niet-achtergestelde obligatieleningen	8942	
Leasingschulden en soortgelijke schulden	8952	
Kredietinstellingen	8962	
Overige leningen	8972	
Handelsschulden	8982	
Leveranciers	8992	
Te betalen wissels	9002	
Ontvangen vooruitbetalingen op bestellingen	9012	
Schulden met betrekking tot belastingen, bezoldigingen en sociale lasten	9022	
Belastingen	9032	
Bezoldigingen en sociale lasten	9042	
Overige schulden	9052	
Totaal der schulden gewaarborgd door zakelijke zekerheden gesteld of onherroepelijk beloofd op activa van de onderneming	9062	

	Codes	Boekjaar
SCHULDEN MET BETREKKING TOT BELASTINGEN, BEZOLDIGINGEN EN SOCIALE LASTEN		
Belastingen *(post 450/3 van de passiva)*		
Vervallen belastingschulden	9072	
Niet-vervallen belastingschulden	9073	
Geraamde belastingschulden	450	
Bezoldigingen en sociale lasten *(post 454/9 van de passiva)*		
Vervallen schulden ten aanzien van de Rijksdienst voor Sociale Zekerheid	9076	
Andere schulden met betrekking tot bezoldigingen en sociale lasten	9077	

	Boekjaar
OVERLOPENDE REKENINGEN	
Uitsplitsing van de post 492/3 van de passiva indien daaronder een belangrijk bedrag voorkomt	
prorata interesten Bonds	*2.678.721*
toe te rekenen kosten spv resultaat	*1.805.159*
.....	.....
.....	.....

BEDRIJFSRESULTATEN

	Codes	Boekjaar	Vorig boekjaar
BEDRIJFSOPBRENGSTEN			
Netto-omzet			
Uitsplitsing per bedrijfscategorie			
.....		.....	.....
.....		.....	.....
.....		.....	.....
.....		.....	.....
Uitsplitsing per geografische markt			
.....		.....	.....
.....		.....	.....
.....		.....	.....
.....		.....	.....
Andere bedrijfsopbrengsten			
Exploitatiesubsidies en vanwege de overheid ontvangen compenserende bedragen	740	.....	.....
BEDRIJFSKOSTEN			
Werknemers waarvoor de onderneming een DIMONA-verklaring heeft ingediend of die zijn ingeschreven in het algemeen personeelsregister			
Totaal aantal op de afsluitingsdatum	9086	.....	.....
Gemiddeld personeelsbestand berekend in voltijdse equivalenten	9087	.....	.....
Aantal daadwerkelijk gepresteerde uren	9088	.....	.....
Personeelskosten			
Bezoldigingen en rechtstreekse sociale voordelen	620	.....	.....
Werkgeversbijdragen voor sociale verzekeringen	621	.....	.....
Werkgeverspremies voor bovenwettelijke verzekeringen	622	.....	.....
Andere personeelskosten .....(+)/(-)	623	.....	.....
Ouderdoms- en overlevingspensioenen	624	.....	.....
Voorzieningen voor pensioenen en soortgelijke verplichtingen			
Toevoegingen (bestedingen en terugnemingen) .....(+)/(-)	635	.....	.....
Waardeverminderingen			
Op voorraden en bestellingen in uitvoering			
Geboekt	9110	.....	.....
Teruggenomen	9111	.....	.....
Op handelsvorderingen			
Geboekt	9112	*601.941*	.....
Teruggenomen	9113	.....	.....
Voorzieningen voor risico's en kosten			
Toevoegingen	9115	*813.525*	.....
Bestedingen en terugnemingen	9116	.....	.....
Andere bedrijfskosten			
Bedrijfsbelastingen en -taksen	640	*89*	.....
Andere	641/8	.....	.....
Uitzendkrachten en ter beschikking van de onderneming gestelde personen			
Totaal aantal op de afsluitingsdatum	9096	.....	.....
Gemiddeld aantal berekend in voltijdse equivalenten	9097	.....	.....
Aantal daadwerkelijk gepresteerde uren	9098	.....	.....
Kosten voor de onderneming	617	.....	.....

BETREKKINGEN MET VERBONDEN ONDERNEMINGEN EN MET ONDERNEMINGEN WAARMEE EEN DEELNEMINGSVERHOUDING BESTAAT

	Codes	Boekjaar	Vorig boekjaar
VERBONDEN ONDERNEMINGEN			
Financiële vaste activa	(280/1)		
Deelnemingen	(280)		
Achtergestelde vorderingen	9271		
Andere vorderingen	9281		
Vorderingen op verbonden ondernemingen	9291		
Op meer dan één jaar	9301		
Op hoogstens één jaar	9311		
Geldbeleggingen	9321		
Aandelen	9331		
Vorderingen	9341		
Schulden	9351		
Op meer dan één jaar	9361		
Op hoogstens één jaar	9371		
Persoonlijke en zakelijke zekerheden			
Door de onderneming gesteld of onherroepelijk beloofd als waarborg voor schulden of verplichtingen van verbonden ondernemingen	9381		
Door verbonden ondernemingen gesteld of onherroepelijk beloofd als waarborg voor schulden of verplichtingen van de onderneming	9391		
Andere betekenisvolle financiële verplichtingen	9401		
Financiële resultaten			
Opbrengsten uit financiële vaste activa	9421		
Opbrengsten uit vlottende activa	9431		
Andere financiële opbrengsten	9441		
Kosten van schulden	9461		
Andere financiële kosten	9471		
Realisatie van vaste activa			
Verwezenlijkte meerwaarden	9481		
Verwezenlijkte minderwaarden	9491		
ONDERNEMINGEN WAARMEE EEN DEELNEMINGSVERHOUDING BESTAAT			
Financiële vaste activa	(282/3)		
Deelnemingen	(282)		
Achtergestelde vorderingen	9272		
Andere vorderingen	9282		
Vorderingen	9292		
Op meer dan één jaar	9302		
Op hoogstens één jaar	9312		
Schulden	9352		
Op meer dan één jaar	9362		
Op hoogstens één jaar	9372		

	Boekjaar
TRANSACTIES MET VERBONDEN PARTIJEN BUITEN NORMALE MARKTVOORWAARDEN	
Vermelding van dergelijke transacties indien zij van enige betekenis zijn, met opgave van het bedrag van deze transacties, de aard van de betrekking met de verbonden partij, alsmede andere informatie over de transacties die nodig is voor het verkrijgen van inzicht in de financiële positie van de vennootschap	
Bij gebrek aan wettelijke criteria die toelaten om de transacties met verbonden partijen buiten normale marktvoorwaarden te inventariseren kon geen enkele informatie worden opgenomen	*0*
.....	.....
.....	.....
.....	.....

FINANCIËLE BETREKKINGEN MET

	Codes	Boekjaar
BESTUURDERS EN ZAAKVOERDERS, NATUURLIJKE OF RECHTSPERSONEN DIE DE ONDERNEMING RECHTSTREEKS OF ONRECHTSTREEKS CONTROLEREN ZONDER VERBONDEN ONDERNEMINGEN TE ZIJN, OF ANDERE ONDERNEMINGEN DIE DOOR DEZE PERSONEN RECHTSTREEKS OF ONRECHTSTREEKS GECONTROLEERD WORDEN		
Uitstaande vorderingen op deze personen	9500	.....
Voorwaarden betreffende de uitstaande vorderingen		
.....		
.....		
Waarborgen toegestaan in hun voordeel	9501	.....
Voornaamste voorwaarden van de toegestane waarborgen		
.....		
.....		
Andere betekenisvolle verplichtingen aangegaan in hun voordeel	9502	.....
Voornaamste voorwaarden van deze verplichtingen		
.....		
.....		
Rechtstreekse en onrechtstreekse bezoldigingen en ten laste van de resultatenrekening toegekende pensioenen, voor zover deze vermelding niet uitsluitend of hoofdzakelijk betrekking heeft op de toestand van een enkel identificeerbaar persoon		
Aan bestuurders en zaakvoerders	9503	.....
Aan oud-bestuurders en oud-zaakvoerders	9504	.....

	Codes	Boekjaar
DE COMMISSARIS(SEN) EN DE PERSONEN MET WIE HIJ (ZIJ) VERBONDEN IS (ZIJN)		
Bezoldiging van de commissaris(sen)	9505	*11.200*
Bezoldiging voor uitzonderlijke werkzaamheden of bijzondere opdrachten uitgevoerd binnen de vennootschap door de commissaris(sen)		
Andere controleopdrachten	95061	.....
Belastingadviesopdrachten	95062	.....
Andere opdrachten buiten de revisorale opdrachten	95063	.....
Bezoldiging voor uitzonderlijke werkzaamheden of bijzondere opdrachten uitgevoerd binnen de vennootschap door personen met wie de commissaris(sen) verbonden is (zijn)		
Andere controleopdrachten	95081	.....
Belastingadviesopdrachten	95082	.....
Andere opdrachten buiten de revisorale opdrachten	95083	.....

Vermeldingen in toepassing van het artikel 133, paragraaf 6 van het Wetboek van vennootschappen

WAARDERINGSREGELS

Waarderingsregels Mercurius Funding NV

1.Basisprincipes

De waarderingsregels worden opgesteld in overeenstemming met artikel 47 van het Koninklijk Besluit van 29 november 1993 op de instellingen voor beleggingen in schuldvorderingen.
Bij de vaststelling en de toepassing van de waarderingsregels wordt ervan uitgegaan dat de onderneming haar activiteiten zal verder zetten.
De jaarrekening wordt opgesteld in Euro. De boekhouding wordt gevoerd in Euro.
Op regelmatige basis, en ten minste eenmaal per kwartaal wordt een inventaris opgesteld van alle activa en passiva, van alle rechten en verplichtingen en van alle mogelijke kosten, ontsproten in het boekjaar of in vorige boekjaren, die op rapporteringdatum bestaan, waarvan de omvang met redelijke zekerheid kan bepaald worden maar waarvan de betaling nog niet gebeurd is.
De waarderingsregels bepaald door het bestuursorgaan houden rekening met de algemene bepalingen van het Koninklijk Besluit van 30 januari 2001, doch worden gekenmerkt door de eigen activiteiten van de onderneming (cfr. artikel 28 §1 van het Koninklijk Besluit van 30 januari 2001).
De eigen kenmerken van de activiteit van de onderneming worden conform artikel 27 van ditzelfde Koninklijk Besluit vertaald in het rekeningstelsel zodanig dat de jaarrekening in al haar componenten voortvloeit uit dit rekeningstelsel zonder enige toevoeging of weglating buiten het rekeningstelsel om.

2.Algemene principes voor de presentatie van de jaarrekening

De jaarrekening wordt opgesteld volgens het schema R in bijlage gevoegd bij het Koninklijk Besluit van 29 november 1993 .
De oprichtingskosten worden à rato van 100% afgeschreven gedurende het boekjaar waarin zij werden besteed.
Materiële bedragen van rechten en verplichtingen, die niet in de balans kunnen opgenomen worden, worden in de posten buitenbalans geboekt en in de toelichting gedetailleerd.
In de jaarrekening en in de toelichting wordt alle informatie opgenomen zodanig dat de lezer van de jaarrekening zich een adequaat beeld kan vormen van de financiële toestand en de financiële prestaties van de onderneming, zoals vereist door artikel 47 van het Koninklijk Besluit van 29 november 1993.

3.Bijzondere waarderingsregels

3.1. Oprichtingskosten

De oprichtingskosten worden geactiveerd en 100% afgeschreven in het jaar waarin ze zijn aangegaan.

3.2 Vorderingen op meer dan één jaar

De leningen die aangekocht worden van Belfius Bank worden geboekt tegen de aanschaffingswaarde. Het eventuele verschil tussen de nominale waarde en de aanschaffingsprijs wordt pro rata temporis in resultaat erkend.
Op vorderingen op meer dan één jaar worden waardeverminderingen toegepast, zo er voor het geheel of een gedeelte van de vordering onzekerheid bestaat over de betaling hiervan op de vervaldag.

3.3 Vorderingen op ten hoogste één jaar

Handelsvorderingen en aanverwante vorderingen op minder dan één jaar worden tegen nominale waarde geboekt.
Op vorderingen op minder dan één jaar worden waardeverminderingen toegepast, zo er voor het geheel of een gedeelte van de vordering onzekerheid bestaat over de betaling hiervan op de vervaldag.
Vorderingen op meer dan één jaar, die op balansdatum een resterende looptijd hebben van minder dan één jaar worden in de rubriek "Vorderingen op ten hoogste één jaar" opgenomen.

3.4 Geldbeleggingen en liquide middelen

De liquide middelen bestaan uit de zichttegoeden bij de kredietinstellingen en worden tegen nominale waarde in de balans opgenomen.
Geldbeleggingen onder de vorm van termijndeposito's worden aan nominale waarde op de balans geboekt.
Vastrentende effecten worden in de balans tegen aanschaffingswaarde geacteerd. Het eventuele verschil tussen de waarde op het ogenblik van de opname in de balans en de terugbetalingswaarde op eindvervaldag wordt onder een afzonderlijke rekening, behorende tot de rubriek "Geldbeleggingen", geregistreerd.

3.5 Overlopende rekeningen

Onder de rubriek "Verworven opbrengsten" worden de gelopen interesten van de nog niet op vervaldag gekomen aangekochte leningen geboekt.

3.6 Schulden

De uitgegeven obligaties worden geboekt tegen nominale waarde.

3.7 Overlopende rekeningen

Onder "Te betalen lasten" worden alle bepaalbare kosten of lasten geboekt die betrekking hebben op de referentieperiode, maar die echter nog niet betaald werden.
Deze rubriek bevat eveneens de "Uitgestelde inkomsten" namelijk inkomsten over te dragen naar toekomstige boekjaren.

3.8 Termijnrenteverrichtingen

De notionele bedragen van de derivaten worden in de posten buitenbalans opgenomen.
De verwerking in de resultatenrekening van de opbrengsten en de kosten verbonden aan dekkingsverrichtingen verloopt symmetrisch met de toerekening van de opbrengsten en de kosten Van het ingedekte bestanddeel.

3.9 Elementen van de resultatenrekening

De oprichtingskosten worden ten laste gelegd van het boekjaar waarin zij werden aangegaan onder de rubriek afschrijvingen.

Er wordt rekening gehouden met alle mogelijke werkingskosten die in het boekjaar of in vorige boekjaren zijn ontstaan en die met een redelijke zekerheid kunnen bepaald worden, ongeacht het tijdstip van betaling.

De servicing fee wordt pro rata temporis in resultaat erkend op basis van het uitstaande saldo van de kredieten.

De ontvangen intresten op de kredieten worden pro rata temporis als financiële opbrengst erkend. De betaalde intresten op de uitgegeven effecten worden pro rata temporis als financiële kosten erkend.

De opbrengsten en de kosten verbonden aan de derivaten worden symmetrisch met de toerekening van de opbrengsten en de kosten van het ingedekte bestanddeel als element van het financiële resultaat opgenomen.

De kosten van de bankgarantie worden pro rata temporis als financiële kost erkend op basis van het uitstaande saldo van de uitgegeven effecten.

JAARVERSLAG VAN Mercurius Funding NV, INSTITUTIONELE V.B.S. NAAR BELGISCH RECHT OVER HET BOEKJAAR 2012

Geachte aandeelhouder,

Wij brengen u hierbij verslag uit over de uitoefening van ons bestuursmandaat gedurende het boekjaar afgesloten per 31 december 2012 en leggen u de jaarrekening en de voorgestelde winstbestemming ter goedkeuring voor.

1. Toelichting bij de balans- en resultatenrekening per 31 december 2012

Samenvatting van de jaarrekening per 31 december 2012

De voorgelegde jaarrekening betreft de periode vanaf 15 december 2011 tot en met 31 december 2012.

Ten aanzien van de wederpartijen van Mercurius moet elke verbintenis of verrichting (behoudens waar dit onmogelijk zou blijken) op een niet mis te verstane wijze worden toegerekend aan één of meer compartimenten van Mercurius.

Het te bestemmen winstsaldo bedraagt EUR 21.175.244,89.

Er wordt voorgesteld om EUR 21.165.944,89 toe te voegen aan de beschikbare reserves en EUR 9.300 als dividend uit te keren aan de aandeelhouders.

Activiteitenverslag

Algemeen

De vennootschap is opgericht met als enig doel de effectisering van schuldvorderingen. Verschillende portefeuilles, elk bestaande uit een pakket schuldvorderingen, kunnen via de vennootschap geëffectiseerd worden door elke portefeuille toe te wijzen aan een specifiek en "ring-fenced" compartiment binnen de vennootschap.

Op het einde van het boekjaar is er één van de zes bestaande compartimenten geactiveerd. Dit betreft het compartiment Mercurius-1.
Het resultaat van de vennootschap komt voort uit de opbrengsten van de gekochte portefeuilles schuldvorderingen, na aftrek van alle kosten en vergoedingen verschuldigd aan de obligatiehouders.

Compartiment Mercurius-1

Het compartiment Mercurius1 werd geactiveerd op 07 mei 2012. Op 07 mei 2012 werd een portefeuille van KMO kredieten voor een Initial Purchase Price van EUR 3.871.148.718,57 plus Deferred Purchase Price (betaalbaar op maandelijkse basis) aangekocht. Deze portefeuille van kredieten werd verkocht door Belfius Bank NV ("BB"). De aankoop werd gefinancierd door de uitgifte van obligaties voor een totaalbedrag van EUR 4.124.000.000 (4.000.000.000 exclusief de financiering van het "Reserve Fund").

Op de betaaldatum voor het einde van de verslagperiode (d.i. 24 december 2012) is de performantie van de gecedeerde kredieten positief: De uitstaande balans van de achterstallige kredieten ("*delinquencies*") bedroeg EUR 72.734.051,40 en de netto balans van de in gebreke

gebleven kredieten (*"defaults"*) bedroeg EUR 1.573.520,35. Deze verslagperiode is de datum van het Monthly Investor Report d.d. 24 december 2012.

De vergoedingen aan de obligatiehouders werden uitgekeerd zoals voorzien.

Het compartiment Mercurius-1 bevat enkel kapitaal voor een som ten belope van EUR 1.000.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 3.663.781.009,56 en een te bestemmen winst voor resultaatsverdeling van EUR 21.175.244,89.

Compartiment Mercurius-2

Het compartiment Mercurius-2 bevat enkel kapitaal voor een som ten belope van EUR 1.000; dit bedrag genereert een financiële opbrengst ingevolge de belegging ervan. Het heeft nog geen schuldvorderingen verworven noch obligaties uitgegeven.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 1.000.

Compartiment Mercurius-3

Het compartiment Mercurius-3 bevat enkel kapitaal voor een som ten belope van EUR 1.000; dit bedrag genereert een financiële opbrengst ingevolge de belegging ervan. Het heeft nog geen schuldvorderingen verworven noch obligaties uitgegeven.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 1.000.

Compartiment Mercurius-4

Het compartiment Mercurius-4 bevat enkel kapitaal voor een som ten belope van EUR 1.000; dit bedrag genereert een financiële opbrengst ingevolge de belegging ervan. Het heeft nog geen schuldvorderingen verworven noch obligaties uitgegeven.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 1.000.

Compartiment Mercurius-5

Het compartiment Mercurius 5 bevat enkel kapitaal voor een som ten belope van EUR 1.000; dit bedrag genereert een financiële opbrengst ingevolge de belegging ervan. Het heeft nog geen schuldvorderingen verworven noch obligaties uitgegeven.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 1.000.

Compartiment Mercurius-6

Het compartiment Mercurius-6 bevat het restkapitaal van de vennootschap, zijnde EUR 57.000, die financiële opbrengst genereert uit de belegging ervan. Het heeft nog geen schuldvorderingen verworven noch obligaties uitgegeven.

Het boekjaar wordt afgesloten met een balanstotaal van EUR 57.062.,94.

2. Bespreking van de balans en de jaarrekening

De activazijde van de balans van de vennootschap omvat uitsluitend het beheer van de activa ten belope van EUR 3.663.842.072,50. Op de passivazijde vinden we naast het kapitaal ten

belope van EUR 62.000 o.a. de schulden van de vennootschap die de uitstaande bedragen van de obligaties vertegenwoordigen.

Op balansdatum vertoont de resultatenrekening een saldo van 21.175.244,89 EURO.

3. Belangrijke gebeurtenissen na balansdatum

De Raad van Bestuur heeft geen kennis van belangrijke gebeurtenissen die zich na afsluiting van het besproken boekjaar zouden voorgedaan hebben, noch van ontwikkelingen die van die aard zijn dat ze ernstig nadeel zouden berokkenen aan de vennootschap

4. Omstandigheden die de ontwikkeling van de vennootschap kunnen beïnvloeden

Er zijn geen omstandigheden bekend die de ontwikkeling van de vennootschap kunnen beïnvloeden.

5. Werkzaamheden met betrekking tot onderzoek en ontwikkeling

De vennootschap heeft geen werkzaamheden verricht met betrekking tot onderzoek en ontwikkeling.

6. Toestand van het maatschappelijk kapitaal d.d. 31.12.2012

De toestand van het maatschappelijk kapitaal is gedurende het boekjaar niet gewijzigd.
62.000 aandelen, pro rata over de compartimenten op naam van Stichting Vesta.

7. Kapitaalsverhoging

Er heeft zich dit jaar geen kapitaalsverhoging voorgedaan zoals aangehaald in artikel 608 van het Wetboek op de Vennootschappen.

8. Verwerving van eigen aandelen

In de loop van het boekjaar werden er geen aandelen, winstbewijzen of certificaten van de vennootschap door de vennootschap zelf, een rechtstreekse dochtervennootschap of een persoon handelend in eigen naam maar voor rekening van de vennootschap of van een rechtstreekse dochtervennootschap verworven.

9. Verantwoording van de continuïteit

Verwijzend naar art. 96,6° van het Wetboek van de Vennootschappen, is de Raad van Bestuur van oordeel dat de continuïteit van de vennootschap niet in gevaar is.

10. Tegengestelde belangen van de bestuurders (artikel 523 ter van het Wetboek van de Vennootschappen)

De bestuurders melden dat er geen beslissingen werden genomen en geen verrichtingen hebben plaatsgevonden die vallen onder de toepassing van artikel 523 ter van het Wetboek op de Vennootschappen.

11. Bijzondere opdrachten van de commissaris en prestaties verricht door vennootschappen waarmee de commissaris een beroepsmatig samenwerkingsverband heeft ontwikkeld (artikel 134 Wetboek op de Vennootschappen)

Gedurende het boekjaar 2012 werden aan de commissaris geen opdrachten toegewezen die zijn wettelijk mandaat te buiten gaan. Bijgevolg werden aan de commissaris geen emolumenten (erelonen) betaald, andere dan de vergoeding met betrekking tot zijn ereloon inzake zijn opdracht als commissaris.

12. Kwijting aan de bestuurders en commissaris

Conform de bepalingen van de wet en de statuten vragen wij u kwijting te geven aan de bestuurders en de commissaris voor het tijdens het boekjaar 2012 uitgeoefende mandaat.

13. Bijkantoren

De vennootschap bezit geen bijkantoren.

14. Aanwending van financiële instrumenten

De vennootschap heeft geen specifieke financiële instrumenten aangewend.

15. Vermelding van het honorarium van de commissaris (conform de wet van 2 augustus 2002)

Het mandaat van de commissaris is geldig tot de Algemene Vergadering van 2015. Voor het boekjaar 2012 bedraagt het totale honorarium EUR 11.200 (exclusief BTW).

16. Opstelling en publicatie van geconsolideerde rekeningen

Op rapporteringsdatum is Belfius Bank N.V. eigendom van de Belgische overheid via FPIM. Onder toepassing van de specifieke IFRS regels met betrekking tot effectiseringsvehikels wordt de vennootschap boekhoudkundig geconsolideerd in de rekeningen van Belfius Bank NV. Belfius Bank NV stelt een geconsolideerde jaarrekening op en maakt deze openbaar en dit voor het grootste geheel.

17. Volmachten - mandaten

Nihil

18. Beschrijving van de voornaamste risico's waaraan de onderneming is blootgesteld

De vennootschap heeft procedures ingesteld inzake de opvolging van risico's inclusief in het bijzonder de limieten die tot doel hebben de blootstelling van Mercurius aan de verschillende types van risico's te bespreken.

19. Oprichting van een auditcomité

De wet van 17 december 2008 voert via zijn artikel 15 een artikel 526 bis in in het Wetboek van Vennootschappen. Dit artikel voorziet in de verplichtigen van de oprichting van een auditcomité voor genoteerde vennootschappen.
Echter beslist de Raad van Bestuur om de taken van het auditcomité op zich te nemen aangezien de meerderheid van de leden van de Raad van Bestuur onafhankelijke bestuurders

zijn, die naast de wettelijke opdracht van de Raad van Bestuur eveneens de taken zoals bepaald in § 4 van hogergenoemde wet nu reeds waarnemen.

Dit verslag wordt neergelegd conform de wettelijke bepalingen ter zake.

Opgemaakt te Brussel op 15 mei 2013.

Joris Laenen
Bestuurder

Dirk Stolp
Bestuurder

Private Stichting Vesta
vertegenwoordigd door
Johan Dejans
Bestuurder

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Mercurius Funding NV

**Verslag van de commissaris
over het boekjaar afgesloten op
31 december 2012**

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Mercurius Funding NV

Verslag van de commissaris over het boekjaar afgesloten op 31 december 2012 gericht tot de algemene vergadering van aandeelhouders

Aan de aandeelhouders

Overeenkomstig de wettelijke en statutaire bepalingen brengen wij u verslag uit in het kader van het mandaat van commissaris dat ons werd toevertrouwd. Dit verslag omvat ons oordeel over de jaarrekening evenals de vereiste bijkomende vermeldingen.

Verklaring over de jaarrekening zonder voorbehoud

Wij hebben de controle uitgevoerd van de jaarrekening van Mercurius Funding NV over het boekjaar afgesloten op 31 december 2012, opgesteld op basis van het in België van toepassing zijnde boekhoudkundig referentiestelsel, met een balanstotaal van 3.663.842.072,50 EUR en waarvan de resultatenrekening afsluit met een winst van het boekjaar van 21.175.244,89 EUR.

Het opstellen van de jaarrekening valt onder de verantwoordelijkheid van de raad van bestuur. Deze verantwoordelijkheid omvat onder meer: het ontwerpen, implementeren en in stand houden van een interne controle met betrekking tot het opstellen en de getrouwe weergave van de jaarrekening zodat deze geen afwijkingen van materieel belang, als gevolg van fraude of van fouten, bevat, het kiezen en toepassen van geschikte waarderingsregels, en het maken van boekhoudkundige ramingen die onder de gegeven omstandigheden redelijk zijn.

Het is onze verantwoordelijkheid een oordeel over deze jaarrekening tot uitdrukking te brengen op basis van onze controle. Wij hebben onze controle uitgevoerd overeenkomstig de wettelijke bepalingen en volgens de in België geldende controlenormen, zoals uitgevaardigd door het Instituut van de Bedrijfsrevisoren. Deze controlenormen vereisen dat onze controle zo wordt georganiseerd en uitgevoerd dat een redelijke mate van zekerheid wordt verkregen dat de jaarrekening geen afwijkingen van materieel belang bevat.

Overeenkomstig deze controlenormen, hebben wij controlewerkzaamheden uitgevoerd ter verkrijging van controle-informatie over de in de jaarrekening opgenomen bedragen en toelichtingen. De selectie van deze controlewerkzaamheden is afhankelijk van onze beoordeling welke een inschatting omvat van het risico dat de jaarrekening afwijkingen van materieel belang bevat als gevolg van fraude of van fouten. Bij het maken van onze risico-inschatting houden wij rekening met de bestaande interne controle van de vennootschap met betrekking tot het opstellen en de getrouwe weergave van de jaarrekening ten einde in de gegeven omstandigheden de gepaste werkzaamheden te bepalen maar niet om een oordeel over de effectiviteit van de interne controle van de vennootschap te geven. Wij hebben tevens de gegrondheid van de waarderingsregels, de redelijkheid van de boekhoudkundige ramingen gemaakt door de vennootschap, alsook de voorstelling van de jaarrekening als geheel beoordeeld. Ten slotte, hebben wij van de raad van bestuur en van de verantwoordelijken van de vennootschap de voor onze controlewerkzaamheden vereiste opheldering en inlichtingen verkregen. Wij zijn van mening dat de door ons verkregen controle-informatie een redelijke basis vormt voor het uitbrengen van ons oordeel.

Deloitte.

Naar ons oordeel geeft de jaarrekening afgesloten op 31 december 2012 een getrouw beeld van het vermogen, de financiële toestand en de resultaten van de vennootschap, in overeenstemming met het in België van toepassing zijnde boekhoudkundig referentiestelsel.

Bijkomende vermeldingen

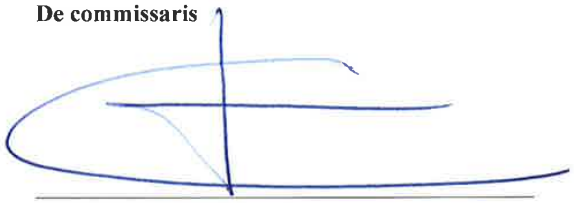
Het opstellen en de inhoud van het jaarverslag, alsook het naleven door de vennootschap van het Wetboek van Vennootschappen en van de statuten, vallen onder de verantwoordelijkheid van de raad van bestuur.

Het is onze verantwoordelijkheid om in ons verslag de volgende bijkomende vermeldingen op te nemen die niet van aard zijn om de draagwijdte van onze verklaring over de jaarrekening te wijzigen:

- Het jaarverslag behandelt de door de wet vereiste inlichtingen en stemt overeen met de jaarrekening. Wij kunnen ons echter niet uitspreken over de beschrijving van de voornaamste risico's en onzekerheden waarmee de vennootschap wordt geconfronteerd, alsook van haar positie, haar voorzienbare evolutie of de aanmerkelijke invloed van bepaalde feiten op haar toekomstige ontwikkeling. Wij kunnen evenwel bevestigen dat de verstrekte gegevens geen onmiskenbare inconsistenties vertonen met de informatie waarover wij beschikken in het kader van ons mandaat.
- Onverminderd formele aspecten van ondergeschikt belang, werd de boekhouding gevoerd overeenkomstig de in België van toepassing zijnde wettelijke en bestuursrechtelijke voorschriften.
- Wij dienen u geen verrichtingen of beslissingen mede te delen die in overtreding met de statuten of het Wetboek van Vennootschappen zijn gedaan of genomen. De verwerking van het resultaat die aan de algemene vergadering wordt voorgesteld, stemt overeen met de wettelijke en statutaire bepalingen.

Diegem, 16 mei 2013

De commissaris



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Vertegenwoordigd door Bernard De Meulemeester

INDEX

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