Insight beyond the rating.

DBRS Ratings Limited

Mercurius Funding N.V. / S.A. (Compartment Mercurius-1)

Closing Date
7 May 2012

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Ratings

Debt	Par Amount (EUR)	Current Credit Enhancement (EUR)	Investor Coupon (p.a.)	DBRS Rating	Rating Action
Class A	3,200,000,000	924,000,000	3.0%	A(low) (sf)	New Final Rating
Class B	924,000,000	--	4.5%	--	--

Kingdom of Belgium, Sovereign Rating:	AA (high) Negative Trend
Transaction Close Date:	7 May 2012
Target portfolio balance:	EUR 4.000million

Transaction Summary

Mercurius Funding N.V. / S.A is a Belgian public limited liability company (*naamloze vennootschap*), registered with the Belgian Federal Public Service for Finance as an institutional company for investment in receivables (Institutional VBS). Mercurius Funding N.V. / S.A. has been incorporated in accordance with Belgian legislation for the purpose of issuing asset-backed securities and acquiring loans. Mercurius Funding N.V. / S.A, through its Compartment Mercurius-1 (the "Issuer"), issued two classes of asset-backed fixed-rate notes to finance the purchase of the portfolio of loans granted to self-employed, micro, small and medium sized enterprises ("SMEs") within Belgium. Interest income received by the Issuer will be distributed monthly on the Payment Date according to the Cash Flow Waterfall established for payments of the Issuer.

The DBRS ratings of the Mercurius-1 Notes are listed on Page 1. This securitisation has been structured as a public transaction with Class A and Class B Notes (the "Bonds"). The Class A are senior and at closing are supported by 23.1% subordination provided by the Class B Notes (which includes EUR 124,000,000 from the Reserve Fund).

The provisional ratings are based upon a review by DBRS of the following analytical considerations:

- an evaluation of the underlying provisional portfolio of loans granted to Belgian SMEs and entrepreneurs;
- an evaluation of the operational capabilities of the Originator and Servicer;
- an evaluation of the credit quality and potential mitigants to the credit exposure of counterparties to the transaction;
- the historical performance information provided by the Originator;
- the credit enhancement provided through the performing portfolio in excess of the outstanding balance of the Class A Notes, the Reserve Fund and the excess interest;
- the structure of the Priority of Payments; and
- the legal and structural integrity of the transaction.

Mercurius-1

Report Date
8 May 2012

Rating Rationale

Strengths

- The credit enhancement level of EUR 924 million, as of the Closing Date, was sufficient to support the A (low) (sf) rating of the Class A Notes
- The Reserve Fund was funded, on the Closing Date, at EUR 124 million, which corresponds to 3.1% of the target portfolio balance.
- The Principal Deficiency Ledger ("PDL") mechanism traps excess interest to cover principal losses in the portfolio.
- Low obligor concentration, with the largest exposure representing 0.35% of the portfolio and the top 10 representing 2.47% of the portfolio's aggregate principal balance, based on the provisional portfolio
- DBRS has increased its standard recovery rates for secured assets due to the strong historical recovery rates allied to the availability of first lien collateral and the support of other forms of collateral.
- DBRS adjusted the base case PD assigned to the provisional portfolio due to evidence that the provisional portfolio is of higher credit quality compared to the originator's SME book (positive selection). The provisional portfolio excludes loans assigned an internal rating below 'B' by Belfius.

Challenges

- The Issuer is exposed to counterparty risk as Dexia Bank Belgium N.V.-S.A. ("Belfius") serves as Account Bank, Servicer, Administrator, Calculation Agent and Domiciliary Agent.
- Set off is a potential risk in the transaction, as the borrowers under the loans in the portfolio currently have deposits with Belfius. The set-off risk is mitigated by notification to the borrowers of the sale of the assets to the issuer once the rating of Belfius falls below BBB(low) by DBRS. In addition, the originator will fund a set-off account that will contain at least 50% of the potential set-off amount if the bank falls below the DBRS trigger.
- The mortgages in the underlying portfolio are "all sums" or "all monies" mortgages. Some loans benefit from shared security which is not transferred to the issuer and the issuer's entitlement to enforce such collateral is limited. However, the originator has contractually agreed to rank junior to the issuer in the allocation of recoveries from shared security.
- The record of losses in the PDLs is not predefined but subject to the Servicer's expectations of loss for each defaulted loan which reduces the effectiveness of the PDL mechanics.
- The transaction does not benefit from an interest rate hedge agreement and is therefore exposed to interest rate risk. However, this risk is limited to a small proportion of the portfolio that pays interest with reference to a floating rate.
- Defence of non-performance (*exceptio non adimpleti contractus* or ENAC) is a potential risk in the transaction. In the event of creditor default, a borrower can invoke the defence of non-performance, and suspend payments on its obligation(s). Mitigation is provided through the conditions that apply to this defence, requiring that: the breach is material; the amounts are proportional; and there is a connection between the debts.

Mitigating Factors

- DBRS maintains public ratings, private ratings or private internal assessments to evaluate and monitor the potential risk that counterparties pose to the performance of the Bonds. At the time of assigning these ratings, all transactions participants either meet or exceed DBRS counterparty requirements, which are publicly available in the published legal criteria referenced at the end of this report.
- The commingling risk is mitigated by the batch process that debits borrower's accounts and credits the issuer account simultaneously. Rating triggers on the account bank further reduce the risk of commingling.

Assessment of the Sovereign

At Closing Date, DBRS Inc. had an assigned rating of AA (high) to the Kingdom of Belgium's long-term foreign and local currency debt. The trend on both ratings is Negative. The ratings consider Belgium's strong private savings rate, positive net international investment position, high level of productivity and healthy household balance sheets with high public debt and large contingent liabilities in support of the financial sector. The trends are Negative, as increased uncertainty in financial markets could potentially result in funding pressures for the sovereign given its comparatively high public debt-to-GDP ratio and significant contingent liabilities.

For more information, please refer to the most recent published press release by DBRS Inc. regarding the Kingdom of Belgium.

Transaction Parties and Relevant Dates

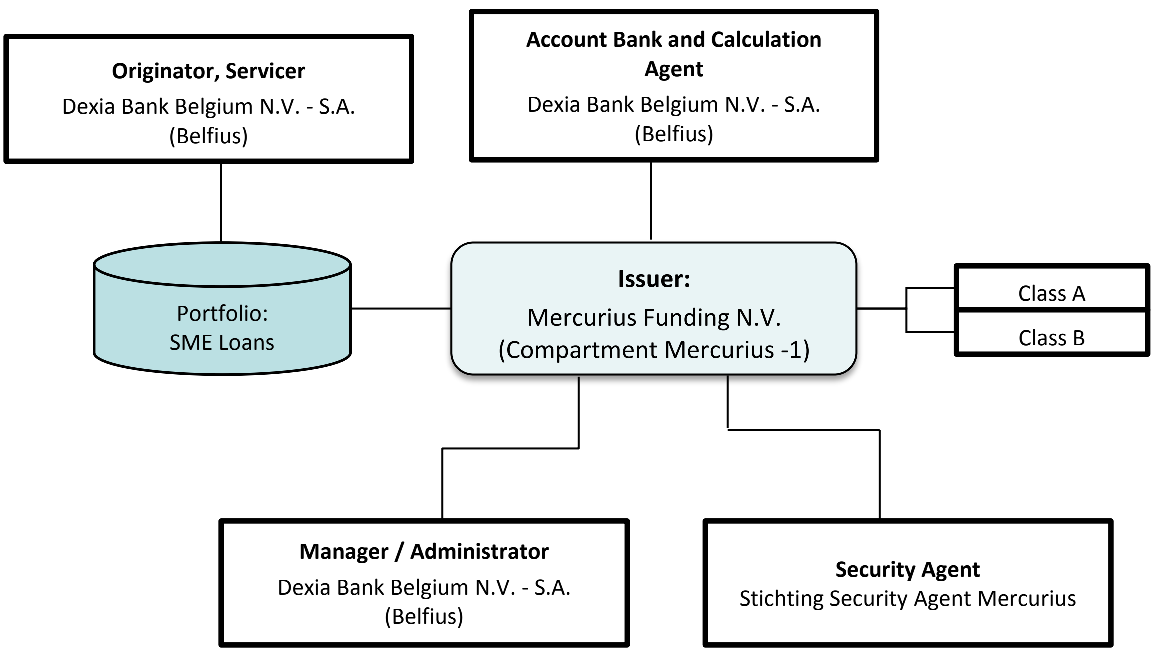
Transaction Parties

Type	Name	Current Rating
Issuer	Mercurius Funding N.V. / S.A (Mercurius-1)	N/A
Originator/Seller	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Servicer	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Issuer Account Bank	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Calculation Agent	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Manager	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Administrator	Dexia Bank Belgium N.V. - S.A. (Belfius)	A(high)/R-1(middle)
Security Agent	Stichting Security Agent Mercurius	N/A

Relevant Dates

Type	Date
Issue Date	7 May 2012
Rating by DBRS Date	7 May 2012
First Interest Payment Date	24 July 2012
Payment Frequency	monthly, on the 24th day of each month
Revolving Period Maturity Date	N/A
Call Date	24 May 2015
Early Amortisation Date	N/A
Ramp-up Completion Date	N/A
Legal Final Maturity Date	24 April 2035 (Class A); 24 April 2037 (Class B)

Transaction Structure



Transaction and Counterparty Overview

DBRS evaluates the potential credit impact on DBRS ratings based on the performance of counterparties that face issuers in the capacity of derivative counterparties, account banks, custodian, or other roles. To minimise the impact that the failure of such counterparties would have on the DBRS rated debt, each counterparty is required to satisfy minimum rating, collateral posting, or other requirements as outlined in the current publicly available DBRS European legal criteria. For this transaction, each counterparty satisfies such criteria, based upon DBRS public ratings, DBRS private ratings or DBRS private internal assessments of the creditworthiness of counterparties that do not have a public DBRS rating. As described in the Legal Criteria for European Structured Finance Transactions (published April 2012), Account Bank minimum ratings are based on the rating of the most senior rated tranche. The minimum rating of BBB(low) for the Account Bank is consistent with a rating of A(low)(sf) for the most senior class of the transaction.

Counterparty Name	Role	Minimum Rating	Actual Rating
Dexia Bank Belgium N.V. - S.A. (Belfius)	Issuer Account Bank/Paying Agent	BBB(low)	A(high)/R-1(middle)

Issuer

Mercurius Funding N.V. / S.A., organised as a Belgian public limited liability company, registered with the Belgian Federal Public Service for Finance as an institutional company for investment in receivable (an *Institutional VBS*) since 18 January 2012. Compartment Mercurius-1 (registered with the Belgian Federal Public Service for Finance as a compartment of an Institutional VBS since 18 January 2012), is the Issuer through which Mercurius Funding N.V. / S.A. acts. The Issuer has been incorporated under Belgian law and is a special purpose vehicle.

Originator and Servicer

Dexia Bank Belgium N.V. - S.A. (Belfius) will be responsible for the collection of all payments due by the borrowers on the loans, managing relationships with borrowers, monitoring the performance of the loans and initiating recovery processes against defaulted or non-performing borrowers. Belfius will transfer all the collections received to the Issuer account on the same day as collected. Belfius has indicated that the collection process from the borrowers and the transfer process to the issuer account is a “batch process”, whereby collection cannot happen independently from the transfer to the issuer account, thus reducing the exposure to servicer commingling risk.

Manager/Administrator

Dexia Bank Belgium N.V. - S.A. (Belfius) acts as the Transaction Administrator and legal representative of the Issuer and will be responsible for all administrative functions including waterfall calculations, instructing payments from and to the Issuer Accounts, maintaining the financial accounting of the Issuer, preparing performance reports and providing information to the regulators and rating agencies. The transaction administrator is also responsible for representing the note holders’ interests in the Issuer, as well as determining whether counterparties should be replaced under certain circumstances.

Account Bank and Calculation Agent

Dexia Bank Belgium N.V. - S.A. (Belfius) will act as the Account Bank and maintain the Issuer Accounts, where all the collections and Reserve Fund amounts will be held.

As per the transaction documentation, in the case of a downgrade of the rating of the Account Bank below a BBB(low) rating, or the withdrawal of the rating, the Account Bank must within 30 days, either: i) obtain an Eligible Guarantee; ii) be replaced with a suitable Account Bank that meets the rating requirement; or iii) be replaced with an account bank that does not meet the rating requirement, but that does have an Eligible Guarantee. Any costs incurred due to the replacement or guarantee of the Account Bank will be at the expense of the original Account Bank.

Origination and Servicing

DBRS visited Belfius headquarters in Brussels, Belgium on 7 November 2011 as part of its analysis of the transaction. The focus of the visit was to assess and understand the origination and servicing procedures of Belfius regarding SME loans. The overview of Belfius' origination and servicing procedures (including areas such as credit risk assessment and recoveries) was satisfactory.

Originator Profile

Dexia Bank Belgium merged with France's Credit Local to form Dexia Group in 1996. Following the acquisition of Artesia Banking Corp in 2002, Dexia Bank Belgium became one of the major players in the Belgian retail market and strengthened its activities in private and corporate banking and insurance. As part of the restructuring of Dexia Group, Dexia Bank Belgium was officially acquired by the Belgian state on 20th October 2011; thus, Dexia Bank Belgium is no longer part of the Dexia Group. Dexia Bank Belgium has been renamed to Belfius Banque & Assurances, and is currently rebranding their products and publications. DBRS currently rates Dexia Bank Belgium (Belfius) at 'A(high)'. The ratings were placed Under Review with Negative Implications on the 7th October 2011.

Our commentary on Dexia Bank Belgium (Belfius) can be accessed on www.dbrs.com

Origination

Belfius offers a variety of short- and long-term loans to its SME customers for working capital, tax prepayments, business development, investment credits and leasing. Approximately 87% of Belfius' outstanding SME loan book, as of the year end of 2010, represented long-term loans for investment credits with fixed terms ranging from one year to 30 years.

SMEs with less than EUR 10 million annual turnover are handled by the retail and commercial banking unit and distributed through Belfius' branch network, while corporate bankers in the wholesale banking unit manage larger companies with annual revenue over EUR 10 million. Loans are sourced through Belfius' network of over 800 branches, in which approximately 80% of branches are independent and 'franchises' using the Dexia/Belfius brand. The remaining 20% are part of Belfius' salaried network. Branches are organised into one of 128 clusters, and customers are managed through a local branch (generally smaller companies with under EUR 500,000 turnover) or at the cluster level.

Underwriting

The underwriting and credit analysis function involves an assessment of the borrower's credit worthiness, including collection of audited financial statement, tax returns and data from the national credit bureau, which is updated in Belfius' system every 15 days. Belfius uses three internal rating model for assigning ratings to borrower groups based on a standard probability of default (PD) and loss given default (LGD) approach. The models are subject to on-going validation and back-testing. Separate credit risk monitoring and risk detection departments are responsible for managing the model, as well as monitoring the overall portfolio's risk profile.

The rating model has three primary segments based on borrower type, including: self-employed and small enterprises, foreign customers, and other enterprises (generally medium corporates). Separate guidelines exist for each segment and are routinely reviewed by the credit risk department. While a model is used for self-employed and small businesses, a sizable percentage of these borrowers, 16% and 25% respectively, have no rating assigned. Furthermore, ratings cannot be assigned for new customers given the lack of available credit data, although a rating is generally assigned within 3-6 months after engagement. To mitigate the risk associated with new customers and/or start-ups with less than 3 years' operating history, the bank requires certain guarantees including 50% stake in 'real' collateral. Requirements surrounding the type of collateral accepted vary by model segment.

Approval authority limits are based on exposure amount and on the internal rating model. Automated decisions are only allowed for amounts up to EUR 100,000. Branch (non-franchise) approval is limited to EUR 500,000. All cases rated as 'bad' ('BB' or lower) require approval at Belfius headquarters and approximately 11% of all approvals are made by the credit risk management group. DBRS believes the approval limits are fairly conservative and compare favourably to other Belgian lenders.

Valuations

Full, external valuations are only completed for a limited number of assets; the purchase price documented in the notary deed used to determine the Loan-to-Value ("LTV"), and only a single photograph is required. Credit analysts may request a full valuation if deemed necessary. The low delinquency and default rates and an average LTV below 80% for the mortgage property, partially mitigates concerns surrounding inflated purchase prices or values.

Servicing

Servicing within Belfius' SME portfolio is centralised in Brussels. While branches serve as the primary contact for borrowers for early stage arrears cases, loans over 90 days past due are generally transferred to a centralised department for more intensive servicing and/or legal action, when required. The servicing process is heavily automated; specifically general loan administration and internal ratings are regularly monitored and revised to reflect changes within the respective borrowing groups. Various committees for watchlist, defaults and impaired loans meet regularly to discuss the relevant portfolios, with each committee including representatives from risk management and legal. For defaulted loans including those requiring legal action and judicial enforcement, timelines and recovery rates are consistent with Belfius' peers.

Interest Rate Risk Management

The Issuer has not entered into any interest rate hedge agreement; therefore, the transaction is exposed to interest rate risk. Normally, interest rate risk arises due to the potential mismatch between i) the fixed rate coupon of the Class A Notes and the reference indices of the assets, and ii) the difference in the reset dates between the Class A Notes and the assets.

However, the interest rate risk in this transaction is considered to be minimal due to: i) the natural hedge, given the notes pay a fixed coupon and the majority of the underlying assets (82.5%) pay fixed interest rates; and ii) the long interest rate reset intervals, between 3 – 10 years, on the portion of the underlying assets that pay semi-fixed (16.5%) interest rates. Nevertheless, the interest rate risk was addressed in our analysis under our cash-flow model.

Legal Structure

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 on 18 January 2012. The issuer, through its Compartment Mercurius-1 will issue notes backed by Belgian SME loans. As an Institutional VBS, the Issuer is subject to the rules set out in the UCITS Act. The Issuer has been incorporated in Belgium under the laws of Belgium as a commercial company and is subject to Belgian insolvency legislation.

Loans are transferred from the seller to the Issuer by way of a true sale. No notification to the borrowers is needed to perfect the true sale between parties and vis-à-vis third parties, other than third parties with a concurrent right in rem. However, the sale of the loans will only become enforceable against the debtor of the loan once the existence of the sale has been notified to, or been acknowledged by, such debtor. In this respect it is provided that, if certain events occur, the borrowers will be notified of the sale of their loans to the Issuer. Such notification will also mitigate the risk of legal set-off.

An important exception to the rule that no further formalities exist, save for the entering into an agreement and a notice to the debtor of the receivable in case the sale or pledge should be notified, relates to assignments (and pledges) of mortgage backed loans. In accordance with Article 5 of the Belgian Mortgage Act of 16 December 1851, assignments (and pledges) of mortgage loans can only be enforced against third parties, if a note mentioning the assignment (or pledge) is entered in the margin of the register at the relevant mortgage keeper office. However, Articles 50 and following of the Belgian 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.

Security for the Notes
Under Belgian law, the security belonging to the VBS does not transfer to its creditors (the noteholders). To ensure that the creditors of the VBS have a security over the transaction assets, the VBS will enter into a Pledge Agreement, which grants a first rank pledge over: (i) the mortgage receivables and the related security; (ii) the issuer's rights under or in connection with the documents; and (iii) the balances standing to the credit of the issuer's accounts.

The Security Agent has been designated (i) as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with article 27 § 1, first to seventh indent and article 106 of the UCITS Act, (ii) as representative (*vertegenwoordiger/représentant*) of the Secured Parties in accordance with Article 5 of the Financial Pledged Assets Law, to the extent of the application of Article 5 to the pledge) and (iii) as irrevocable agent (*mandataris / mandataire*) of the Secured Parties.

The security agent, Stichting Security Agent Mercurius, is a foundation (*Stichting*) incorporated under the laws of Netherlands. It will represent the interest of the notes' holders, hold the security granted under the pledge agreement on behalf of the secured parties and in its own name, as creditor of the parallel debt and will be entitled to enforce the security granted in its favour under the pledge agreement.

Asset Eligibility Criteria
The following is a selection of the representations given to the Issuer relating to the collateral. For a full list, please see the Prospectus.

- The Seller is duly incorporated and validly existing under the laws of the Kingdom of Belgium;
- There are no pending actions, suits or proceedings against or affecting the Seller or any of its assets or revenues;
- Belfius has no knowledge of any bankruptcy of any of the borrowers included in this portfolio;
- Belfius rightfully holds all the loans, and there are no restrictions to their sale to the Issuer;
- No Loan has an origination date prior to 1 January 2000;
- 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;
- On the Closing Date, each Borrower is an SME incorporated in Belgium;
- No Loan that stands to be sold on the Closing Date is a Delinquent Loan or is a Written-Off Loan;
- No Loan has ever been in foreclosure proceedings before or on the Closing Date.

Buy-Back/Indemnity Mechanics for the Breach
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 will remedy the matter within five business days, or repurchase the relevant loans by the next Payment Date.

Financial Structure

Transaction Cash Flow
The Servicer will collect all payments received on interest and principal (including recoveries) from the portfolio on an on-going basis. On each payment date the amounts available in the Issuer Account will be distributed in accordance with the Priority of Payments as summarized below.

Pre-enforcement Interest Priority of Payments

(i) Taxes and senior expenses.
(ii) Interest due on the Class A Notes, pari passu and pro rata;

(iii) Replenish the Reserve Fund (while the Class A Notes are outstanding) up to EUR 48 million ("Reserve Fund Level 1");
(iv) Class A Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);
(v) Class B Principal Deficiency Ledger (any amounts so allocated will be credited to the Cash Buffer);
(vi) Reserve Fund replenishment to :
   - "Reserve Fund Level 2" , up to EUR 144 million (3.6% of the original portfolio), as long as any Class A Notes are outstanding and the Class A notes are not more than 50% amortized;

   or
   - "Reserve Fund Required Amount", up to EUR 124 million (3.1% of the original portfolio), as long as any Class A Notes are outstanding and the Class A notes are more than 50% amortized;

(vii) Class B Interest Deficiency Ledger;
(viii) Interest due on the Class B Notes;
(ix) Deferred Purchase Price; if any.

Pre-enforcement Principal Priority of Payments
(i) Any shortfalls on items (i) to (ii) (included) of the Interest Priority of Payment;
(ii) Class A Notes, pari passu and pro rata;
(iii) Class B Notes, pari passu and pro rata;
(iv) Deferred Purchase Price, if any.

Post-enforcement Priority of Payments
(i) Taxes and senior expenses.
(ii) Interest due on the Class A Notes, pari passu and pro rata;
(iii) Principal due on the Class A Notes, pari passu and pro rata;
(iv) Interest due on the Class B Notes, pari passu and pro rata;
(v) Principal due on the Class B Notes, pari passu and pro rata;
(vi) Surplus (if any) to the Issuer.

Payment Timing
The transaction pays interest and principal on a monthly basis on the 24th day of the month starting on 24 July 2012.

Security

Receivables
The portfolio consists of loans granted by Belfius to SMEs and self-employed individuals in Belgium. At closing, the seller (Belfius) will transfer to the issuer the full economic benefit of the loans including the loans security and ancillary assets. At the time of the rating, approximately 85% of the provisional portfolio benefited from some type of collateral security including: mortgage inscriptions, mortgage mandates, pledges over business assets, personal pledges or guarantees.

However, DBRS considers that most forms of collateral such as mortgage mandates, pledges over business assets and personal guarantees were weaker forms of security. As such, DBRS did not give credit to these forms of collateral when considering which loans were secured for determining its recovery rate assumptions. Based on the information provided, DBRS considered that 67.5% of the outstanding balance of loans was secured by first lien mortgages on residential and commercial property situated in Belgium.

A loan security which secures all other amounts which the borrower owes or in the future may owe to the Seller in addition to the loan transferred to the issuer is called an "all sums" security interest.

Servicer Agreement

Belfius will act as the Servicer of the SME loans. The Servicer will continue to manage the collection of all the amounts owed by the borrowers and that derive from the loans. The Servicer will employ standard due diligence to ensure that the payments are collected in accordance with the terms and contractual conditions of the loans.

Mechanics of Servicing

The Servicer is expected to monitor and manage the loans sold to the Issuer with the same level of skill, care and diligence as it would if it were servicing loans in respect of which it is the owner. The Servicer will be responsible for the collection of all payments due by the borrowers on the loans, managing relationships with borrowers, monitoring the performance of the loans and initiating recovery processes against defaulted or non-performing borrowers including enforcement of loan security.

The Servicer is allowed to negotiate changes to existing loans within the permitted variations foreseen in the Servicing Agreement and Loan Sale Agreement. The permitted variations are limited to the following (among others):

- the Current Balance of the Loan shall not be reduced otherwise than as a result of an effective payment of principal;
- The variation will not cause the maturity of the loan to be extended, save where:
    - Such extension will be in accordance with the terms of the Loan Documents of the relevant Loan;
    - The final redemption date of such varied Loan will not extend beyond the Payment Date falling four (4) years prior to the Final Maturity Date of the Class A notes;
    - Such extension is for less than three years; and
    - The overall Current Balance of the Loans whose maturity has been extended represents less than 7% of the portfolio balance on the Closing Date.
- Any variation in the fixed interest rate with respect to the Loans will not cause the fixed interest rate to fall below 3.5% per annum and the sum of the Current Balance of all Loans in respect to which such variations have occurred from the Closing Date does not exceed 15% of the Current Balance of the Portfolio on the Closing Date;

Commingling Risk

The Servicer will pay all of the amounts received from loans within one business day of being collected to the Issuer's Account opened with the Accounts Bank. However, as the Account Bank is Belfius, there is a significant amount of exposure for the Issuer to Belfius. DBRS has considered this risk in the analysis of this transaction.

DBRS considers that this risk is mitigated by the relative strength of Belfius and the rating triggers that require the Account Bank to take remedial action upon downgrade below BBB (low) rating level as explained in the Account Bank section above.

Servicer Termination

The Servicing Agreement can be terminated under certain conditions by the issuer with the written consent of the security agent. The primary reasons for which a Servicer could be terminated are either a breach of the obligations of the Servicer under the Servicing Agreement, the insolvency or bankruptcy of the Servicer or if the Servicer ceased to have the necessary authorization to provide such services. In cases where a Servicing Agreement is terminated the issuer, with the assistance of the back-up servicer facilitator, will appoint a replacement Servicer.

The Servicing Agreement can also be voluntarily terminated by the Servicer only when the issuer has defaulted on its obligations under the servicing agreement and such default remains unremedied for more than 30 days. In such circumstance the servicer can only terminate after giving a 12 month notice of termination to each of the other parties to the transaction and provide the issuer has appointed a relevant substitute servicer.

Credit Enhancement

The Class A Notes benefit from credit enhancement in the form of the excess of the balance of the Credit Rights above the notional of the outstanding balance of the Class A Notes. Additionally, credit enhancement is provided by the Reserve Fund. The transaction also benefits from excess spread that can be used to replenish the Reserve Fund and reduce any PDL balance.

Debt (under provisional structure)	Balance (EUR millions)	Credit Enhancement (EUR millions)
Class A	3,200	924
Class B	924	--

Reserve Fund

The Reserve Fund is available to cover senior expenses and missed interest payments on the Class A notes as well as amounts on the PDLs throughout the life of the deal.

The Reserve Fund is funded through two diversions in the interest waterfall

- The Reserve Fund is first funded after the interest on the Class A notes up to a level equal to the "Reserve Fund Level 1" (1.2% of the Initial Portfolio Size, EUR 48 million)
- The Reserve Fund is then also funded after the Class A and Class B PDLs are satisfied to a level contingent on the amount of Class A notes amortised:
  - If less than 50% of the notes are amortized, the Reserve Fund is funded to "Reserve Fund Level 2" (3.6% the Initial Portfolio Size, EUR 144 million)
  - If more than 50% of the notes are amortized, the Reserve Fund is funded to "Reserve Fund Required Amount" (3.1% the Initial Portfolio Size, EUR 124 million)

Performance Triggers

Principal Deficiency Ledgers will be established in respect of the Class A and Class B notes in order to record Loan Reductions and losses of any Loan(s) that are defaulted or written off, as well as, any Principal Available Funds which in accordance with the Principal Priority of Payments are diverted to cover any Class A Interest Shortfall. There is no clear guidance as to when and how much to recognise in the PDL once a loan is delinquent as this is decided by the Servicer based on his expectation of loss at each stage of the recoveries management process. DBRS has taken this into consideration in the cash flow modelling by assuming that the reductions would occur after 6 and 12 months of a loan default.

Uncapped Senior Expenses

The senior expenses do not have an explicitly stated maximum value. Although this uncertain potential expense does pose a risk to the transaction, the senior fees are not expected to substantially deviate from the estimates provided. The excess spread and the comfort provided by the Reserve Fund levels are expected to cover reasonable increases to senior expenses.

Data Quality

Belfius has provided a complete data set regarding the information on the provisional loan portfolio that is consistent with the DBRS data template.

However, Belfius was not able to provide the historical data in the desired format using DBRS' definition of default, so various data sets were analysed in order to determine the appropriate base case probability of default (PD).

DBRS determined key inputs used in our analysis based on historical performance data provided for the Originator and Servicer, as well as analysis of the current economic environment.

The sources of information used for this rating include parties involved in the rating, including but not limited to Belfius. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

Collateral Analysis

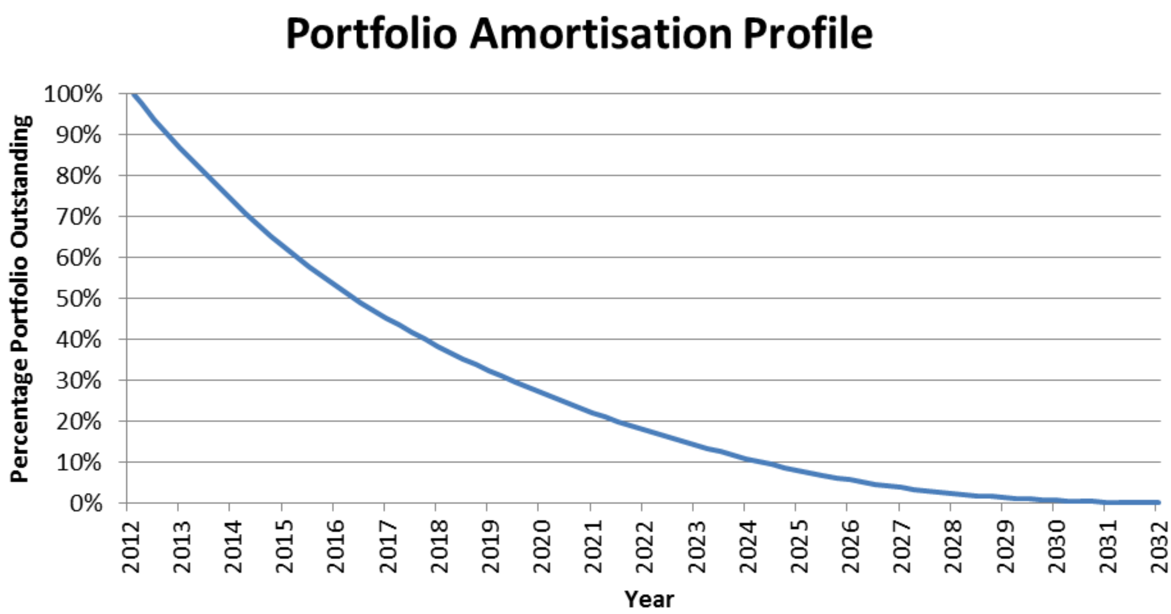
Collateral Summary of Provisional Pool

Asset Type	SME loans	
Borrower Type	Medium and large SME Self Employed Small SME	42.8 %, 36.1 % 21.1%
Performing Balance (EUR million)	4,228,014,860	
Number of Loans	60,546	
Number of Borrowers	37,380	
Floating/Fixed	Fixed Floating Fixed/Floating	82.5 % 1.0 % 16.5 %
Average Loan Size (EUR)	69,831	
Average Original Borrower Exposure (EUR)	113,109	
Weighted Average Floating Coupon	4.38%	
Weighted Average Interest Rate	4.60%	
Weighted Average Maturity	9.7 years	
Mortgage Guarantee Percentage	67.5 %	
Weighted Average Life	5.4 years	
Obligor Concentration	Largest 10 Largest 25 Largest	0.35 % 2.47 % 4.95 %
Credit Rights Origination Dates	2000 - 2011	
Delinquency (EUR)	All loans are performing	

Source: Belfius

Amortisation Profile

At the closing date, the expected weighted average life of the provisional pool is 5.4 years. The Class A Notes will amortise from the first payment date, given the scheduled amortisation profile (assuming 0% CPR) of the underlying loans.



Assuming 0% CPR
Source: Belfius

Provisional Portfolio Distribution – Collateral Type

The provisional portfolio of loans benefits from multiple types of guarantees including mortgages, personal guarantees and pledges, other assets and cash deposits. As per the DBRS SME methodology, DBRS will assign a senior secured recovery rate to those loans benefiting from first lien mortgage

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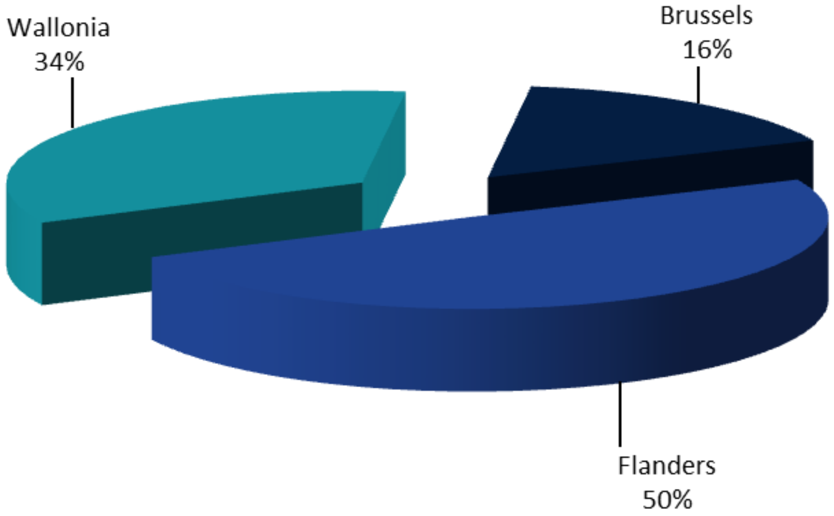
collateral (67.5 % of the provisional portfolio). The remaining loans will be treated as senior unsecured. Upon analysis of the historical recovery data provided by Belfius, the secured recovery rate was adjusted by a factor of 1.5. The resulting recovery rates for the Class A Notes are:

	Portfolio	A(low) Recovery Rates
Secured Percentage	67.5 %	51.75%
Unsecured Percentage	32.5 %	24.5%
Total / WA	**100.00%**	42.9 **%**

Provisional Portfolio Distribution – Borrower Location by Region



Source: Belfius

Provisional Portfolio Distribution – Borrower Industry Sector Classification

The provisional portfolio exhibits a reasonable diversity of industry types. Aggregate construction plus real estate activities are at approximately 21.7%.

Industry Classification (as of the Close Date)	Percentage of Balance
Wholesale & retail trade; repair of motor vehicles	18.7%
Real Estate activities	15.5%
Professional, Scientific & Technical Services	15.1%
Health & Social Work	10.0%
Construction	9.8%
Manufacturing	5.8%
Financial and Insurance Activities	5.8%
Administration & Support services	5.7%
Accommodation and food services	4.5%
Information and Communication	2.6%
Transportation and Storage	2.1%
Other Service Activities	1.8%
Other Industries	2.7 %
Total	**100.0%**

Source: Belfius

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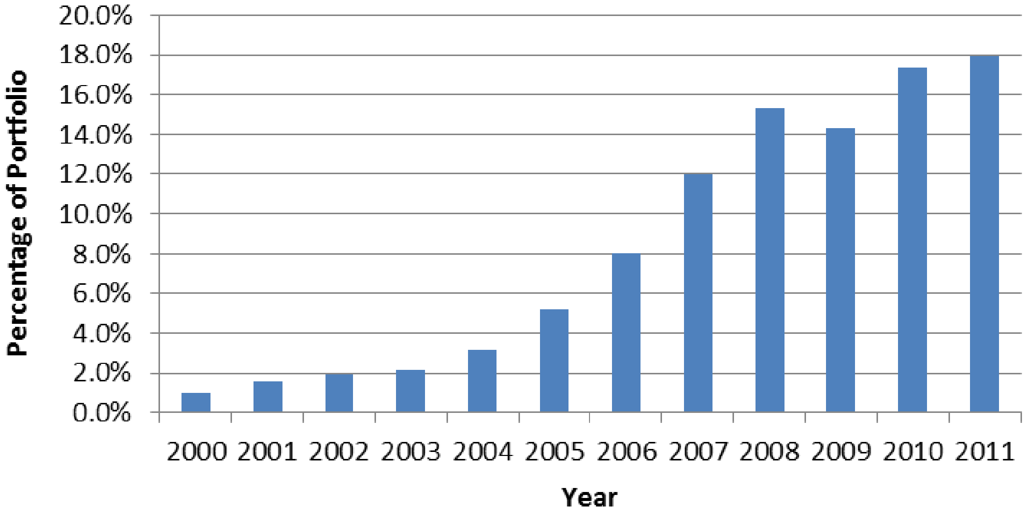
Provisional Portfolio Distribution – Loan Origination by Year



Source: Belfius

Provisional Portfolio Distribution – Largest Exposures

The top ten obligors represent 2.47% of the outstanding balance of the provisional portfolio.

Rank (as of the Close Date)	Balance (EUR million)	Percentage of portfolio	Region	Industry
1	14,629,516	0.3%	Brussels	Real Estate activities
2	13,061,451	0.3%	Wallonia	Professional, Scientific & Technical Services
3	12,000,000	0.3%	Brussels	Accommodation and food services
4	11,465,526	0.3%	Flanders	Administration & Support services
5	9,446,011	0.2%	Flanders	Real Estate activities
6	9,001,207	0.2%	Flanders	Professional, Scientific & Technical Services
7	8,884,617	0.2%	Flanders	Transportation and Storage
8	8,777,954	0.2%	Wallonia	Real Estate activities
9	8,726,667	0.2%	Wallonia	Real Estate activities
10	8,373,244	0.2%	Flanders	Real Estate activities
Total	**104,366,195**	**2.47%**		

Note: Due to rounding, the items in the columns might not add up to the stated totals
Source: Belfius

DBRS Analysis

Asset Analysis

Based on the analysed provisional portfolio and its characteristics, as well as the Originator's historic default performance, DBRS used its Large Pool Default Model to determine a lifetime default rate at the A(low) (sf) rating level. Break even default rates on the Bonds were determined using the DBRS CDO Cash Flow Model. Referencing to the Cash Flow Assumptions for Corporate Credit Securitizations methodology, published in February 2012, the minimum break even default rate is computed over nine combinations of default timing and interest rate stresses.

At the A(low) (sf) rating, the average break even default rate resulting from the nine scenarios tested must exceed the expected lifetime default rate derived from the Large Pool Model.

Average Annualised Default Rate

The average annualised default rate is determined from the historical data supplied by the Originator. Belfius supplied the default details on their entire portfolio; however, the data was not provided in the desired definition of default.

Historic vintage data was provided dating back to the 1990's divided into two segments: Investment Credits and Business Credits. This historic data used Belfius' internal definition of default, as opposed to the "90 days in arrears" definition that DBRS (and Basel II) apply. While this default data was useful, the different default definitions required further analysis as using this data set alone could result in underestimation of the average annualised default rate that serves as a key input in DBRS default model.

DBRS analysed additional data sets, including dynamic data, provided which allowed for a conservative estimation of what the default rate would be if a "90 days in arrears" default definition was used. Based on this analysis, DBRS considered that the average annualised default rate for the Belfius loan book was 3.6%

Positive Selection Analysis

DBRS analysed the average 1 year internal PD assigned by Belfius to the provisional portfolio and compared it with the one assigned to the whole SME loan book to determine if the credit quality of the portfolio was better or worse than that of the loan book. The provisional portfolio selected excludes loans with an internal rating below 'B'. The analysis concluded that there was evidence of positive selection as the weighted average PD of the portfolio was lower than the weighted average PD of the of the SME loan book. To reflect this DBRS lowered its average annualised default rate assumption from 3.6% to 2.7%.

Correlation

Based on the Master European Granular Corporate Securitisations (SME CLOs) methodology, the correlation has to be selected from a range. The regional and industry concentrations are not excessive. Therefore, DBRS decided to use the mid-level correlations of 17.0% at the A(low) (sf) level for the analysis.

Recovery Rates

For this transaction DBRS applied a higher recovery rate to the secured proportion of the portfolio than the recovery rates defined in its Master European Granular Corporate Securitisations (SME CLOs) methodology.

DBRS analysed the historical recovery rate information as well as the quality and levels of security available in this transaction. The historical recovery rates achieved by Belfius over the 2003-2010 period was considered to be strong, ranging from 70% to 100% on average for the period.

Given the strong historical recovery rates allied to the availability of first lien collateral and the support of other forms of collateral, DBRS increased its standard recovery rates for secured assets by a factor of 1.5 times. At a 'A' rating level this means that the recovery rate assumptions for secured assets increased from 34.5% to 51.8%. DBRS did not adjust the standard assumptions for unsecured loans.

Mortgage Guarantee?	Percentage of Portfolio	A(low) Recovery Rates
Yes	67.5 %	51.8%
No	32.5 %	24.5%
Weighted Average Recovery Rates		42.9 **%**

Overall Rating Parameter Inputs for the Large Pool Model

The inputs used to calculate the provisional portfolio default rate are:

Parameters	Amounts
Weighted Average Life of SME Portfolio (Years)	5.4
Assumed 1 Year Default Rate	2.7 %
"A(low)" Correlation	17.0%

The expected portfolio Lifetime Total Default Rates for the required ratings (based on the provisional inputs described in the table above) are indicated below:

Target Rating	Correlation	Lifetime Total Default Rate
A(low) (sf)	17.0%	44.18%

Interest Rate Scenarios

The purpose of the interest rate stress scenarios is to determine whether the transaction has any systemic interest rate risk exposure, such as due to having all floating rate liabilities and at least some fixed rate assets without an adequate swap. To do this, in addition to the forward interest rate curve, increasing and decreasing interest rate scenarios are run.

The higher the target rating, the more extreme the level of interest rate stress that is used. For example, the interest rates assumed under the increasing interest rate stress scenario is higher for a target rating of AAA than they are for a target rating of BB. The increasing and decreasing interest rate stress scenarios are referred to as the "Up scenario" and the "Down scenario" respectively.

There are three rating-specific interest rate stress scenarios:

- AAA
- AA/A
- BBB and below

For this transaction, the "AA/A" scenarios was used.

Default Timing Vectors Scenarios

In addition to the interest rate scenarios, DBRS also varies the timing of when the defaults occur. There are three scenarios, which are used for all target ratings:

Default Vector	Year 1	Year 2	Year 3	Year 4
Front	40%	30%	20%	10%
Back	20%	30%	40%	10%
Smooth	30%	30%	30%	10%

Thus, for all ratings, the relevant interest rate scenario is run for each of the default timing vectors.

Overall Cash Flow Model Summary

The Lifetime Total Default Rate is the cumulative default rate that the transaction must survive if the specified Notes are assigned the target rating, under the nine interest rate and default timing vector scenarios described above.

Specifically, in order to pass the A(low) (sf) rating level, the Class A Notes must not have any losses when 44.18% of the portfolio is defaulted, as per the default timing vectors above, under the average of all three A(low) interest rate scenarios.

Cash Flow Model Results

Factor / Result	Class A Notes
Recovery Rate	42.9%
Recovery Delay (Years)	50% at Year1; 50% at Year2
Minimum Required Lifetime Default Rate	44.18%
Minimum Actual Default Rate	45.16%
Cushion	0.98%
Result	**PASS**

The results of the break-even default rate analysis indicate that the Class A Notes can withstand a higher default level than the level required for the A(low) rating. Therefore, DBRS was able to assign A(low) (sf) ratings to the Class A.

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Methodologies Applied

The following are the primary methodologies DBRS applied to assign the provisional rating to the above referenced transaction, which can be found on www.dbrs.com under the heading Methodologies. Alternatively, please contact info@dbrs.com, or contact the primary analysts whose contact information is listed in this report.

- Master European Granular Corporate Securitisations (SME CLOs) June 2011
- Legal Criteria for European Structured Finance Transactions April 2012
- Cash Flow Assumptions for Corporate Credit Securitizations February 2012
- Unified Interest Rate Model for U.S. and European Structured Credit January 2012
- Master European Structured Finance Surveillance Methodology July 2011

Monitoring and Surveillance

The final rating of the Class A Notes will depend on the portfolio performance and counterparties' ratings. The main triggers that DBRS will rely on for monitoring are:

- Maintenance of the Reserve Fund at the required level;
- Updated SME default data from Belfius;
- Downgrade, below certain trigger levels, of the public or private internal credit ratings by DBRS of the counterparties engaged in the transaction; and
- Any event of default by the Issuer.

Once finalised, DBRS will monitor the transaction on an on-going basis to ensure that it continues to perform as expected. Any subsequent changes in the rating will be publicly announced.

Note:
All figures are in Euros unless otherwise noted.

This report is based on information as of March 2012, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.