

PROSPECTUS FOR ADMISSION TO TRADING ON EURONEXT BRUSSELS

EUR 3,000,000,000 Class A1 Senior SME Asset-Backed Floating Rate Notes due 2038

Issue Price 100 per cent.

EUR 1,205,250,000 Class A2 Senior SME Asset-Backed Floating Rate Notes due 2038

Issue Price 100 per cent.

EUR 532,750,000 Class B Senior SME Asset-Backed Floating Rate Notes due 2038

Issue Price 100 per cent.

EUR 1,529,250,000 Subordinated Class C SME Asset-Backed Floating Rate Note due 2038

Issue Price 100 per cent.

issued by

Belgian Lion NV / SA

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

Acting through its Compartment Belgian Lion SME I

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

The date of this Prospectus is 29 July 2010 (the **Prospectus**).

Belgian Lion NV / SA, *Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge*, acting through its Compartment Belgian Lion SME I (the **Issuer**) will issue the Notes, comprising the EUR 3,000,000,000 Class A1 SME Asset-Backed Floating Rate Notes due 2038 (the **Class A1 Notes**), the EUR 1,205,250,000 Class A2 SME Asset-Backed Floating Rate Notes due 2038 (the **Class A2 Notes** and together with the Class A1 Notes, the **Class A Notes**), the EUR 532,750,000 Class B SME Asset-Backed Floating Rate Notes due 2038 (the **Class B Notes** and together with the Class A Notes, the **Senior Notes**) and the EUR 1,529,250,000 Subordinated Class C SME Asset-Backed Floating Rate Note due 2038 (the **Class C Notes** or the **Subordinated Class C Notes** and together with the Class A Notes and the Class B Notes, the **Notes**, and **Class** or **Class of Notes** means, in respect of the Notes, the class of Notes being identified as the Class A1 Notes, the Class A2 Notes, the Class A Notes, the Class B Notes or the Class C Notes of the Issuer). The Notes will be issued on or about 30 July 2010 (the **Closing Date**).

Application has been made to Euronext Brussels to admit the Senior 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 Belgian Lion SME I of the Issuer and have been allocated to Compartment Belgian Lion SME I of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Administrator, the Swap Counterparty, the Liquidity Facility Provider, the GIC Provider, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider and the Corporate Services Provider (each as defined herein). Furthermore, none of the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Administrator, the Swap Counterparty, the Liquidity Facility Provider, the GIC Provider, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider or any other person in whatever capacity acting will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arranger, the Security Agent, the Manager, the Servicer, the Administrator, the Swap Counterparty, the Liquidity Facility Provider, the GIC Provider, the Domiciliary Agent, the Listing Agent, the Accounting Services Provider or the Corporate Services Provider 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 Notes shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on the Notes is payable by reference to successive quarterly Interest Periods. Each successive quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each an *Interest Period*) except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the first Quarterly Payment Date.

Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case in respect of its Principal Amount Outstanding on the 10th day of February, May, August and November in each year (or, if such day is not a Business Day, the next following Business Day, unless such day would fall in the next calendar month, in which case interest will be payable on the immediately preceding Business Day) (each a *Quarterly Payment Date*) commencing on the Quarterly Payment Date falling on 10 November 2010. Interest in respect of any Interest Period (or any other period) will be calculated on the basis of the actual number of days elapsed in the Interest Period (or such other period) and a year of 360 days.

Interest in respect of each Class of Notes for each Interest Period will accrue at an annual rate equal to the sum of: (a) the European Interbank Offered Rate (*EURIBOR*) (as more particularly described in, calculated in accordance with, and subject to, the terms and conditions of the Notes, (the *Conditions* and each a *Condition*) for three (3) month euro deposits (except for the first quarterly Interest Period in which case the Euro Reference Rate shall be the rate which represents the linear interpolation between EURIBOR for the relevant period deposits in euro) (the *Euro Reference Rate*); plus (b)(i) for the Class A1 Notes, a margin of 1.75 per cent. per annum; (ii) for the Class A2 Notes, a margin of 2 per cent. per annum; (iii) for the Class B Notes a margin of 2.30 per cent. per annum and (iv) for the Class C Notes a margin of 3 per cent. per annum.

Unless previously redeemed, the Issuer shall redeem the Notes in full on the Quarterly Payment Date falling in November 2038 (the *Final Redemption Date*).

On the Quarterly Payment Date falling in November 2012 (the *First Optional Redemption Date*) and on each Quarterly Payment Date thereafter (each such date an *Optional*

Redemption Date), the Issuer will have the option to redeem all (but not some only) of the Notes of the relevant Classes, subject to and in accordance with the Conditions, at their Principal Amount Outstanding *less*, in case of the Subordinated Class C Notes, the Principal Shortfall.

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 A1 Notes, on issue, be assigned a rating of AAA by Fitch Ratings Limited France S.A. (**Fitch**) and a rating of Aaa rating by Moody's Investors Service Limited (**Moody's**), that the Class A2 Notes, on issue, be assigned a rating of AAA by Fitch and Aaa by Moody's and that the Class B Notes, on issue, be assigned a rating of A by Fitch and Aa2 by Moody's.

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 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 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**).

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 has been approved by the Banking, Finance and Insurance Commission (**CBFA**) on 29 July 2010 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.

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

ING Belgium NV / SA



IMPORTANT INFORMATION

Selling and holding restrictions – Only Institutional Investors

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

- (a) institutional or professional investors within the meaning of Article 5 § 3 of the Belgian Act of 20 July 2004 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**) (**Institutional Investors**) as described in Part 2, paragraph 1.4 (*Selling, Holding and Transfer Restrictions - Only Eligible Holders*) to Annex 1 (*Terms and Conditions of the Notes*) to this Prospectus that are acting for their own account (see for more detailed information *Section 4*); and
- (b) a holder of an exempt securities account (**X-Account**) with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system.

For each Note in respect of which the Issuer becomes aware that it is held by an investor other than an Eligible Holder acting for its own account 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 and applicable U.S. tax law requirements, 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 of 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).

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 Section 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, other than the Issuer and the Seller, is, or has been authorised 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 or the Seller, the Security Agent, the Manager, the Arranger, the Administrator, the Servicer, the GIC Provider, the Swap Counterparty, the Liquidity Facility Provider, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Accounting Services Provider, the Corporate Services Provider, or any of their respective affiliates. 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 Belgian Lion NV/SA, *Institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* 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:

http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps

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 of the publication of this Prospectus. The summary shall also be supplemented, if necessary to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the Notes before the supplement is published shall have the right, exercisable within a time limit which shall not be shorter than two Business Days after the publication of the supplement, to withdraw their acceptances. The investors must be notified of the possibility to withdraw their acceptances at the moment of the publication of any supplement.

Stabilisation

In connection with the issue of the Notes and in accordance with applicable law, the Manager or any duly appointed person acting for it (on its own account and not as agent of the Issuer) may, over-allot or effect transactions in the over-the-counter market or otherwise with a view to stabilise or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market (provided that the aggregate Principal Amount Outstanding of the Notes allotted does not exceed 105 per cent. of the aggregate Principal Amount Outstanding of the Notes). However, there is no obligation on the Manager (or any agent of the Manager) to do so. Such stabilisation, if commenced, may be discontinued at any time and will in any event be discontinued no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the Notes. Such stabilising, if commenced, will be in compliance with all applicable laws, regulations and rules (including without limitation the Buy-back and Stabilisation Regulations (Commission Regulation (EC) No 2273/2003)).

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

Belgian Lion 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 Belgian Lion N.V. / S.A. *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* acting

through and for the account of its Compartment Belgian Lion SME I, unless where the context requires, 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 5.5.3* 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.

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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 further *Section 7* below):

	Class A		Class B	Class C
	Class A1	Class A2		
Principal amount	EUR 3,000,000,000	EUR 1,205,250,000	EUR 532,750,000	EUR 1,529,250,000
Issue Price	100%		100%	100%
Credit Enhancement	subordination of Class B Notes and Class C Notes		subordination of Class C Notes	Nil
Margin	1.75 per cent. p.a.	2 per cent. p.a.	2.30 per cent. p.a.	3 per cent. p.a.
Interest Accrual	Act/360		Act/360	Act/360
Quarterly Payment Dates	Interest will be payable quarterly in arrears on the tenth (10 th) day of February, May, August and November of each year (or the first following Business Day if such day is not a Business Day, unless such day would fall in the next calendar month, in which case interest will be payable on the immediately preceding Business Day), commencing on the Quarterly Payment Date falling on 10 November 2010.			
Principal payments	No scheduled amortisation. On the Quarterly Payment Date falling in August 2012 (the Mandatory Amortisation Date) an on any Quarterly Payment Date thereafter, full sequential amortisation of the Notes (in order of seniority whereby, as far as Class A Notes are concerned, prior to enforcement redemption of the Class A2 Notes will be subordinated to redemption of the Class A1 Notes) based on the Principal Available Amount. Prior to the Mandatory Amortisation Date, the Issuer has the option (but not the obligation, save as provided in Condition 2.10) to apply Principal Available Amount on each Quarterly Payment Date towards redemption of the Notes in accordance with the Principal Priority of Payments.			
Prepayments	Notes may be subject to voluntary and mandatory prepayment on any Quarterly Payment Date as described herein, with prepayments applied to the Notes in sequential order starting with the most senior Class of Notes then outstanding.			

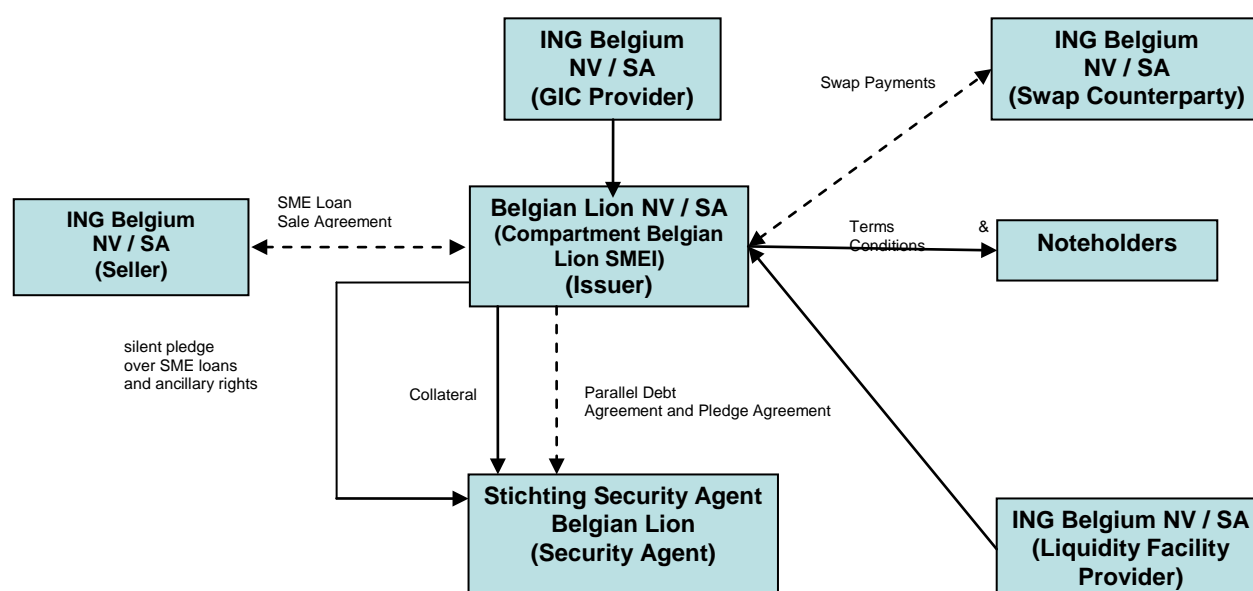
	Class A		Class B	Class C
	Class A1	Class A2		
Optional Redemption Date	The Quarterly Payment Date falling in November 2012 (<i>First Optional Redemption Date</i>) and any Quarterly Payment Date thereafter		The First Optional Redemption Date and any Quarterly Payment Date thereafter	The First Optional Redemption Date and any Quarterly Payment Date thereafter
Denomination	EUR 250,000		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 Clearing System operated by the National Bank of Belgium.			
Listing	Euronext Brussels		Euronext Brussels	N/A
Expected Rating	Fitch AAA Moody's Aaa		Fitch A Moody's Aa2	NR
ISIN	BE0002396688	BE0002397694	BE0002399716	BE0002398700
Common Code	053046371	053046584	053046690	053047211

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.



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: Belgian Lion NV / SA, *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 *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* (an institutional company for investment in receivables) (an **Institutional VBS**) on 23 December 2008 and acting through its Compartment Belgian Lion SME I (registered with the Belgian Federal Public Service for Finance (*Federale overheidsdienst Financiën / Service Public Fédéral Finances*) as a compartment of an Institutional VBS on 7 June 2010), is the Issuer of the Notes. Such registration cannot be considered as a judgement as to the quality of the transaction or on the situation or prospects of the Issuer. The Issuer was incorporated under Belgian law and has its registered office at 1050 Brussels, Louisalaan 486, Belgium. It is registered with the Crossroad Bank for Enterprises under n° 0808.394.535. 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: ING Belgium NV / SA (**ING** or the **Seller**) is organised as a public limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law with its registered office at 1000 Brussels, Avenue Marnix 24, Belgium, registered with the Crossroad Bank for enterprises under number RPM 0403.200.393, licensed as a mortgage institution by the CBFA.

ING will act as Seller of the Loans pursuant to the SME Loan Sale Agreement to be entered into on or before the Closing Date. See *Section 12*, below.

Originator:	ING
Manager:	ING Bank N.V., a public limited liability company (<i>naamloze vennootschap</i>) under Dutch law with its registered office at Bijlmerplein 888, 1102 MG Amsterdam Zuidoost, The Netherlands, registered at the Chamber of Commerce of Amsterdam under no. 33031431 (ING Bank)(in its capacity as the Manager).
Servicer:	ING will act as servicer pursuant to the Servicing Agreement to be entered into on or before the Closing Date (acting in its capacity as the Servicer). See <i>Section 15.1</i> below.
Security Agent:	Stichting Security Agent Belgian Lion (the Security Agent), organised as a foundation (<i>stichting</i>) under the laws of the Netherlands, and established in Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Agent represents the interests of the holders of the Notes, 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 will be entitled to enforce the security granted in its favour and in favour of the Noteholders and the other Secured Parties under the Pledge Agreement.
Administrator:	ING Bank, acting through its offices at Ing House, Amsteveensweg 500, 1081 KL, Amsterdam, The Netherlands, will act as administrator of the Issuer pursuant to the Administration Agreement to be entered into on or before the Closing Date (the Administrator).
Swap Counterparty:	ING, will act as swap counterparty pursuant to the Swap Agreement to be entered into on or before the Closing Date (in its capacity as the Swap Counterparty).
Liquidity Facility Provider	ING, will act as liquidity facility provider pursuant to the Liquidity Facility Agreement to be entered into on or before the Closing Date (in its capacity as the Liquidity Facility Provider).
Listing Agent	ING, acting through its office at 1000 Brussels, Avenue Marnix 24, Belgium, will act as listing agent (the Listing Agent).
Domiciliary Agent:	ING, acting through its office at 1000 Brussels, Avenue Marnix 24, Belgium, will act as domiciliary agent pursuant to the Domiciliary Agency Agreement to be entered into on or before the Closing Date (in its capacity as the Domiciliary Agent).
Calculation Agent:	ING Bank, acting through its offices at Ing House, Amsteveensweg 500, 1081 KL, Amsterdam, The Netherlands, will act as the calculation agent pursuant to the Domiciliary Agency Agreement to be entered into on or before the Closing Date (in its capacity as the Calculation Agent).
GIC Provider:	ING, acting through its office at 1000 Brussels, Avenue Marnix 24, Belgium, will act as GIC Provider pursuant to the GIC

Agreement to be entered into on or before the Closing Date (in its capacity as the **GIC Provider**).

Rating Agencies: FITCH RATINGS LIMITED., with its registered office 60, rue Monceau, 75008, Paris, France (**Fitch**); and

MOODY'S INVESTORS SERVICE LIMITED, with registered office at one Canada Square, London E14 5FA, the United Kingdom (**Moody's**).

(together the **Rating Agencies**)

Auditor: Ernst & Young, with its registered office at Marcel Thirylaan 204, 1200 Sint-Lambrechts-Woluwe has been appointed as statutory auditor of the Issuer (the **Auditor**). See *Section 6.5*, below.

Corporate Services Provider: ING, acting through its office at 1000 Brussels, Avenue Marnix 24, Belgium, will provide general corporate services to support the Issuer in terms of the corporate management of the Issuer, pursuant to the Corporate Services Agreement entered into on 12 January 2009 (the **Corporate Services Provider**).

Accounting Services Provider ING, acting through its office at 1000 Brussels, Avenue Marnix 24, Belgium, will provide certain accounting and bookkeeping services to the Issuer, pursuant to the Administration Agreement to be entered into on or before the Closing Date (the **Accounting Services Provider**).

Transaction Parties The Issuer, the Seller, the Servicer, the Security Agent, the Administrator, the Swap Counterparty, the Liquidity Facility Provider, the Listing Agent, the Domiciliary Agent, the GIC Provider, the Auditor, the Calculation Agent, the Corporate Services Provider, the Accounting Services Provider, the Manager and the Issuer Directors, 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, the Class B Notes and the Class C 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 4,205,250,000 and will consist of Class A1 Notes and Class A2 Notes, together forming the Class A Notes.

The aggregate Principal Amount Outstanding of the Class A1 Notes on the Closing Date will be EUR 3,000,000,000.

The aggregate Principal Amount Outstanding of the Class A2 Notes on the Closing Date will be EUR 1,205,250,000.

The aggregate Principal Amount Outstanding of the Class B

Notes on the Closing Date will be EUR 532,750,000.

The aggregate Principal Amount Outstanding of the Class B Notes on the Closing Date will be EUR 1,529,250,000.

See *Sections 4* and *7* below.

Closing Date: The date on which the Notes will be issued, being 30 July 2010, or such later date as may be agreed between the Issuer and the Manager. See *Section 18.1* below.

Status, Ranking and Subordination: The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class (with the sole exception that, prior to enforcement, within the Class A Notes redemption of the Class A2 Notes will be subordinated to redemption of the Class A1 Notes).

Redemption of and interest payments on the Class B Notes will be subordinated to redemption of and interest payments on the Class A Notes.

Redemption of and interest payments on the Class C Notes will be subordinated to redemption of and interest payments on the Class A Notes and the Class B Notes. See *Section 5.5* below.

Denomination: The Notes will be issued in denominations of EUR 250,000. See *Section 7*, below.

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 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 (the *Clearing System Participants*). Clearing System Participants include certain Belgian banks, stock brokers (*beursvennootschappen /sociétés de bourse*), Clearstream and Euroclear Bank.

Transfers of interests in the 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 Notes through an X-account with Euroclear or Clearstream or with a Clearing System Participant. The Investors will therefore need to confirm their status as Eligible Investor (as defined 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*)) in the account agreement to be entered into with Euroclear or Clearstream or with a Clearing System Participant.

Conditions:

The Conditions of the Notes are set out in full in *Annex 1* 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 as *Annex 1 (Terms and Conditions of the Notes)*.

Interest Rate:

Each Note shall bear interest on its Principal Amount Outstanding 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 quarterly in arrears in Euros on the 10th calendar day of February, May, August and November (or, if such day is not a Business Day, the next succeeding Business Day, unless that day falls in the next calendar month, in which case interest will be payable on the immediately preceding Business Day) in each year (each a **Quarterly Payment Date**) commencing on the Quarterly Payment Date falling on 10 November 2010. Interest on the Notes will be calculated on the basis of the actual number of days elapsed in an Interest Period and a year of 360 days.

A **Business Day** means a day (other than a Saturday or Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer Systems (**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 the sum of:

- (a) the Euro Reference Rate determined in accordance with *Condition 4.4*; plus
- (b) a margin (the **Margin**) on the Notes which will be:
 - (i) in respect of the Class A1 Notes: 1.75 % per annum;
 - (ii) in respect of the Class A2 Notes: 2 % per annum;
 - (iii) in respect of the Class B Notes: 2.30 % per annum; and
 - (iv) in respect of the Class B Notes: 3 % per annum.

Interest Payments: Interest on the Notes will be paid on each Quarterly Payment Date in accordance with the Interest Priority of Payments under *Section 5.7* below.

Mandatory Redemption Provisions: Subject to, and in accordance with the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Amount on the Quarterly Payment Date falling in August 2012 (the ***Mandatory Amortisation Date***) and on each Quarterly Payment Date thereafter in or towards satisfaction of:

- (a) *first*, on a *pari passu* and *pro rata* basis, all amounts of principal on the Class A1 Notes;
- (b) *second*, if, and to the extent the Class A1 Notes have been fully redeemed, on a *pari passu* and *pro rata* basis in or towards satisfaction of all amounts of principal on the Class A2 Notes;
- (c) *third*, if, and to the extent the Class A Notes have been fully redeemed, on a *pari passu* and *pro rata* basis in or towards satisfaction of all amounts of principal on the Class B Notes; and
- (d) *fourth*, if, and to the extent the Class B Notes have been fully redeemed, on a *pari passu* and *pro rata* basis in or towards satisfaction of all amounts of principal on the Class C Notes;

On each Quarterly Payment Date prior to the Mandatory Amortisation Date, the Issuer has the option, but not the obligation (save as provided in Condition 2.10), to apply the Principal Available Amount towards redemption of the Notes in accordance with the Principal Priority of Payments.

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 5.11 have the right (but not the obligation) to redeem all (but not some only) of the Notes on the First Optional Redemption Date and on any Quarterly Payment Date falling thereafter (the ***Optional Redemption Call***). In such circumstances, the redemption of the Notes will be for an amount equal to the Principal Amount Outstanding of such Notes (plus accrued but unpaid interest thereon) *less*, in case of the Subordinated Class C Notes, the Principal Shortfall and will be effected after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Conditions 5.11 and 5.13 to 5.16.

Principal Amount Outstanding of a Note on any date shall be the principal amount of that Note upon issue 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.

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 5.12, have the right (but not the obligation) to redeem all (but not some only) of the Notes on each Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly 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 (being the *Clean-Up Date*), after payment of all amounts that are due and payable in priority of such Notes (the *Clean-Up Call*). In such circumstances, the redemption of the Notes will be for an amount equal to the Principal Amount Outstanding of such Notes (plus accrued but unpaid interest thereon) less, in case of the Subordinated Class C Notes, the Principal Shortfall and will be effected after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Conditions 5.12 to 5.16.

**Optional
Redemption for Tax
Reasons:**

The Issuer shall have the right (but not the obligation) to redeem all (but not some only) of the Notes, on any Quarterly Payment Date, upon the occurrence of one or more of the following circumstances:

- (a) if, on the next Quarterly Payment Date, the Issuer, the Clearing System Operator, the Domiciliary Agent or any other person 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
- (b) if, on the next Quarterly Payment Date, the Issuer or the Swap Counterparty or any other person would be 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), or any other sovereign authority having the power to tax, any payment under the Swap Agreement; or
- (c) 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

- (d) if, after the Closing Date, the Belgian tax regulations introducing income tax, withholding tax and VAT concessions for Belgian companies for investment in receivables (including the Issuer) 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);

(an *Optional Redemption for Tax Reasons*). In such circumstances, the redemption of the Notes will be for an amount equal to the Principal Amount Outstanding of such Notes (plus accrued but unpaid interest thereon) *less*, in case of the Subordinated Class C Notes, the Principal Shortfall and will be effected after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Conditions 5.17 and 5.18.

**Optional Redemption
in case of Change of
Law:**

On each Quarterly Payment Date, the Issuer may (but is not obliged to) redeem all (but not some only) of the Notes subject to and in accordance with the Conditions if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium 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 affect the Issuer or the Noteholders in a materially adverse way (an *Optional Redemption in case of Change of Law*). In such circumstances, the redemption of the Notes will be for an amount equal to the Principal Amount Outstanding of such Notes (plus accrued but unpaid interest thereon) *less*, in case of the Subordinated Class C Notes, the Principal Shortfall and will be effected after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Conditions 5.19 and 5.20.

**Regulatory Call
Option:**

On each Quarterly Payment Date, the Issuer has the option (but not 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 Regulatory Change (the *Regulatory Call Option*). In such circumstances, the redemption of the Notes will be for an amount equal to the Principal Amount Outstanding of such Notes (plus accrued but unpaid interest thereon) *less*, in case of the Subordinated Class C Notes, the Principal Shortfall and will be effected after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Conditions 5.21 and 5.22.

Withholding Tax:	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 <i>Sections 11.2.1 and 11.3</i> , below.
Final Redemption Date	Unless previously redeemed in full, the Issuer will redeem the Notes at their respective Principal Amount Outstanding, together with accrued interest thereon on the Quarterly Payment Date falling in November 2038.
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 Loans included in the Initial Portfolio transferred to the Issuer by the Seller pursuant to the SLSA. See <i>Section 19</i> , below. Part of the proceeds of the issue of the Subordinated Class C Notes will be deposited by the Issuer on the Reserve Account. See <i>Section 5</i> , below.

TRANSACTION STRUCTURE AND DOCUMENTS

SME Loan Sale Agreement (or the SLSA):	On or before the Closing Date, the Seller, the Security Agent and the Issuer will enter into the SME Loan Sale Agreement (the <i>SME Loan Sale Agreement</i> or the <i>SLSA</i>) pursuant to which the Issuer purchases the Initial Portfolio of Loans from the Seller on the Closing Date and pursuant to which the Issuer may purchase New SME Loans on each Monthly Sweep Date after the Closing Date until the Mandatory Amortisation Date. See <i>Section 12</i> , below. For the purposes of this Prospectus, a <i>Loan</i> refers to any SME loan originated by ING, and sold by the Seller to the Issuer pursuant to the SLSA.
Mandatory Repurchase under the SLSA:	If, at any time after the Closing Date any of the representations, warranties and Eligibility Criteria relating to the Loans as set out in 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) on or before the Quarterly Payment Date immediately following

expiry of the five (5) Business Days period mentioned above:

- (a) indemnify the Issuer for all damages, costs, expenses and losses; and
- (b) repurchase the relevant Loan and the Loan 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.

The Seller furthermore undertakes with the Issuer in respect of those Loans in the Initial Portfolio for which not at least one first contractually scheduled payment of interest has been made on the relevant Cut-off Date, that it shall repurchase such Loan (and the Loan Security) in the event such first contractually scheduled interest payment is not made by the Borrower and the non-payment is not due to the insolvency of the relevant Borrower or resulting from a variation or waiver approved by or on behalf of the Seller.

See *Section 12.3.1*, below.

Purchase of New SME Loans:

Under the SLSA the Issuer will, from the Closing Date until the Mandatory Amortisation Date, be entitled to purchase new SME Loans on a monthly basis to the extent offered to it by the Seller subject to fulfilment of certain conditions (a SME Loan so purchased after the Closing Date, a **New SME Loan**). See *Section 12.5* below.

Servicing Agreement:

On or before the Closing Date, *inter alios*, the Issuer, the Servicer and the Security Agent will enter into the Servicing Agreement pursuant to which the Servicer will be 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 by Borrowers in respect of the Loans (the **Servicing Agreement**). See *Section 15* below.

Collections:

Principal and interest payments made by the borrowers in respect of Loans (**Borrowers**) collected by the Servicer during a Monthly Collection Period will be transferred by the Servicer to the Transaction Account on a monthly basis. See *Section 5.2*, below.

Reserve Account

On the Closing Date the Issuer will deposit part of the proceeds of the Class C Notes for an amount of EUR 150,629,859.30 in an account maintained with the GIC Provider (the **Reserve Account**).

As long as the Interest Available Amount in relation to a Quarterly Payment Date (including the amounts which can be drawn under the Liquidity Facility Agreement (item (i) under *Section 5.7.2*), but excluding any amounts which can be drawn from the Reserve Account (item (g) under *Section 5.7.2*) is

sufficient to meet the Issuer's payment obligations under items (i) up to and including (v) (but excluding items (vii) and (ix)), the purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (vii), (ix) and (xi) in the Interest Priority of Payments in the event and to the extent the Interest Available Amount (excluding items (i) and (g)) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date.

In the event the Interest Available Amount in relation to a Quarterly Payment Date (including the amounts which can be drawn under the Liquidity Facility Agreement (item (i) under *Section 5.7.2*) but excluding any amounts which can be drawn from the Reserve Account (item (i) under *Section 5.7.2*)) is not sufficient to meet the Issuer's payment obligations under items (i) up to and including (v) (but excluding item (vii) and (ix)), the purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (i) up to and including (xi) in the Interest Priority of Payments in the event and to the extent the Interest Available Amount excluding its item (g) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date.

If and to the extent that the Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amount applied in satisfaction of items (i) up to and including (xi) in the Interest Priority of Payments, such amount will be credited to the Reserve Account until the balance standing to the credit thereof equals the Reserve Account Target Level (as defined below).

If and to the extent that the Interest Available Amount exceeds the amount required to deposit in, or replenish, the Reserve Account up to the Reserve Account Target Level, such excess amount will be used as part of the Interest Available Amount towards satisfaction of items (xiii) up to and including (xiv) of the Interest Priority of Payments.

On the Quarterly Payment Date on which the Senior Notes have been redeemed in full, the Reserve Account Target Level becomes zero and the remaining balance standing to the credit of the Reserve Account will be transferred to the Transaction Account as Reserve Account Excess and form part of the Principal Available Amount on such date. For the avoidance of doubt, such Reserve Account Excess will not form part of the Interest Available Amount.

The **Reserve Account Target Level** means an amount equal to EUR 150,629,859.30 or, upon redemption in full of the Senior Notes, zero.

Further Drawdown Account

On the Closing Date the Issuer will also deposit part of the proceeds of the Notes in an account maintained with the GIC Provider (the *Further Drawdown Account*) for an amount

corresponding to the aggregate Undrawn Amounts in relation to the Loans purchased on the Closing Date. Thereafter, in the event of a purchase of a New SME Loan in relation to which the proceeds of the Loan were not yet fully released on the relevant Cut-off Date, the Issuer shall apply part of the Replenishment Available Amount corresponding to the Undrawn Amount of such New SME Loan in order to fund the Further Drawdown Account. The Further Drawdown Account will be debited on each Monthly Sweep Date (until fully depleted) (i) for payments for the benefit of the Seller upon Undrawn Amounts being paid out to or on behalf of the Borrowers; and (ii) for an amount equal to the Undrawn Amounts in respect of which the Seller has no further obligation to make payments to the relevant Borrowers, which will then be credited to the Transaction Account. For this purpose an **Undrawn Amount**) in relation to a Loan means such part of a Loan that has not been drawn down by the relevant Borrower on the relevant Cut-Off Date.

Trigger Collateral

The SME Loan Sale Agreement provides that if a Borrower invokes a right of set-off for amounts due to it by the Seller against the relevant Loan and, as a consequence thereof, the Issuer does not receive in any Monthly Collection Period the amount which it is entitled to receive in respect of such Loan, the Seller shall pay to the Issuer as soon as possible, but in any event on the Monthly Sweep Date relating to such Monthly Collection Period an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Loan if no set-off had taken place and the amount actually received by the Issuer in respect of such Loan.

To further secure the Seller's obligations in this respect, the Seller shall on each Monthly Sweep Date deposit an amount in euro (**Trigger Collateral**) into an account to be opened in the name of the Issuer (the **Trigger Collateral Account**) in order to ensure that the balance of the Trigger Collateral Account becomes equal to the Trigger Collateral Required Amount. The Issuer shall, on any Quarterly Payment Date after the said downgrade, have the right to apply Trigger Collateral from the Trigger Collateral Account to indemnify the Issuer for Set- Off Amounts (see *Section 12.6 – Trigger Collateral* below).

Swap Agreement:

On or before the Closing Date, the Issuer and the Security Agent will enter into a 1992 ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder) governed by English law with the Swap Counterparty to hedge the risk between the interest the Issuer will receive under the Loans and the floating rate interest the Issuer must pay under the Notes (the **Swap Agreement**). See *Section 5.9* below. From the amounts payable by the Issuer to the Swap Counterparty under the Swap Agreement, the Issuer will be entitled to deduct certain costs and expenses related to the Transaction.

Liquidity Facility:

The Issuer will establish and maintain a 364 day (extendable) liquidity facility up to an amount equal to 2% of the Principal

Amount Outstanding of the Notes on the Closing Date on terms and subject to conditions set out in the Liquidity Facility Agreement which will be entered into on or before the Closing Date with the Liquidity Facility Provider, the Security Agent and the Administrator (the **Liquidity Facility Agreement**). See Section 5.8 below.

GIC Agreement: On or before the Closing Date, the Issuer and the GIC Provider will enter into a guaranteed investment contract (the **GIC Agreement**), under which the GIC Provider guarantees to pay an agreed rate of interest on the balance standing from time to time to the credit of the Issuer Accounts.

Transaction Documents: The SLSA, the GIC Agreement, the Administration Agreement, the Corporate Services Agreement, the Domiciliary Agency Agreement, the Servicing Agreement, the Parallel Debt Agreement, the Pledge Agreement, the Subscription Agreement, the Swap Agreement, the Liquidity Facility Agreement, the Clearing Agreement, the Master Definitions Agreement, Issuer Management Agreements, the Stichting Holding Belgian Lion Management Agreements and all other agreements, forms and documents executed pursuant to or in relation to such documents (collectively referred to as the **Transaction Documents**)

THE SECURITY

Parallel Debt Agreement: On or before the Closing Date, the Issuer, the Security Agent and the other Secured Parties will enter into a parallel debt agreement (the **Parallel Debt Agreement**) pursuant to which the Issuer shall undertake 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.

Collateral: On or before the Closing Date, the Issuer, the Security Agent and the other Secured Parties will enter 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, will be 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) the Loans, all Loan Security and all Additional Security;
- (b) the Issuer's rights under or in connection with the Transaction Documents and under all other documents to which the Issuer is a party;
- (c) the Issuer's rights and title in and to any Issuer Accounts; and
- (d) any other assets of the Issuer (including, without limitation, the Loan Documents and the Contract

Records).

Notification Events: The Borrowers 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 the Borrowers of such sale and assignment (a *Notification Event*) and/or the pledge (a *Pledge Notification Event*) of the Loans and the relevant Loan Security in favour of the Secured Parties. See *Section 12.3.4* below.

Limited Recourse and Non-Petition: To the extent that the Principal Available Amount and the Interest Available Amount are insufficient to repay any principal or 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.

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Belgian Lion SME I and the recourse for such obligations is limited so that only the assets of Compartment Belgian Lion SME I subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Security 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 Belgian Lion SME I 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 relevant Security. See *Sections 4.3* and *5.4.2* and *Condition 11*, below.

THE LOANS

The Loans: The Initial Portfolio of Loans to be sold by the Seller to the Issuer under the SLSA are all loans that:

- (a) were originated by the Seller in its capacity as Originator (the *Originator*; and
- (b) as far as the Business Loans are concerned, on 1 April 2010, and as far as the Investment Credits are concerned, on 5 May 2010, meet the Eligibility Criteria.

Representations, Warranties and A Loan transferred pursuant to the SLSA will satisfy all of the representations, warranties and Eligibility Criteria. See *Section*

Eligibility Criteria: 12.2 below.

CORPORATE AND ADMINISTRATIVE

Administration Agreement: On or before the Closing Date, the Administrator, the Accounting Services Provider, the Issuer, the Seller, the Servicer, the Security Agent and the Domiciliary Agent will enter into the Administration Agreement relating to, *inter alia*, the provision of certain administration and accounting services to the Issuer (the *Administration Agreement*).

Corporate Services Agreement: On 12 January 2009, the Corporate Services Provider, the Issuer, the Seller, the Servicer, the Security Agent and the Domiciliary Agent entered into the Corporate Services Agreement relating to, *inter alia*, the provision of certain corporate services to the Issuer (the *Corporate Services Agreement*).

Master Definitions Agreement: On or before the Closing Date, the Issuer and all Secured Parties (other than the Noteholders) will enter into the Master Definitions Agreement (the *Master Definitions Agreement*).

Domiciliary Agency Agreement: On or before the Closing Date, the Issuer, the Security Agent, the Calculation Agent and the Domiciliary Agent will enter into the Domiciliary Agency Agreement 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 (the *Domiciliary Agency Agreement*).

GENERAL INFORMATION

Clearing: On or before the Closing Date, the Issuer, the Domiciliary Agent and the National Bank of Belgium will enter into the Clearing Agreement pursuant to which the Notes will be cleared (the *Clearing Agreement*).

The Notes will be cleared through the X/N securities and cash clearing system currently operated by the National Bank of Belgium and accepted by certain Belgian credit institutions, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank N.V. (*Euroclear*) and Clearstream Bank S.A. (*Clearstream*), each of them in their capacity as Clearing System Participants.

Expected Rating: It is expected that the Class A1 Notes will be assigned a rating of AAA by Fitch and a rating of Aaa by Moody's

It is expected that the Class A2 Notes will be assigned a rating of AAA by Fitch and a rating of Aaa by Moody's

It is expected that the Class B Notes will be assigned a rating of A by Fitch and a rating of Aa2 by Moody's

The Class C 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, save for the Swap Agreement that will be governed by, and construed in accordance with, English 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. 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 Belgian 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 institutional or professional investors, it must be licensed by the CBFA as a “public VBS”. A VBS that attracts its funding exclusively from institutional or professional 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 4.9* below) and from a special tax regime (see *Section 6.8* below). The status of Institutional VBS is in particular a requirement for the true sale of those Loans that may be secured by a mortgage over real property (a **Mortgage**), 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 Institutional Investors only.

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

Article 103 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 Institutional 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 Institutional Investors acting for their own account; and
- (b) the VBS does not contribute to the fact that securities are held by investors that are not Institutional Investors acting for their own account and does not promote in any way the holding of its securities by investors that are not Institutional 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 **2006 Royal Decree VBS**) 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 Institutional 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 Institutional Investors acting for their own account, with the sole exception, if the case arises, of shares which in accordance with Article 103, second section 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 Institutional Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 103, second section 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 Institutional Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 103, second section 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 Institutional Investors acting on their own account; and
- (iii) the 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 nominal value of each individual Note is EUR 250,000 upon issuance; and
- (v) in the event that the Issuer becomes aware that Notes are held by investors other than Institutional 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 Institutional Investors acting for their own account; and
- (vi) 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 Institutional Investors acting for their own account; and
- (vii) 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 Institutional Investors acting for their own account; and
- (viii) the Conditions provide that the 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.

By implementing these measures, the Issuer has complied with the conditions set out in the 2006 Royal Decree VBS. Without prejudice to the obligation of the Issuer not to contribute or to promote the holding of the Notes by investors other than Institutional 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 Notes on Euronext Brussels or if it would appear that Notes are held by investors other than Institutional Investors. The Issuer has undertaken in the Transaction Documents to comply at all times with the requirements set out in the 2006 Royal Decree VBS 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 responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, 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, in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

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* below).

The Notes are issued by the Issuer, acting through its Compartment Belgian Lion SME I.

Article 26 § 4 of the UCITS Act, which applies to an Institutional VBS pursuant to article 106 § 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 insolvency proceedings (judicial reorganization) (*gerechtelijk reorganisatie / réorganisation judiciaire*) and bankruptcy (*faillissement / faillite*) are to be applied separately for each compartment and a judicial reorganisation or bankruptcy of a compartment does not as a matter of law entail the judicial reorganisation 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 Belgian Lion SME I of the Issuer and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment Belgian Lion SME I.

Article 26 § 2 of the UCITS Act provides that the articles of association 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 of 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 receivables 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 the Issuer of payments under the Swap Agreement, the receipt by it of interest

in respect of the balances standing to the credit of the Issuer Accounts and the availability of the Liquidity Facility. See further under *Section 5- Credit Structure*, below.

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 of the Notes 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 the Issuer acting through Compartment Belgian Lion SME I has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the Security (based on assets belonging to Compartment Belgian Lion SME I) 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 articles of association, 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 realise the corporate purposes as described above. The Issuer is not allowed to have employees.

Pursuant to the Pledge Agreement, none of Secured Parties, including the Security Agent, (or any person acting on their behalf) shall until the date falling one year after the latest maturing Note is paid in full, 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 *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*, below.

4.6.1 Subordination – the Subordinated Class C Notes bear a greater risk of non payment than higher ranking Classes of Notes

The subordination of the Class C Notes is designed to provide credit enhancement to the Class A Notes and the Class B 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 prior to such occurrence. Any losses on the Loans will be allocated as described in *Section 5 – Credit Structure*, below.

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 Collateral given as security for the Notes. No assurance can be given that values of the Collateral have remained or will remain at the level at which they were on the date of origination of the related Loans. A decline in value may result in losses to the Noteholders if any of the relevant security rights over the Collateral 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 and the Class C Notes;
- (b) in the case of the Class B Notes, the subordinated ranking of the Class C Notes; and
- (c) the share capital of the Issuer.

The maximum amount available to be drawn in aggregate under the Reserve Account until the redemption in full of the Senior Notes is an amount equal to the Reserve Account Target Level. Upon the redemption in full of the Senior Notes, the Reserve Account Target Level will be equal to zero.

4.6.3 Liquidity Risk

There is a risk that interest 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 the Liquidity Facility provided by the Liquidity Facility Provider. The Liquidity Facility will only be available to provide liquidity and will not be a source of credit support for the Notes. See *Sections 5.8*, below.

The maximum amount available to be drawn in aggregate under the Liquidity Facility is an amount equal to 2% of the Principal Amount Outstanding of the Notes on the Closing Date, which may not be sufficient at any given time to meet the Issuers payment obligations in full.

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 average maturity 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, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour. 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 Documents (each a *Prepayment*) 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 any contractual penalty which may be applicable in the event of a Prepayment (each a *Prepayment Penalty*) 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 on the Optional Redemption Date, or on the Final Redemption 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 Interest and Interest Rate Risk

The Issuer will receive, amongst other things, interest payments pursuant to the Loans calculated by reference to fixed interest rates (subject to reset from time to time, as the case may be) or floating interest rates. The Notes will bear a floating rate of interest based on three-month EURIBOR plus a margin.

Interest rate risk

The Issuer will enter into the Swap Agreement with the Swap Counterparty on the Closing Date in order to mitigate its interest rate risk, as the Loans owned by the Issuer bear interest at fixed rates (subject to reset from time to time, as the case may be) or floating interest rates while the Notes will bear interest at floating rates.

If the floating rate payable by the Swap Counterparty under the Swap Agreement is substantially higher than the interest rate payable by the Issuer, the Issuer will be more dependent on receiving payments from the Swap Counterparty in order to make interest payments on the Notes.

If the floating rate payable by the Swap Counterparty under the Swap Agreement is less than the interest rate payable by the Issuer, the Issuer will be obliged to make payments to the Swap Counterparty. The amount payable to the Swap Counterparty is ranked higher in priority than payments on the Notes, except for certain swap termination amounts.

The Swap Agreement generally may not be terminated except upon:

- (a) the failure of either party to make payments when due;
- (b) the occurrence of an Event of Default that results in acceleration of the Notes;
- (c) the early redemption of the Notes (i) following the exercise of an Optional Redemption Call, (ii) following the exercise of the Clean Up Call, (iii) following the exercise of a Regulatory Call, (iv) as a result of an Optional Redemption in case of Change of Law or (v) as a result of an Optional Redemption for Tax Reasons;

- (d) the insolvency of either party,
- (e) illegality;
- (f) certain tax events;
- (g) the making of an amendment to the Transaction Documents that adversely affects the Swap Counterparty without its consent; or
- (h) the failure of the Swap Counterparty to post collateral, to assign the Swap Agreement to an eligible substitute swap counterparty or to take other remedial action in accordance with the terms of the Swap Agreement if the Swap Counterparty's credit ratings drop below the Minimum Ratings or would result in a downgrade of the then current ratings of the Senior Notes.

Upon termination of the Swap Agreement, a termination payment may be due to the Issuer or due to the Swap Counterparty. Any such termination payment could be substantial if market interest rates and other conditions have changed materially. To the extent not paid by a replacement Swap Counterparty, any termination payment will be paid by the Issuer from funds available for such purpose, and payments on the Notes may be reduced or delayed unless such termination payment arises as a result of a default by the Swap Counterparty and constitutes a Subordinated Swap Amount.

If the Swap Counterparty's credit rating falls below certain ratings (see further the rating triggers described in *Section 5.8 – Interest Rate Hedging*) and a termination event occurs under the Swap Agreement because the Swap Counterparty fails to take one of the possible corrective actions, the Rating Agencies may place the ratings on the Senior Notes on watch or reduce or withdraw its ratings if the Issuer does not replace the Swap Counterparty. In these circumstances, ratings on the Senior Notes could be adversely affected.

If the Swap Counterparty fails to make a termination payment owed to the Issuer, the Issuer may not be able to enter into a replacement Swap Agreement. If the Issuer has Notes outstanding and does not have an interest rate swap arrangement in place for that floating rate exposure, the amount available to pay interest on the Notes may be reduced or delayed.

Taxation

All payments by the Issuer or the Swap Counterparty under the Swap Agreement will be made without any deduction or withholding for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if deductions or withholding taxes are imposed on payments made under the Swap Agreement.

If any withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to:

- (a) action taken by a relevant taxing authority or brought in a court of competent jurisdiction; or

(b) any change in tax law,

in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a **Tax Event**), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, the Swap Agreement may be terminated and, if terminated, the Notes will become subject to Optional Redemption unless a replacement Swap Agreement is entered into.

Novation

Except as expressly permitted in the Swap Agreement, neither the Issuer nor the Swap Counterparty is permitted to assign, novate or transfer as a whole or in part any of its rights, obligations or interests under the Swap Agreement. The Swap Agreement will provide that the Swap Counterparty may novate or transfer the Swap Agreement to another Swap Counterparty with the Minimum Ratings (whereby such other Swap Counterparty shall contract on identical terms as far as payment and delivery obligations under the Swap Agreement are concerned, and, as far as any other obligation under the Swap Agreement are concerned, on terms that are in all material respects not less beneficial for the Issuer).

See further *Section 5.8 - Interest Rate Hedging*.

4.6.7 Risk in respect of the Reserve Account for holders of Subordinated Class C Notes

A part of the proceeds of the Subordinated Class C Notes equal to an amount of EUR 150,629,859.30, will be deposited on the Reserve Account. There is a risk that, on an Optional Redemption Date or, as the case may be, the Final Redemption Date, the balance of the Reserve Account is less than the amount so deposited at the Closing Date. Such shortfall will be, pursuant to Condition 5.15, for the account of the holders of the Subordinated Class C Notes. This could mean that the Subordinated Class C Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes.

4.6.8 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.

4.6.9 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 received from the Borrowers into the Collection Accounts and such funds subsequently being swept on a monthly 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 then standing to the credit of the Collection Account at such time. This risk is mitigated by (i) a monthly sweep of the cash representing the

collection of moneys in respect of the Loans by the Servicer on behalf of the Issuer from the Collection Accounts to the Transaction Account, (ii) a rating trigger on the Seller according to which a downgrade below the Minimum Ratings triggers an undertaking of the Seller to shorten the maximum period during which amounts will be held in the Collection Accounts before being swept into the Transaction Account to two (2) Business Days and to constitute a reserve in a Commingling Reserve Account (See *Section 5.2.1 – Seller Cash Collection* and *Section 12.6.2 – Commingling Reserve Amount* below), and (iii) by a rating trigger on the Seller according to which a downgrade below F2 (short-term) or BBB+ (long-term) by Fitch or Baa2 (long-term) by Moody's constitutes a Notification Event.

4.6.10 Weighted Average Life of the Notes

Details of the Weighted Average Life of the Notes can be found in *Section 8 – Weighted Average Life* of this Prospectus. 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 estimate and assumption 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.

4.6.11 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.

4.6.12 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.

4.6.13 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, 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 then current ratings assigned to the Senior Notes will not be downgraded. Any such modification, authorisation or waiver shall be binding on the Noteholders and the other Secured Parties.

4.7 Rating of the Senior Notes

The ratings address timely payment of interest and ultimate repayment of principal at the Final Redemption Date in accordance with the Conditions of the Senior Notes.

The ratings expected to be assigned to the Senior 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 Swap Counterparty and the Liquidity Facility Provider, 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 Senior Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Senior Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Senior 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 market for SME loans, in general could have an adverse effect on the rating of the Senior 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. A rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. There is no assurance that a revision or withdrawal of rating will at all times be made in a timely manner.

4.8 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. To date, whereas the effects of the global financial crisis and the related turbulence on money and capital markets remain still unclear, there is no certainty whether (and when) a liquid secondary market for the Notes will develop. The Manager has not entered into an obligation to establish and/or maintain a secondary market in the Notes.

4.9 True Sale of Loans and the Security

4.9.1 True Sale of Loans

Pursuant to the SLSA, the Seller shall transfer to the Issuer the full economic benefit of, and the legal title to, the Loans and all other Collateral. The sale of the Loans and the Collateral will be 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 12.2.1*.

The sale shall have the following characteristics:

- (a) the Issuer shall have no recourse to the Seller except that (i) the Seller may be required to repurchase Loans in relation to which there is a breach of representation, warranty and Eligibility Criteria at the time of the transfer of the Loans; and (ii) the Seller may be required to indemnify the Issuer for all costs, loss and damages incurred as a consequence of such breach; and
- (b) the sale will be for the Current Balance of the Loans including accrued interest and default interest.

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

Certain of the Loans may be secured by a Mortgage. The enforceability of a transfer or pledge of such Loans secured by a Mortgage towards third parties, including the creditors of the Seller, is subject to article 5 of the Belgian Act of 16 December 1851 on liens and mortgages (the *Mortgage Act*) which prescribes a notarial deed and marginal notation of the transfer or pledge in the local mortgage register. Articles 50 and following of the Belgian Act 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 and pledge of mortgage receivables by or to a (public or institutional) V.B.S., so that a transfer or pledge of mortgage receivables to or by a V.B.S. is enforceable against third parties (*tegenwerpelijk aan derden/opposable aux tiers*) without marginal notation.

As to the (maintenance of the) status of the Issuer as an Institutional V.B.S., see *Section 4.1.2*. A loss of the status as an Institutional V.B.S. would result in the exemption set out in Articles 50 and following of the Mortgage Credit Act not being available and therefore in an absence of an effective sale of the Loans secured by a Mortgage.

4.9.2 Effectiveness of the pledge over the Loans secured by a Mortgage

The effectiveness of a pledge over Loans secured by a Mortgage towards third parties, including creditors of the Issuer, is subject to a marginal notation as required by article 5 of the Mortgage Act. Article 50 and following of the Mortgage Credit Act grant an exemption from article 5 for pledges created by an (public or institutional) V.B.S. The effectiveness of the Pledge Agreement to the extent it relates to the Loans secured by a Mortgage requires that the Issuer maintain its status as an Institutional V.B.S. A loss of status of the Issuer as an Institutional V.B.S. would make the pledge, and consequently, the Security over the Loans secured by a Mortgage ineffective.

As to the status of the Issuer as an Institutional V.B.S., see *Section 4.1.2*.

4.9.3 No notification of the Sale and Pledge

Article 1690 of the Belgian Civil Code (*Belgisch Burgerlijk Wetboek / Code Civil Belge*) will apply 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 Closing 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 will not be notified to the Borrowers or third party providers of additional collateral.

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

- (a) the liabilities of the Borrowers under the Loans (and the liabilities of, 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 failure to give notice of the transfer also means that the Seller can agree with the Borrowers or the providers of collateral to vary the terms and conditions of the Loans, the Loan Security or the other collateral and that the Seller in such capacity may waive any rights under the Loans, the Loan Security and the Additional Security. The Seller will, however, undertake for the benefit of the Issuer that it will not vary, or waive any rights under any of the Loan Documents, the Loan Security or the other collateral other than in accordance with the SLSA and the Servicing Agreement;
- (b) if the Seller were to transfer or pledge the same Loans, the Loan Security 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 third party providers of collateral and acts in good faith would have the first claim to the relevant Loan 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 or third party collateral providers to creditors of the Seller, will validly discharge their respective obligations under the Loans or the additional collateral provided the Borrowers or, as the case may be, the third party collateral providers and 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, Loan Security or other collateral which may lead to such payments;
 - (ii) not to give any instructions to the Borrowers or third party 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 or third party collateral providers due to payments to creditors of the Seller; and
- (d) Borrowers or third party 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. Under the SLSA, the Seller will warrant in relation to each Loan, the Loan Security and the other collateral relating thereto that no such rights and defences have arisen in favour of the Borrower or the third party collateral providers up to the Closing Date. If a Borrower or third party 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 indemnify the Issuer and the Security Agent against the amount by which the amounts due under the relevant Loan, Loan Security or other collateral are reduced (whether or not the Seller was aware of the circumstances

giving rise to the Borrower's or the third party collateral provider's claim at the time it gave the warranty described above).

The SLSA provides 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 Issuer or the Security Agent will require the Seller to give notice to the Borrowers or any other debtor of any assigned right or collateral (as described in *Section 12.3.4*, below). If the Seller fails to comply with any such request of the Security Agent forthwith upon (a) receipt of such Enforcement Notice or (b) the occurrence of a termination event under the Servicing Agreement, the Issuer and the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s).

4.10 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 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 SLSA. These representations and warranties 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/or the 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 shall (at the direction of the Issuer or the Security Agent) on or before the Quarterly Payment Date immediately 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 the Seller will be required to repurchase such Loan 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 reasonable *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* below.

4.11 Allocation of unsecured debts

Part of the Portfolio consists of (and New SME Loans may constitute) Loans that have been originated under a *revolving* credit facility (*kredietopening/ouverture de crédit*)(a **Credit Facility**). The Standard SME Loan Documentation provides that debts other than Loans may be allocated by the Seller to the Credit Facility that has been granted to the Borrower to the extent such Credit Facility is not fully drawn down. Such right to "allocate" (*imputatie/imputation*) other debts is intended to allow the Seller to enforce different types of loan security that has been created to secure the Credit Facility (in particular, but not only, registered Mortgages) also for such other debts owing by the Borrower to the Seller.

Where a Credit Facility under which a Loan is transferred to the Issuer is secured by a registered Mortgage that only secures the Credit Facility and not the debt (prior to allocation) which the Seller would allocate to the secured Credit Facility after the transfer date of the Loan (the **Transfer Date**), the question may arise as to the priority between the Issuer and the Seller upon enforcement of such Mortgage. If for the purpose of the enforcement the allocated debt is deemed to have come into existence prior to the relevant Transfer Date, it would by operation of law rank equally as the Loan transferred to the Issuer. If the date that is taken into account is the date on which the Loan is allocated to the Credit Facility by the Seller,

then such debt would rank in priority behind the Loan owned by the Issuer. In the Transaction Documents the Seller and the Issuer shall however agree that, in respect of any Loan, all loans or other debts which are secured by the same Loan Security and all loans and other obligations originated under or included (*geimputeerd/imputé*) in the same Credit Facility are subordinated to the Loan in relation to all sums received out of the enforcement of the Shared Security Interest (as for the effectiveness of such subordination in respect of a Mortgagee, see however *Section 4.18* below).

4.12 Transfer of Loan Security (other than Mortgages)

Part of the Portfolio consists of (and New SME Loans may constitute) Loans that have been originated under a Credit Facility which is secured by a Loan Security other than a registered Mortgage. There is some doubt that following the assignment to the Issuer of such a Loan, the Issuer will have the (pro rata) benefit of the Loan Security securing such Loan. Traditionally there are arguments that security interests created to secure a credit facility, only secure the final balance of the facility upon termination of the facility, but not any intermediate balance or loan originated as part of the facility and assigned to a third party. Where the origination documentation provides expressly that parts of the facility may be assigned to a third party – as is the case in the Standard SME Loan Documentation of the Seller, the better argument should be that this allows for the assignment of intermediate balances or loans originated under the facility together with the (pro rata) benefit of the Loan Security.

4.13 Partially drawn loans and set-off related to Credit Facilities

Where under a Credit Facility a Borrower has been granted certain unconditional rights to borrow further advances and the Seller would fail to advance such further draw downs duly requested by a Borrower, there is a risk that the Borrower would reduce the payments due in respect of the amounts already drawn down under the Loan up to the amount of damages or loss he has incurred as a consequence of such default by the Seller.

Part of the Portfolio purchased on the Closing Date will consist of Loans that on the Closing Date will not be fully drawn down. In respect of such Loans the receivables purchased by the Issuer will comprise both the parts already drawn down on the Closing Date and the rights relating to the future draw downs (*Further Drawdowns*).

Under Belgian law the distinction between “existing” (*bestaande/existantes*) receivables and “future” (*toekomstige/futures*) receivables is relevant. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt, has entered into liquidation or a judicial reorganisation. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments (emergency regulations) of the assignor/pledgor. The Issuer has been advised that the rights related to the Further Drawdowns will come into existence only when and to the extent the amounts of the Further Drawdowns are paid out to the Borrower. Thus the Future Drawdowns will be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the amounts of the Further Drawdown is not paid out or if it is paid out on or after the date on which the Seller is declared bankrupt or has become subject to emergency regulations. For the mitigation of this risk, see *Credit Structure — Further Drawdown Account* below).

4.14 Set-Off

Set-off following the sale of the Loans

The sale of the Loans to the Issuer and the pledge of the Loans to the Security Agent will not be notified to the Borrowers nor to third party providers of Related Security, except in certain circumstances. Set-off rights may therefore continue to arise in respect of cross-claims between a Borrower (or third party provider of Related Security) and the Seller, potentially reducing amounts receivable by the assignee and the beneficiaries of the Pledge. To mitigate this risk under the SLSA and the Servicing Agreement the Seller will agree to indemnify the Issuer if a Borrower or provider of Related Security, claims a right to set-off against the Loans. The rights to payment of such indemnity will be pledged in favor of the Secured Parties.

As from the date on which a Borrower is notified of the assignment, the Issuer will only be subject to rights of set-off: (a) accrued prior to the receipt of the notice (i.e. to the extent that both debts were due and payable prior to the receipt of the notice) and will thus no longer be subject to rights of set-off for which the conditions are only met after the receipt of the notice (i.e. where at least one of the debts only becomes due and payable after such notice) or which arise in relation to transactions between the Seller and such Borrower after such notice has been given (Article 1295, Belgian Civil Code) or (b) to the extent that the Loan Documents provide for a contractual right of set-off for the Borrower (see *Set-off upon or following insolvency of the Seller* below). As to the set-off rights in case of closely related debts, see *Set-off upon or following insolvency of the Seller* below.

Set-off upon or following insolvency of the Seller

As from the insolvency of the Seller, set-off with amounts owing by the Seller will no longer be permitted, except where (a) rights of set-off accrued prior to the Seller's insolvency (i.e. to the extent that both debts were due and payable prior to the Seller's insolvency), (b) both debts are "closely connected" (*verknachtheid/connexité*) or (c) the Loan Documents contain provisions that give the Borrower a contractual set-off right.

The standard documents and forms used for originating Loans through the network and according to the procedures of the Originator (the ***Standard SME Loan Documentation***) do not contain any express provisions giving the Borrower a contractual set-off right.

The exception for *verknachtheid/connexité* is not laid down in any statute but has been developed by case law. Different opinions exist as to the precise conditions, but it is generally accepted that under the exception of *verknachtheid/connexité*, post-insolvency set-off (and arguably post-notification of assignment set-off) is allowed on the condition that the mutual debts are so closely interrelated or connected that they should be considered as originating from one and the same source (*ex eadem causa*) or as constituting a single, indivisible economic whole. These criteria will need to be assessed by a court in its full discretion on a case by case basis.

It has been argued that clauses of unicity of accounts (*eenheid van rekening/unicité de comptes*) and set-off clauses may constitute *verknachtheid/connexité* between the mutual debts of a bank and its borrower irrespective of whether or not there exist more inherent, objective links between the mutual debts. According to this author, even if these clauses are stipulated for the benefit of the bank only (and not for the benefit of the borrower), such clauses could be interpreted as characterizing the relationship between the bank and a borrower as such and such characterization should not be different when looked at from the point of view of the bank or from the point of view of the borrower.

The Standard SME Loan Documentation contains (i) a set-off clause stipulated to the benefit of the Seller, (ii) a clause stating that all accounts are part of a single and indivisible account, (iii) a general retention right so that all assets held by the Seller and amounts payable by the Seller to the Borrower may be retained by the Seller as security for any amounts owing to the Seller and (iv) a clause pursuant to which all deposits of the Borrower with the Seller are pledged to secure the Loan.

Moreover, the same publications have stated that, upon insolvency of the Seller, a Borrower could invoke its right of set-off even if the claim the Seller holds against it has not yet become due and payable provided that the mutual debts between the Borrower and the Seller are closely connected. In his view, based on the defense of “non-performance” (*exceptio non adimpleti contractus*) (see below), the Borrower would have the right to withhold payment of its debts to the Seller in order to set-off its debts against any claims it may hold against the Seller, as and when its debts owed to the Seller fall due.

In this respect, it has been considered that claims by Borrowers of Loans may result from certain entitlements which such Borrowers may have to request Further Drawdowns or, more generally, to request further credit to be made available to them by the Seller or to have further security provided by the Seller to their commercial counterparties under certain products offered to them under their Credit Facility or under their banking relationship with the Seller. Although such products (x) are not necessarily entered into simultaneously with the Loans but rather on different points in time depending on the specific funding needs of the relevant Borrower and (y) typically have their particular terms agreed upon by way of separate agreements, where most of these products are governed by the same framework of the Credit Facility and share various contractual terms and security interests, it cannot be excluded that a court might find claims resulting from such entitlements (or any default to satisfy obligations under such entitlements) to be closely connected with the Loan. While the amount of such further claims that Borrowers may vary over time taking into account the typically evolving nature of the credit relationship and the products entered into with Borrowers over time and, in case of default, the dependence of a particular Borrower on the availability of credit from the Seller, the risk of such further claims by Borrowers effectively resulting in payable debts at the time the Seller would become subject to insolvency proceedings, is however subject to the following limitations:

- (a) under the general conditions applicable to the Loans and the Credit Facilities (the *Algemeen Reglement der Kredieten /Reglement Général des Crédits*) (i) any unused portion of further credit a Borrower is contractually entitled to request can at all times and immediately be terminated by the Seller by giving notice to the Borrower and (ii) any used portion of credit (including credit allocated under the form of security provided by the Seller to the commercial counterparties of the Borrowers) can at all times be terminated by the Seller by giving 15 days prior notice to the Borrower;
- (b) such claims of Borrowers do not automatically constitute debts that are due and payable, but require further action on behalf of the Borrower either under the form of a drawing request or a claim by the third party beneficiary of a security and, for certain products, a further agreement by the Seller on the particular terms; and
- (c) the Borrower must be able to demonstrate an actual loss which is substantially material and which must be in proportion to the amounts of payments it envisages to suspend.

The rights of the Borrower to invoke set-off upon or following insolvency of the Seller are further subject to Article 1295 of the Belgian Civil Code (see above *Set-off following the sale*

of SME Receivables). This means that, also in case of insolvency of the Seller, the Borrower may no longer exercise its rights of set-off where the conditions for such set-off would only be met after receipt of the notice of the transfer of the Loans or where such set-off would arise in relation to transactions between the Seller and the Borrower after such notice has been given. Based on case law of the Belgian Supreme Court (*Hof van Cassatie/Cour de Cassation*) in respect of Article 1295 of the Belgian Civil Code, this would apply even if the claims are closely connected.

A set-off following the insolvency 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 is, however, mitigated by the following considerations:

- (a) 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 insolvency of the Seller;
- (b) 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); and
- (c) that notice of the assignment can still be validly given following the commencement of insolvency proceedings in respect of the Seller.

Defense of non-performance

Under Belgian law a debtor may in certain circumstances in case of default of its creditor invoke the defense of non-performance, pursuant to which it would be entitled to suspend payment under its obligations until its counterparty has duly discharged its obligations due and payable to the debtor. The exception of non-performance is subject to various conditions, the most important ones being: (a) the debt in respect of which payment is suspended must be due and must be conditional upon payment of a debt owed by the other party; (b) the other party must have defaulted on its debt, in a material way; (c) the amount/value involved in the suspension must be in proportion to the amount/value of the default; (d) finally, there must be a close interrelationship between the two debts, typically such close interrelationship is accepted to exist where both debts arise under the same contract or otherwise are so closely interrelated that they are a part of a single transaction (as to the possible existence of closely interrelated debts, see *Set-off upon or following insolvency of the Seller* above). If all such conditions are met, the defense of non-performance may be invoked by a Borrower in respect of an Loan.

The Issuer has been advised that:

- (a) 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 accounts or a unilateral set-off provision as such, without the confirmation of the existence of more inherent links between the debts involved) would in itself constitute *verknogtheid/connexité*, is the prevailing position under Belgian law;
- (b) as far as the combination of the contractual extension of the concept of close connection as set forth above with the defense of non performance is concerned:
 - (i) such analysis has not been confirmed as such by case law;

- (ii) such analysis in most cases assumes the acceptance by courts that a contractual extension of close connection would in itself constitute *verknogtheid/connexité*, whereas to date it is not established that such acceptance is the prevailing position under Belgian law; and
- (iii) the view could be taken that the contractual extension of close connection is not consistent with the use of the defense of non performance because such defense traditionally implies an inherent reciprocity of debts.

If a court would accept that the conditions of the defense of non-performance are satisfied (amongst others that both debts are “closely connected”, also from the point of view of the Borrower), such defense may be enforceable against the Issuer following notification of the transfer of the Loan and is not addressed by Article 1295 of the Belgian Civil Code and the Supreme Court case law referred to above.

4.15 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. Consequently, in order to secure the valid creation of the security 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.

In addition, the Security Agent has been (i) designated as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with article 27 and article 106 of the UCITS Act and (ii) as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties. In each case its powers include the acceptance of the pledges 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 27 and 106 of the UCITS Act to confirm this, the Issuer has been advised that such a parallel debt creates 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 pledges created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties).

4.16 Enforcement of Security for the Notes

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the security for the Notes, the Security Agent, acting in its own name, as creditor of the Parallel Debt, as representative of the Noteholders and as agent of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Loans, any moneys payable under the contracts 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 SLSA in relation to a material breach of a warranty and a right 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 and the Security Agent will have no other recourse to the Seller.

The terms on which the Security will be held will provide that upon enforcement, certain payments (including *inter alia* all amounts payable to the Security Agent, the Servicer, the GIC Provider, the Swap Counterparty, the Liquidity Facility Provider, the Administrator, the Corporate Services Provider and the Accounting Services Provider 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 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 loans to small and medium sized enterprises 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 would not be applicable to the Issuer Accounts.

4.17 Foreclosure of the Loan Security

Without prejudice to the information set out in *Section 14* below, in case of the procedures set out in Schedule 1 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 ING 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 ING.

4.18 All Sums Security Interest

The Loan Security securing a Loan (which may include, *inter alia*, Mortgages, floating charges (*pand handelszaak / gage sur fonds de commerce*) granted under the Belgian Act of 25 October 1919 on the pledge over a business (*Wet van 25 oktober 1919 betreffende het in pand geven van een handelszaak, het endossement van de factuur, de aanvaarding en de keuring van de rechtstreeks voor het verbruik gedane leveringen/ Loi du 25 Octobre 1919 sur la mise en gage du fonds de commerce l'escompte et le gage de la facture ainsi que l'agrégation et l'expertise des fournitures faites directement à la consommation*) (***Floating***

Charges), farmers' liens under the Belgian Act of 15 April 1884 on farmers' loans (*landbouwenning/prêts agricoles*) (**Farmers' Liens**) and joint and several guarantees, does not necessarily only secure such Loan, but often also secures (i) in case the Loan constitutes a term advance under a Credit Facility, all advances made and other obligations included (*geimputeerd/imputé*) from time to time under such Credit Facility (see also *Section 4.11* above), or (ii) in many cases, all other amounts which the Borrower owes or in the future may owe to the Seller (**All Sums Security Interests**)(**Shared Security Interests**).

To mitigate any competing claims in respect of any Loan secured by Shared Security Interests, the SLSA provides that all loans or other debts which are secured by the same Loan Security and all loans and other obligations originated under or included (*geimputeerd/imputé*) in the same Credit Facility are subordinated to the Loan in relation to all sums received out of the enforcement of the Shared Security Interest. To the extent the Shared Security Interest consist of a Mortgage, this subordination could be considered as an intercreditor arrangement which is subject to article 5 of the Mortgage Law. Pursuant to article 5 the effectiveness of an intercreditor arrangement in respect of the ranking of a mortgage requires a notarial deed and marginal notation of the transfer or pledge in the local mortgage register. The subordination provided for in the SLSA will not be notarised and will not be registered in the local mortgage register. As a consequence such subordination may not be enforceable against third parties (including third party creditors of the Seller) to the extent such subordination relates to loans or other obligations existing on the date of the sale of the Loan to the Issuer, including possibly obligations existing on such date and included (*geimputeerd/imputé*) in the same Credit Facility after such date.

4.19 Mortgage Mandates

Certain Loans secured over real property are not secured by an actual registered Mortgage, but only by a Mortgage Mandate. A Mortgage Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the mortgaged real property (*onroerend goed / bien immobilier*), but would first need to be converted into a Mortgage. The **Mortgage Mandate** is an irrevocable power of attorney granted by a Borrower or a third party provider of Related Security to certain attorneys enabling them to create a Mortgage as security for the Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. The Issuer has been advised that the benefit of a Mortgage that has been created upon a conversion of the Loan, can most likely not be conferred upon the Issuer.

4.20 Floating Charge Mandates

Certain SME Receivables are secured by a Floating Charge Mandate. Like the Mortgage Mandate, a Floating Charge Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the pledged business (*handelszaak / fonds de commerce*), but would first need to be converted into a Floating Charge. The **Floating Charge Mandate** is an irrevocable power of attorney granted by a Borrower or a third party provider of Related Security to certain attorneys enabling them to create a Floating Charge as security for the SME Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. A Floating Charge will only become enforceable against third parties upon registration of the Floating Charge at the Mortgage Registrar.

Under the Floating Charge Mandate included in the Standard SME Loan Documentation, the attorney does in principle only have the power to create a Floating Charge in favour of the Seller. The Issuer has been advised that following the sale and assignment of the SME

Receivables from the Seller to the Issuer, the related Floating Charge Mandate can no longer be converted in order to create a priority right in favour of the Issuer.

4.21 Intercreditor Agreements

The Portfolio (and the New SME Loans) may comprise Loans in respect of which the Seller has entered into intercreditor agreements with other lenders. Such intercreditor agreements may include provisions pursuant to which (a) the enforcement proceeds of Related Security relating to the Loan may need to be shared with other lenders and/or the Seller will take part of the benefit of security interests provided by the Borrower to such other lenders and/or (b) the Seller has agreed to consult with other lenders in respect of decisions and actions in relation to the Loan and the Related Security relating to the Loan and/or making such decisions or actions dependent on the prior notification or the consent of (a majority of the) other lenders. The Seller will represent that any intercreditor agreements will not restrict the assignment of any of the Loans and the Collateral relating thereto.

4.22 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 while or after being subject to a reorganisation with creditors (*réorganisation judiciaire/gerechtigd reorganisatie*), then any new debts incurred during the reorganisation procedure may be regarded as being debts incurred by the bankrupt estate ranking ahead of debts incurred prior to the reorganisation procedure. 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 payment referred to therein. See further *Section 5*.

4.23 The characteristics of the Loans may change from time to time

There is no guarantee that the characteristics of any New SME Loan assigned to the Issuer will have the same characteristics as the Loans as of the first purchase, in particular, New SME Loans may have different payment characteristics from the Loans assigned to the Issuer as of the first purchase. The ultimate effect of this could be to delay or reduce the payments on the Notes or to increase the rate of repayment of the Notes.

This risk related to the characteristics of the New SME Loans is however mitigated by the fact that such New SME Loans will comply with the Eligibility Criteria as set forth in sub-section 12.2.2 - *Eligibility Criteria*.

4.24 Payments on the Loans are subject to credit, liquidity and interest rate risks

Payments on the Loans are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Loans. The ultimate effect of this

could be to delay or reduce the payments on the Notes or to increase the rate of repayment of the Notes.

4.25 Risks of losses associated with declining values of mortgaged assets or pledged business

The security for the Notes created under the Pledge Agreement may be affected by, among other things, a decline in the value of the mortgaged assets and/or the pledged business and/or the encumbered exploitation securing the Loans. No assurance can be given that values of the mortgaged assets and/or the pledged business and/or the encumbered exploitation have remained or will remain at the level at which they were on the date of origination of the related Loans. A decline in value of the relevant mortgaged assets and/or the pledged business and/or the encumbered exploitation may result in losses to the relevant Noteholders if the relevant security rights on the relevant mortgaged assets and/or the pledged business and/or the encumbered exploitation are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Loans.

4.26 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:

- (a) the real beneficiary of the interest payments is 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; and
- (b) the aggregate amount of the relevant loans of such borrower exceeds seven times the sum of:
 - (i) the taxed reserves of such borrower at the beginning of the taxable period; and
 - (ii) 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 7 to 1 debt to equity ratio as referred to under (b) is exceeded (article 198, 11° of the BITC 1992).

As set out below (see *Section 6.8*), a V.B.S. 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° of the 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 a V.B.S., it cannot be 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 7 to 1 debt equity ratio is exceeded. The Issuer has however been advised that:

- (a) the application of article 198, 11° of the BITC 1992 in the case of a securitization transaction with the Issuer would lead to inequitable results given that the Borrower who loses the tax deduction, was not involved with and, before being notified thereof, was even not aware of, the transfer of its Loan to a V.B.S.; and
- (b) from the set-up of the credit structure of the Transaction under which all Interest Available Amounts are immediately distributed on a quarterly basis in accordance with the relevant Priority of Payments (see *Section 5* below) in line with the specific purpose of the Issuer, which is to provide funding to the Seller through the securitization of Loans, it follows that in principle the accounting result of the Issuer should be zero. To the extent the Issuer would have been taxed under the regular corporate income tax regime, its taxable result should therefore in principle also have been zero. A convincing argument could therefore be made that in respect of the income derived from the interest payments received under the Loans, the Issuer is not subject to an income tax regime that is considerably more advantageous than the regular income tax regime for Belgian corporate residents and that even under a strict reading, article 198, 11° of the BITC should not be applied to interest payments made to a V.B.S.

On the basis of the above considerations, a challenge of the deduction of interest payments on the Loans by the tax administration on the basis of article 198, 11° of the BITC 1992 should be very unlikely. Prior to the date the Borrower is being notified of the assignment of the Loans, this conclusion is further supported by the fact that the Borrower continues to make all payments under its Loan to, and is only able to validly discharge its obligations by payment to, its initial creditor (i.e. ING) and not to the Issuer.

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, further mitigated by the fact that under the SLISA 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.

4.27 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* on Optional Redemption in case of Change of Law.

4.28 Data Protection

To the extent the transfer of Loans entails the transfer of personal data in relation to the Borrowers, 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 permissibility 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.

4.29 Reliance on ING Belgium NV /SA

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 ING Belgium NV / SA as GIC Provider, Servicer, Corporate Services Provider, Accounting Services Provider, Swap Counterparty, Liquidity Facility Provider and Domiciliary Agent. This risk is mitigated by rating triggers on ING Belgium NV/SA under the relevant Transaction Documents.

4.30 Conflicts of interest

ING Belgium NV / SA is acting in a number of capacities (as GIC Provider, Servicer, Interest Swap Counterparty, Domiciliary Agent, Calculation Agent and Listing Agent) in connection with the Transactions described herein. In acting in such capacities in connection with such transactions, ING Belgium NV / SA shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interest could arise between the various roles of ING Belgium NV / SA and that ING Belgium NV / SA has no implicit or explicit obligation or duty to act in the best interest of the Noteholders when performing its various functions.

4.31 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*.

4.32 Force Majeure

Belgian law recognised the doctrine of *overmacht/force majeure*, permitting a party to contractual obligation to be freed 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 freed from their obligations under the Transaction Documents to which it is a party. This could prejudice the ability of the Issuer to meet its obligations.

4.33 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 below, placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) 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 from any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

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 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 at the Closing Date and the New SME Loans which may be sold and assigned to the Issuer thereafter up to the Mandatory Amortisation Date bear:

- (a) *either* a fixed rate interest for the entire term of the Loan (in certain cases, subject to reset from time to time on dates agreed with the Borrower);
- (b) *or* a floating rate of interest .

Interest rates vary between individual Loans. 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 transaction as a result of possible variations in certain costs and expenses of the Issuer and fluctuations in EURIBOR. The eventual effect of such variations could lead to drawings, and the replenishment of such drawings, under the Liquidity Facility and 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 Documents certain prepayment penalties (*wederbeleggingsvergoeding/indemnité de remploi*) may be due on certain Loans in the event of a voluntary prepayment of principal on the Loans prior to their scheduled due date (the **Prepayment Penalties**). Furthermore, the contractual terms of the Loan Documents may provide for default interest (*nalatigheidsinterest/intérêt moratoire*) to be applicable in respect of arrears on the Loans.

5.2 Cash Collection

5.2.1 Seller Cash Collection

Until a Notification Event, all payments made by Borrowers will be credited to an account in the name of the Seller held with the GIC Provider which is administered by the Servicer, and any account replacing such account in accordance with the Transaction Documents (the **Collection Accounts**).

The Servicer, on behalf of the Seller, shall procure that on or prior to the tenth (10th) calendar day of each month (or the first following Business Day if such day is not a Business Day,)(the **Monthly Sweep Date**), all amounts of principal, interest, prepayment penalties and default interest received by the Seller in respect of the Loans during the related Monthly Collection Period are swept to the Transaction Account held by the Issuer at the GIC Provider (the **Transaction Account**).

If at any time the ratings of the Seller fall below the Minimum Ratings, the Seller shall (i) within 28 calendar days as of such downgrade, ensure that the maximum period during which amounts will be held in the Collection Accounts before being swept into the Transaction Account will be two (2) Business Days and (ii) open the Commingling Reserve Account and constitute a Commingling Reserve Amount (See *Section 12.6.2 – Commingling Reserve Amount* below).

5.2.2 Collection Period

In respect of any relevant Quarterly Payment Date, the period from (and excluding) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which the immediately preceding Quarterly Payment Date fell to (but including) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which such relevant Quarterly Payment Date falls shall be the ***Collection Period*** except for the first Collection Period which shall be the period from (and including) the Closing Date to (and including) 30 September 2010.

In respect of any relevant Monthly Sweep Date, the period from (and excluding) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which the immediately preceding Monthly Sweep Date fell to (but including) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which such relevant Monthly Sweep Date falls shall be the ***Monthly Collection Period*** except for the first Monthly Collection Period which shall be the period from (and including) the Closing Date to (and including) 31 July 2010.

5.3 The Issuer Accounts

The Transaction Account, the Reserve Account, the Further Drawdown Account, the Trigger Collateral Account, the Commingling Reserve Account, the Share Capital Account and the Swap Collateral Account (if any) (together the ***Issuer Accounts***) will be held at the GIC Provider.

Share Capital Account means the bank account by the Issuer in which (i) the share capital portion allocated to Compartment Belgian Lion SME I and (ii) the interests accrued on the Share Capital Account are held.

5.3.1 Funds to be credited to the Transaction Account

The Issuer will maintain with the GIC Provider the transaction account (the ***Transaction Account***) into which in addition to any interest accrued on the Transaction Account, the Servicer, on behalf of the Issuer, shall credit all amounts received:

- (a) in respect of the Loans;
- (b) from the Swap Counterparty under the Swap Agreement;
- (c) from the Liquidity Facility Provider as a Liquidity Facility Drawing under the Liquidity Facility;
- (d) from any of the other parties to the Transaction Documents;
- (e) as retained interest for non-Eligible Holders; and

- (f) as accrued interest on the Reserve Account or as funds drawn from the Reserve Account.

Prior to an Enforcement Event, payments will be made from the Transaction Account during each Interest Period on the Quarterly Payment Date in accordance with the Interest Priority of Payments and the Principal Priority of Payments as set out in *Section 5.7*.

5.3.2 The Reserve Account

The balance standing to the credit of the Reserve Account, which is also maintained with the GIC Provider, shall be Euro 150,629,859.30 on the Closing Date. The amount standing to the credit of the Reserve Account will accrue interest at a rate equal to three months' Euribor minus a margin of 10 bps.

As long as the Interest Available Amount in relation to a Quarterly Payment Date (including the amounts which can be drawn under the Liquidity Facility Agreement (item (i) under *Section 5.7.2*), but excluding any amounts which can be drawn from the Reserve Account (item (g) under *Section 5.7.2*) is sufficient to meet the Issuer's payment obligations under items (i) up to and including (x) (but excluding items (vii) and (ix)), the purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (vii), (ix) and (xi) in the Interest Priority of Payments in the event and to the extent the Interest Available Amount (excluding items (i) and (g)) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date.

In the event the Interest Available Amount in relation to a Quarterly Payment Date (including the amounts which can be drawn under the Liquidity Facility Agreement (item (i) under *Section 5.7.2*) but excluding any amounts which can be drawn from the Reserve Account (item (g) under *Section 5.7.2*)) is not sufficient to meet the Issuer's payment obligations under items (i) up to and including (x) (but excluding items (vii) and (ix)), the purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (i) up to and including (xi) in the Interest Priority of Payments in the event and to the extent the Interest Available Amount excluding its item (g) is not sufficient to enable the Issuer to meet such payment obligations on a Quarterly Payment Date.

If and to the extent that the Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amount applied in satisfaction of Items (i) up to and including (xi) in the Interest Priority of Payments, such amount will be credited to the Reserve Account until the balance standing to the credit thereof equals the Reserve Account Target Level. If and to the extent that the Interest Available Amount exceeds the amount required to deposit in, or replenish, the Reserve Account up to the Reserve Account Target Level, such excess amount will be used as part of the Interest Available Amount towards satisfaction of items (xiii) up to and including (xv) of the Interest Priority of Payments.

On the Quarterly Payment Date on which the Senior Notes have been redeemed in full, the Reserve Account Target Level becomes zero and the remaining balance standing to the credit of the Reserve Account will be transferred to the Transaction Account as Reserve Account Excess and form part of the Principal Available Amount on such date.

The ***Reserve Account Deficiency Amount*** means in respect of any Quarterly Payment Date, the difference between (i) the balance of the Reserve Account on the Closing Date and (ii) the balance of the Reserve Account on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date (taking into account any drawings required to be made to satisfy items (i) through (xi) of the Interest Priority of Payments).

The **Reserve Account Excess** means the balance standing to the credit of the Reserve Account after redemption in full of the Senior Notes.

The **Reserve Account Target Level** means an amount equal to EUR 150,629,859.30 or, upon redemption in full of the Senior Notes, zero.

5.3.3 The Further Drawdown Account

On the Closing Date the Issuer will also deposit part of the proceeds of the Notes in an account maintained with the GIC Provider (the **Further Drawdown Account**) for an amount corresponding to the aggregate Undrawn Amounts in relation to the Loans purchased on the Closing Date. Thereafter, in the event of a purchase of a New SME Loan in relation to which the proceeds of the Loan were not yet fully released on the relevant Cut-off Date, the Issuer shall apply part of the Replenishment Available Amount corresponding to the Undrawn Amount of such New SME Loan in order to fund the Further Drawdown Account. The Further Drawdown Account will be debited on each Monthly Sweep Date (until fully depleted) (i) for payments for the benefit of the Seller upon Undrawn Amounts being paid out to or on behalf of the Borrowers; and (ii) for an amount equal to the Undrawn Amounts in respect of which the Seller has no further obligation to make payments to the relevant Borrowers, which will then be credited to the Transaction Account. The amount under (ii) will form part of the Principal Available Amount.

For this purpose an **Undrawn Amount**) in relation to a Loan, means such part of a Loan that has not been drawn down by the relevant Borrower on the relevant Cut-off Date.

Upon the occurrence of certain events (including any insolvency procedure) with respect to the Seller, the Issuer shall have no further obligation to the Seller to pay the remaining part of the relevant Undrawn Amount.

5.4 Substitution of GIC Provider

If at any time (i) the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are rated less than F1 by Fitch or Prime-1 by Moody's, or (ii) the long term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are rated less than A by Fitch (and, if rated A, such rating is not put on Rating Watch Negative) (such ratings, the **Minimum Ratings**) or the GIC Provider ceases to be rated or ceases to be authorised to conduct business as a credit institution in Belgium, then within 30 calendar days, the GIC Provider and the Issuer will procure the transfer of all the Issuer Accounts to another bank or banks approved in writing by the Security Agent, which have the Minimum Ratings and which are credit institutions authorised to conduct business as a credit institution in Belgium.

5.5 Subordination

5.5.1 Class A Notes

The Class A Notes will be senior to each of the Class B Notes and the Class C Notes.

Within the Class A Notes, the Class A2 Notes will be subordinated to the Class A1 Notes to the extent that prior to enforcement, no payment of principal by the Issuer on the Class A2 Notes will be made whilst any Class A1 Note remains outstanding.

In respect of:

- (a) payments of interest prior to enforcement; and
- (b) any amount due in respect of the Class A Notes in case of enforcement,

the Class A1 Notes and the Class A2 Notes shall however rank *pari passu* without any preference or priority among themselves.

5.5.2 Subordination of 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 Security by the Security Agent of any amount due in respect of the Class B Notes, 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 Subordination of Class C Notes

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

- (a) no payment of principal by the Issuer on the Class C Notes will be made whilst any Class A Note or any Class B Note remains outstanding;
- (b) interest on the Class C Notes will only be paid in accordance with the Interest Priority of Payments; and
- (c) in case of enforcement of the Security by the Security Agent of any amount due in respect of the Class C Notes, any amounts due in respect of the Class A Notes and the Class B Notes will rank in priority to any amounts due in respect of the Class C Notes, in accordance with the Post-enforcement Priority of Payments.

5.5.4 General subordination

In the event of insolvency (which term includes bankruptcy (*faillissement / faillite*), winding-up (*vereffening / liquidation*)) and judicial reorganization (*gerechtelijk reorganisatie / réorganisation judiciaire*) of the Issuer:

- (a) 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 have been paid in full;

- (b) any amount due or overdue in respect of the Class C 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 the Class B Notes; and
 - (ii) shall only become payable after any amounts due in respect of any Class A Notes and Class B Notes sequentially have been paid in full.

5.5.5 Limited Recourse - Compartments

To the extent that Principal Available Amount and Interest Available Amount 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.

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Belgian Lion SME I and the recourse for such obligations is limited so that only the assets of Compartment Belgian Lion SME I subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Security 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 Belgian Lion SME I 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 a the Secured Parties, take any steps to enforce any relevant Security. See *Section 4.3* and *Condition 11*, below.

5.6 Principal Deficiency

5.6.1 Principal Deficiency Ledgers

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***), the Class B Notes (***Class B Principal Deficiency Ledger***) and the Class C Notes (***Class C Principal Deficiency Ledger***) and together, the ***Principal Deficiency Ledgers***) in order to record any Realised Losses incurred on the Loans.

5.6.2 Allocation

Any Realised Losses will, on the relevant Quarterly Calculation Date, be debited to the Principal Deficiency Ledgers sequentially as follows:

- (a) *first*, to the Class C Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class C Notes (minus an amount equal to the Reserve Account Target Level), and if there is sufficient Interest Available Amount then any debit balance on Class C Principal Deficiency Ledger shall be reduced by crediting such funds at item (xi) of the Interest Priority of Payments;
- (b) *second*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes, and if there is sufficient Interest Available Amount then any debit balance on Class B Principal

Deficiency Ledger shall be reduced by crediting such funds at item (ix) of the Interest Priority of Payments; and

- (c) *third*., 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 Amount then any debit balance on the Class A Principal Deficiency Ledger shall be reduced by crediting such funds at item (vii) of the Interest Priority of Payments.

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

Realised Losses means in relation to a Foreclosed Loan and in respect of any Quarterly Calculation Date, the negative difference between:

- (a) the aggregate of all Principal Repayments or Net Proceeds relating to principal amounts received by the Issuer since the relevant Cut-Off Date; and
- (b) the Current Balance of such Foreclosed Loan as of the relevant Cut-Off Date.

A Loan which is in arrears or in default and in respect of which the Servicer has undertaken and completed applicable Foreclosure Procedures (a ***Foreclosed Loan***, shall, to the extent a residual debt remains outstanding, be sold to Fiduciaire van het Krediet/Fiduciaire du Cr dit NV/SA, an ING collection agency, in order to collect the residual debt.

Principal Repayments means in relation to a Quarterly Calculation Date, any amounts of repayments and prepayments of principal under or in respect of the Loans other than any Recoveries, received during the Collection Period relating to such Quarterly Calculation Date, but excluding any amount of repayment of principal (other than a Prepayment) paid during such Collection Period but which was scheduled for payment during the next Collection Period and including any amount of repayment of principal (other than a Prepayment) paid during a previous Collection Period but which was scheduled for payment during such Collection Period.

5.6.3 Calculation of Principal Available Amount and Interest Available Amount

The Quarterly Calculation Date shall be, in relation to any Quarterly Payment Date, the third Business Day preceding the relevant Quarterly Payment Date (the ***Quarterly Calculation Date***). On each Quarterly Calculation Date the Administrator will calculate the amount of the Interest Available Amount and the Principal Available Amount which will be available to the Issuer in the Transaction Account on the following Quarterly Payment Date to satisfy its obligations under the Notes.

The Interest Available Amount shall be calculated by reference to the payment from the Swap Counterparty to be received on the related Quarterly Payment Date and other amounts received by the Issuer during the previous Collection Period.

The Principal Available Amount 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) obligations incurred under the Issuer's business to third parties (except as already provided for under the Transactions Documents); 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 Quarterly Payment Date provided there are sufficient funds available in the Transaction Account.

5.7.2 Interest Available Amount

On each Quarterly 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 Quarterly Payment Date by reference to the applicable Collection Period, and such interest funds (the ***Interest Available Amount***) shall be the sum of the following:

- (a) any interest on the Loans and any Prepayment Penalties and default interest under the Loans received by the Issuer ;
- (b) any interest accrued on sums standing to the credit of the Transaction Account and the Reserve Account;
- (c) the aggregate amount of the net proceeds of Foreclosure Procedures (other than amounts mentioned at item (f) below) in respect of any Loan (***Net Proceeds***) to the extent such proceeds do not relate to principal;
- (d) any amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately following Quarterly Payment Date (other than any Excess Swap Collateral or any Swap Replacement Premium which will be paid directly and only to the Swap Counterparty under the terms of the Swap Agreement);
- (e) the aggregate amount of any amounts received:
 - (i) in respect of a repurchase by the Seller under the SLSA; and
 - (ii) in respect of any other amounts received by the Issuer under the SLSA in connection with the Loans;in each case, to the extent such amounts do not relate to principal amounts;
- (f) any amounts received in respect of Foreclosed Loans (the ***Recoveries***) to the extent such amount relate to interest;
- (g) any amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (h) on the Final Redemption Date or, if earlier, the Quarterly Payment Date on which the Notes are redeemed in full and any other obligations have been paid in full, the remaining balance standing to the credit of the Transaction Account (if any) which is not included in items (a) up to and including (g) on such Quarterly Payment Date;

- (i) amounts to be drawn under the Liquidity Facility Agreement (other than the LF Standby Drawings) on the immediately succeeding Quarterly Payment Date;
- (j) any Set-Off Amount to be applied from the Trigger Collateral Account on the immediately succeeding Quarterly Payment Date; and
- (k) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Commingling Reserve Amount in accordance with clause 6.12 of the SLSA, which are to be transferred from the Commingling Reserve Account to the Transaction Account,

minus,

funds deducted from the Transaction Account during the applicable Collection Period in accordance with *Section 5.7.1*.

5.7.3 Event of Default in respect of failure to pay the interest due under the Class A Notes, the Class B Notes or the Class C Notes

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

5.7.4 Pre-enforcement Interest Priority of Payments

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

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice, the Administrator, on behalf of the Issuer, shall apply the Interest Available Amount 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 satisfaction of all amounts due and payable to the Security Agent;
- (ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, of:
 - (A) all amounts due and payable to the Administrator;
 - (B) all amounts due and payable to the Servicer;
 - (C) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider; and
 - (D) all amounts due and payable to the directors of the Issuer, if any;
- (iii) *third*, 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 X/N Clearing System;

- (B) all amounts due and payable to the CBFA;
 - (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) all amounts due and payable to the Auditor;
 - (F) all amounts due and payable to the Rating Agencies;
 - (G) all amounts due and payable to the GIC Provider;
 - (H) all amounts due and payable to the Domiciliary Agent;
 - (I) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and
 - (J) 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 (A) to (I) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents
- (iv) *fourth*, in or towards satisfaction of all amounts due or overdue to the Liquidity Facility Provider (other than the amounts referred to in item (xiii) below);
 - (v) *fifth*, in or towards satisfaction of all amounts due and payable to the Swap Counterparty (other than Subordinated Swap Amounts);
 - (vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of Accrued Interest due in respect of the Class A1 Notes, and (b) all amounts of Accrued Interest due in respect of the Class A2 Notes;
 - (vii) *seventh*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;
 - (viii) *eighth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of Accrued Interest in respect of the Class B Notes;
 - (ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;
 - (x) *tenth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of Accrued Interest in respect of the Class C Notes;
 - (xi) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts debited to the Class C Principal Deficiency Ledger, until any debit balance on the Class C Principal Deficiency Ledger is reduced to zero; and (b) all amounts debited to the Set-Off Amount Ledger, until any debit balance on the Set-Off Amount Ledger is reduced to zero;

- (xii) *twelfth*, in or towards satisfaction of any amount to be deposited on the Reserve Account to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (xiii) *thirteenth*, in or towards satisfaction of all Subordinated Liquidity Amounts due or overdue to the Liquidity Facility Provider;
- (xiv) *fourteenth*, in or towards satisfaction of all Subordinated Swap Amounts due or overdue to the Swap Counterparty; and
- (xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

5.7.5 Pre-enforcement Principal Priority of Payments

Principal Available Amount

On a Quarterly 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 Quarterly Payment Date to satisfy its obligations under the Notes by reference to the applicable Collection Period (or, in respect of the first Quarterly Calculation Date, by reference to the first Collection Period which for these purposes only will be deemed to have started, as far as the Business Loans are concerned, on 1 April 2010 (inclusive) and, as far as the Investment Credits are concerned, on 5 May 2010 (inclusive)), and such principal funds (the ***Principal Available Amount***) shall be the sum of the following:

- (a) the aggregate amount of any repayment and prepayment of principal amounts under the Loans from any person, whether by set-off or otherwise (but excluding Prepayment Penalties, if any);
- (b) the aggregate amount of any Net Proceeds in respect of any Loans, to the extent such proceeds relate to principal amounts;
- (c) the aggregate of any amounts received:
 - (i) in respect of a repurchase of Loans by the Seller under the SLSA; and
 - (ii) in respect of any other amounts received by the Issuer under the SLSA in connection with the Loans;
 in each case, to the extent such amounts relate to principal amounts;
- (d) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (vii), (ix) and (xi) of the Interest Priority of Payments;
- (e) the Reserve Account Excess;
- (f) any Recoveries, to the extent they relate to principal amounts;
- (g) any amounts received from the Further Drawdown Account on the Transaction Account which have not been applied towards satisfaction of the items set forth in the

Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

- (h) any amounts (as indemnity for losses of scheduled principal payments on the Loans as a result of Commingling Risk) to be received from the Commingling Reserve Amount in accordance with clause 6.12 of the SLSA, which are to be transferred from the Commingling Reserve Account to the Transaction Account;
- (i) any other Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

minus,

on each Quarterly Calculation Date related to a Quarterly Payment Date prior to the Mandatory Amortisation Date, an amount equal to the part of the Replenishment Available Amount applied by the Issuer to the purchase of New SME Loans on the immediately succeeding Quarterly Payment Date or which the Issuer decides to keep on the Transaction Account with a view to purchase New SME Loans after that Quarterly Payment Date.

On each Quarterly Payment Date prior to the Mandatory Amortisation Date (and provided (i) no Enforcement Notice has been issued and (ii) no Notification Event has occurred), the Issuer may (but is not obliged to), apply the Principal Available Amount (if any) to redeem the Notes (save, in case the Replenishment Available Amount held in the Transaction Account on such date exceeds EUR 250 million, the Issuer shall have the obligation to apply part of the Replenishment Available Amount in excess of EUR 250 million to redeem the Notes). On each Quarterly Payment Date falling (A)(i) on or after the Mandatory Amortisation Date or (ii) after the occurrence of a Notification Event and (B) prior to the issuance of an Enforcement Notice, the Issuer shall however be obliged to apply the Principal Available Amount (if any) to redeem the Notes. If applied, the Principal Available Amount shall be applied 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 ***Principal Priority of Payments***):

- (a) *first*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;
- (b) *second*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;
- (c) *third*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class B Notes until all of the Class B Notes have been redeemed in full; and
- (d) *fourth*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class C Notes until all of the Class C Notes have been redeemed in full.

5.7.6 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 receiver or agent appointed by the Security Agent for the enforcement of the security and any costs, charges, liabilities and expenses incurred by such receiver or agent 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 *pari passu* and *pro rata*:
 - (A) all amounts due and payable to the Administrator;
 - (B) all amounts due and payable to the Servicer;
 - (C) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider;
 - (D) all amounts due and payable to the directors of the Issuer, if any;
- (iv) *fourth*, in or towards satisfaction of *pari passu* and *pro rata*:
 - (A) all amounts due and payable to the National Bank of Belgium in relation to the use of X/N Clearing System;
 - (B) all amounts due and payable to the CBFA;
 - (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) all amounts due and payable to the Auditor;
 - (F) all amounts due and payable to the Rating Agencies;
 - (G) all amounts due and payable to the GIC Provider;
 - (H) all amounts due and payable to the Domiciliary Agent; and
 - (I) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;
- (v) *fifth*, in or towards satisfaction of all amounts due or overdue to the Liquidity Facility Provider (other than the amounts referred to in item (xiii) below);
- (vi) *sixth*, in or towards satisfaction of, all amounts due or overdue to the Swap Counterparty (other than the Subordinated Swap Amounts);

- (vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;
- (viii) *eighth*, in or towards redemption of, *pari passu* and *pro rata*, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full; and (b) all amounts of principal outstanding in respect of the Class A2 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*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class C Notes;
- (xii) *twelfth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal outstanding in respect of the Class C Notes until redeemed in full
- (xiii) *thirteenth*, in or towards satisfaction of all Subordinated Liquidity Amounts due or overdue to the Liquidity Facility Provider;
- (xiv) *fourteenth*, in or towards satisfaction of all Subordinated Swap Amounts due or overdue to the Swap Counterparty; and
- (xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller,

it being understood that:

- (x) amounts resulting from collateral standing to the credit of the Swap Collateral Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover the Swap Counterparty's liability to the Issuer under a Swap Agreement as at the date of termination of the transaction under the Swap Agreement, the remainder of the amount standing to the credit of the Swap Collateral Account shall be released directly to the Swap Counterparty,
- (y) amounts standing to the credit of the Commingling Reserve 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, the remainder of the amount standing to the credit of the Commingling Reserve Account shall be released directly to the Seller, and
- (z) amounts standing to the credit of the Trigger Collateral Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover for Set-Off Amounts, the remainder of the amount standing to the credit of the Trigger Collateral Account shall be released directly to the Seller.

5.8 Liquidity Facility

5.8.1 The Liquidity Facility

In order to reduce the risk of temporary payment shortfalls of interest to the Noteholders, on or before the Closing Date the Issuer will enter into the Liquidity Facility Agreement pursuant to which a liquidity facility will be established and maintained up to an amount equal to the 2% of the aggregate of the Principal Amount Outstanding of all the Notes calculated as on the Closing Date (the **Commitment**).

Utilisation and Term

On any Quarterly Payment Date (other than on any Quarterly Payment Date on which the Notes are redeemed in full) the Issuer will be entitled to make drawings under the Liquidity Facility up to an amount equal to the Commitment reduced by amounts already drawn and not yet repaid under such facility (the **Available Liquidity Facility**).

The Liquidity Facility Agreement will be for a term of 364 days. Payments to the Liquidity Facility Provider will rank in priority to payments under the Notes. The term of the Liquidity Facility Agreement is extendable with the prior agreement (acting in its sole discretion) of the Liquidity Facility Provider.

5.8.2 Availability and LF Revolving Drawing

Without prejudice to Section 5.8.3 below, the Issuer, or the Administrator on behalf of the Issuer, shall only request a liquidity drawing (a **LF Revolving Drawing**) on any Quarterly Calculation Date if, and to the extent that, after the application of Interest Available Amount (excluding it items (i) and (g)), there is expected to be a Liquidity Shortfall on the immediately succeeding Quarterly Payment Date in an amount equal to the lesser of:

- (a) the Liquidity Shortfall which has been determined by the Administrator to occur on the Quarterly Payment Date relating to such Quarterly Calculation Date; and
- (b) the Available Liquidity Facility;

to reduce or, as applicable, eliminate such Liquidity Shortfall.

Liquidity Shortfall means, in respect of any Quarterly Payment Date, an amount equal to:

- (i) the aggregate sum of all amounts due and payable on such Quarterly Payment Date under items (i) up to and including (x) (but excluding, items (vii) and (ix)) of the Interest Priority of Payments (as set out in *Section 5.7.4*); less
- (ii) the aggregate sum of the Interest Available Amount exclusive of any amounts available under the Liquidity Facility Agreement and the Reserve Account that is available on such date to satisfy all the payment obligations specified in subparagraph (i) above.

Drawings under the Liquidity Facility will be credited to the Transaction Account and recorded as a credit entry on the ledger kept to monitor at any time the level of the amounts drawn under the Liquidity Facility (the **Liquidity Ledger**).

Any liquidity drawing repaid may be redrawn by the Issuer on the same or a later Quarterly Payment Date. Following the delivery of an Enforcement Notice, all principal amounts drawn shall be repaid in accordance with the Post-enforcement Priority of Payments.

As long as no Standby LF Drawing Event has occurred (see below), the amounts drawn under a LF Revolving Drawing will be repaid to the Liquidity Facility Provider on each Quarterly

Payment Date in accordance with the Interest Priority of Payments, to the extent that sufficient Interest Available Amount is available on such date.

5.8.3 Minimum Rating Requirements and Standby LF Drawing

If at any time:

- (a) the rating of the short term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below F1 by Fitch or Prime-1 by Moody's, or the rating of the long term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below A by Fitch or if such ratings are withdrawn; or
- (b) the Liquidity Facility Provider does not renew the Liquidity Facility,

(each such event being referred to as a ***Standby LF Drawing Event***),

then the Issuer shall make a drawing of the full amount of the Available Liquidity Facility (the ***Standby LF Drawing***). The proceeds of the Standby LF Drawing will be credited to the newly opened sub-account of the Transaction Account and will be recorded as a credit entry on the Liquidity Ledger.

If there is a Liquidity Shortfall and a Standby LF Drawing Event continues to be outstanding, the Issuer may apply any amounts standing to the credit of the Standby LF Drawing account (or an additional Standby LF Drawing, if available for drawdown at such time) to reduce or, as applicable, eliminate such Liquidity Shortfall (such drawings, the ***Standby LF Revolving Drawings***). Any Standby Revolving LF Drawing will be recorded as a credit entry on the ledger established to monitor at any time the level of Standby LF Revolving Drawings.

As long as a Standby LF Drawing Event is continuing, the Issuer shall be under no obligation to pay any principal amounts drawn under a Standby LF Drawing (or if applicable, a Standby LF Revolving Drawing) to the Liquidity Facility Provider, unless:

- (a) the Liquidity Facility Provider's rating is equal to or higher than F1 (short-term) and A (long-term) by Fitch and Prime-1 by Moody's and the Liquidity Facility Provider has not previously refused to renew the Liquidity Facility; or
- (b) the Liquidity Facility Provider is replaced by an appropriate substitute liquidity facility provider with at least the Minimum Ratings (which enters into an agreement with the Issuer and the Security Agent substantially on the terms of the Liquidity Facility Agreement); or
- (c) the Notes are redeemed in full prior to or on the Final Redemption Date; or
- (d) an Event of Default or any other termination event set out under the Liquidity Facility Agreement occurs;

in which case the Issuer shall pay the Liquidity Facility Provider all amounts previously drawn and still outstanding under the Liquidity Facility Agreement, including: (i) any Standby LF Drawing; (ii) any Standby LF Revolving Drawing; and (iii) any outstanding LF Revolving Drawings due under the Liquidity Facility Agreement, in accordance with the Interest Priority of Payments.

Following the giving of an Enforcement Notice all principal amounts drawn under the Liquidity Facility shall be repaid in accordance with the Post-enforcement Priority of Payments.

5.8.4 Fees and Interest

On each Quarterly Payment Date, the Issuer will pay to the Liquidity Facility Provider certain costs, fees and expenses and interest (including default interest, as applicable) in respect of any outstanding drawings under the Liquidity Facility Agreement, subject to and in accordance with, and as more particularly set out in, the Liquidity Facility Agreement.

Certain payments of interest by the Issuer to the Liquidity Facility Provider, more particularly, interest payable in respect of Standby LF Drawings, shall be payable on a subordinated basis in respect of all other amounts due and payable by the Issuer to the Liquidity Facility Provider (such amounts ***Subordinated Liquidity Amounts***), subject to and in accordance with the Liquidity Facility Agreement.

5.9 Interest Rate Hedging

Interest Rate Hedging Strategy

The Issuer will receive, amongst other things, interest payments pursuant to the Loans calculated by reference to fixed interest rates (subject to reset from time to time) and to floating interest rates. With respect to interest payable on the outstanding Notes, the Issuer will pay the Euro Reference Rate plus a fixed margin. To hedge the interest rate mismatch between the interest income the Issuer is entitled to receive under the Loans and the interest payments the Issuer is obliged to make under the Notes, the Issuer shall on or before the Closing Date enter into the Swap Agreement.

The Swap Agreement

Under the Swap Agreement, the Issuer will pay the Swap Counterparty on each Quarterly Payment Date and in respect of the relevant Collection Period an amount equal to:

- (a) all Scheduled Interest in respect of the Loans (excluding Defaulted Loans and Foreclosed Loans) during the immediately preceding Collection Period; *plus*
- (b) any Prepayment Penalties received during the immediately preceding Collection Period; *plus*
- (c) interest received on the Transaction Account and the Reserve Account during the period immediately preceding each Quarterly Payment Date; *less*
- (d) an amount equal to the sum of all operating costs, fees and expenses due and payable at items (i) to (and including) (iii) of the Interest Priority of Payments.

Scheduled Interest means, in respect of a Loan and for a certain period, interest payments scheduled to be made by the Borrower in respect of such Loan during such period in accordance with the contractual term of the Loan Documents.

Defaulted Loan means a Loan which is in arrears for 90 days or more.

In return, the Swap Counterparty will pay the Issuer on each Quarterly Payment Date an amount equal to the scheduled interest due and payable under each Class of Notes which shall

be calculated by reference to the floating rate of interest applied to the aggregate Principal Amount Outstanding of the relevant Class of Notes on the immediately preceding Quarterly Payment Date (or, in respect of the payment to be made on the first (1st) Quarterly Payment Date, the Closing Date), in each case subject to the following paragraph.

The notional amount of each Class of Notes (being the aggregate Principal Amount Outstanding of such Class) under the Swap Agreement will be reduced to the extent there is, and by an amount equal to, any amount outstanding on any Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date, as applicable.

Subject to the terms and conditions of the Swap Agreement, any amounts due and payable by the Swap Counterparty to the Issuer or by the Issuer to the Swap Counterparty under the Swap Agreement will be netted in accordance with its terms.

See also *Subordinated Swap Amounts* in this section below.

Downgrade of the Swap Counterparty by Fitch

In the event (such event, an ***Initial Fitch Rating Event***) that, at any time (x) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement are assigned a rating of less than F1 by Fitch; or (y) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement are assigned a rating of less than A by Fitch (such ratings, the ***Fitch Ratings***), or (z) any such rating is withdrawn by Fitch, then the Swap Counterparty will at its own cost within fourteen (14) calendar days of such reduction or withdrawal of any such rating post collateral to cover the potential replacement costs of the swap at a minimum amount in accordance with the credit support annex to the Swap Agreement.

In the event (such event, a ***Subsequent Fitch Rating Event***) that, at any time (x) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement are assigned a rating of less than F2 by Fitch; or (y) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement are assigned a rating of less than BBB+ by Fitch; or (z) any such rating is withdrawn by Fitch, then the Swap Counterparty will, at its own cost, within thirty (30) days of such reduction or withdrawal of any such rating:

- (i) transfer all of its rights and obligations under the Swap Agreement to a replacement third party with a rating at least as high as the Fitch Ratings;
- (ii) procure that a third party that has the Fitch Ratings, unconditionally guarantees the obligations of the Swap Counterparty under the Swap Agreement; or
- (iii) take any other suitable action to prevent a downgrade of the Senior Notes.

Pending compliance with any such remedial actions following the occurrence of a Subsequent Fitch Rating Event, the Swap Counterparties shall within 14 calendar days post collateral in

accordance with the credit support annex to the Swap Agreement (or, if at the time such Subsequent Fitch Rating Event occurs, the Swap Counterparty has posted collateral following an Initial Fitch Rating Event, as the case may be, post additional collateral under in accordance with the credit support annex).

If the Swap Counterparty chooses to assign its rights and obligations to a replacement Swap Counterparty, or procures a guarantee or takes such other action as it determines is necessary in line with Fitch's policies to maintain the rating on the Class A Notes, any collateral that it may have previously posted will be returned to the Swap Counterparty.

If such actions are not completed within the relevant time frames, it will constitute an Additional Termination Event, the Swap Counterparty being the sole Affected Party (as defined in the Swap Agreement).

Downgrade of the Swap Counterparty by Moody's

In the event that, at any time, the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement do not have the First Trigger Required Ratings, then the Swap Counterparty will at its own cost within thirty (30) local business days (as defined in the credit support annex to the Swap Agreement) post collateral to cover the potential replacement costs of the swap at a minimum amount in accordance with the credit support annex to the Swap Agreement.

In the event that, at any time, the Swap Counterparty or the guarantor who guarantees the obligations of the Swap Counterparty in accordance with the requirements of the Swap Agreement do not have the Second Trigger Required Ratings, the Swap Counterparty will, at its own cost, within 30 calendar days use commercially reasonable efforts to:

- (i) transfer all of its rights and obligations with respect to this Agreement to a suitable replacement swap counterparty as more particularly described in the Swap Agreement; or
- (ii) procure a guarantee in respect of all of the Swap Counterparty's present and future obligations under the Swap Agreement to be provided by a guarantor with the First Trigger Required Ratings and/or the Second Trigger Required Ratings in accordance with the requirements of the Swap Agreement,

and, as the case may be, post or continue to post collateral in accordance with the credit support annex to the Swap Agreement pending compliance with such remedial action.

An entity shall have the ***First Trigger Required Ratings*** (A) where the short-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where the short-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are not rated by Moody's, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

An entity shall have the ***Second Trigger Required Ratings*** (A) where the short-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are rated "Prime-2" or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's and (B) where the short-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are not rated by Moody's, if its long-term,

unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

Other Termination Events

The Swap Agreement may also be terminated early in the following circumstances by one or both parties depending on the grounds for termination:

- (a) the failure of either party to make payments when due;
- (b) the occurrence of an Event of Default that results in acceleration of the Notes;
- (c) the early redemption of the Notes (i) following the exercise of an Optional Redemption Call; (ii) following the exercise of the Clean Up Call, (iii) following the exercise of a Regulatory Call, (iv) as a result of an Optional Redemption in case of Change of Law, or (v) as a result of an Optional Redemption for Tax Reasons;
- (d) the insolvency of either party;
- (e) illegality;
- (f) certain tax events; and
- (g) the making of an amendment to the Transaction Documents that adversely affects the Swap Counterparty without its consent.

Upon any such termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make an early termination payment to the other party. Such early termination payment will be calculated on the basis of market quotations obtained in accordance with provisions of the Swap Agreement.

Any such amount payable by the Issuer (a ***Swap Termination Amount***) will be payable as item (v) of the Interest Priority of Payments and as item (vi) of the Post-enforcement Priority of Payments unless it is a Subordinated Swap Amount. A ***Subordinated Swap Amount*** is any amount due and payable by the Issuer to the Swap Counterparty under a Swap Agreement where:

- (a) the Defaulting Party (as defined in the Swap Agreement) is the Swap Counterparty under the Swap Agreement; and/or
- (b) a Termination Event (as defined in the Swap Agreement) has occurred and the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement),

other than an amount due as a result of a termination following a Tax Event or Illegality, which will be payable as item (xiv) of the Interest Priority of Payments and as item (xiv) of the Post-enforcement Priority of Payments.

If the Swap Agreement is terminated prior to repayment in full of the principal of the Notes, the Issuer will be required to enter into an agreement on similar terms with a new Swap Counterparty.

Swap collateral

If the Swap Counterparty posts collateral, the collateral will be credited to the Swap Collateral Account. Collateral and income arising from collateral will be applied solely in returning collateral or paying income attributable to collateral to the Swap Counterparty. Any Excess Swap Collateral or Swap Replacement Premium will be paid directly to the Swap Counterparty and not in accordance with any Priority of Payments.

Swap Collateral Account means a bank account to be held with a financial institution with the Minimum Ratings, in the name of the Issuer in which cash or securities relating to any collateral in accordance with the Swap Agreement are deposited.

Excess Swap Collateral means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Swap Counterparty to the Issuer in respect of the Swap Counterparty's obligations to transfer collateral to the Issuer under a Swap Agreement (as a result of the ratings downgrade provisions in that Swap Agreement), which is in excess of the Swap Counterparty's liability to the Issuer under a Swap Agreement as at the date of termination of the transaction under a Swap Agreement, or which the Swap Counterparty is otherwise entitled to have returned to it under the terms of the Swap Agreement.

Swap Replacement Premium means a premium or upfront payment received by the Issuer from a replacement swap counterparty under a replacement swap agreement with the Issuer corresponding to any termination payment due to the Swap Counterparty under the Swap Agreement.

Taxation

All payments by the Issuer or the Swap Counterparty under the Swap Agreement will be made without any deduction or withholding for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if deductions or withholding taxes are imposed on payments made under the Swap Agreement.

If any withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to:

- (a) action taken by a relevant taxing authority or brought in a court of competent jurisdiction; or
- (b) any change in tax law,

in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a ***Tax Event***), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, such Swap Agreement may be terminated and, if terminated, the Notes will become subject to Optional Redemption for Tax Reasons unless a replacement Swap Agreement is entered into.

Novation

Except as expressly permitted in the Swap Agreement, neither the Issuer nor the Swap Counterparty are permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under the Swap Agreement. The Swap Agreement will provide that the Swap Counterparty may novate or transfer the Swap Agreement to another Swap Counterparty with the Minimum Ratings (whereby such other Swap Counterparty shall contract on identical terms as far as payment and delivery obligations under the Swap Agreement are concerned, and, as far as any other obligation under the Swap Agreement are concerned, on terms that are in all material respects not less beneficial for the Issuer).

For further discussion of termination payments under the Swap Agreement, please see *Section 4 – Interest and Interest Rate Risk*.

SECTION 6 - THE ISSUER

6.1 Status

The Issuer is acting exclusively through its Compartment Belgian Lion SME I.

The Issuer and its Compartment Belgian Lion SME I 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 was duly incorporated on 10 December 2008 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 Louisalaan 486, 1050 Brussels, Belgium and it is registered with the Crossroad Bank for Enterprises under number 0808.394.535, with telephone number +32 2 649.54.46.

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.

The Issuer complies with the relevant corporate governance requirements of the Belgian Company Code.

6.2 Incorporation

The Issuer was incorporated on 10 December 2008 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 founders of the Issuer are Stichting Holding Belgian Lion and ING Direct N.V..

6.3 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.

The shares of the Issuer are owned as follows:

- (a) Stichting Holding Belgian Lion, a foundation (*stichting / fondation*) incorporated under the laws of Belgium on 26 November 2008 and having its registered office at 1050 Brussels, Louizlaan 486, Belgium and holding 55,800 shares; and

- (b) ING Direct N.V., a limited liability company, under the laws of the Netherlands, with registered office at Hoeksteen 74-87, 2132 MS Hoofddorp, the Netherlands, and holding 6,200 shares.

The directors of Stichting Holding Belgian Lion are:

- Johan Dejangs, resident at 12, rue de l'Ouest, L-2273, Luxemburg, national register number 19661117470;
- BVBA Sterling Consult, registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at 2020 Antwerpen, Camille Huysmanslaan 91, having appointed as permanent representative Mr. De Booseré Georges Marie Thérèse Jeanne Gaston Edgard Ghislain, resident at 2020 Antwerp, Camille Huysmanslaan 91, with national registration number 411025 273 05;
- Dirk Peter Stolp, resident at 1181 PK Amstelveen (Nederland), Meester Sixlaan 32, with bis-registernummer 594310 015 67,

(the *Stichting Holding Directors*).

Each of Stichting Holding Belgian Lion, the Security Agent and the Stichting Holding Directors has entered into a management agreement pursuant to which the Stichting Holding 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 Senior Notes outstanding.

In addition, each of the Stichting Holding Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to Compartment Belgian Lion SME I of the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent and without first having notified the Rating Agencies thereof.

6.4 Capitalisation

The following table shows the capitalisation of the Issuer as of 27 July 2010 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 Belgian Lion RMBS I
	Euro 1,000 allocated to compartment Belgian Lion SME I
	Euro 1,000 allocated to compartment Belgian Lion III
	Euro 59,000 allocated to compartment Belgian Lion IV

Borrowings Compartment Belgian Lion RMBS I

Class A Notes:	Euro 4,816,000,000
Class B Notes:	Euro 514,500,000

Borrowings Compartment Belgian Lion SME I

Class A1 Notes:	Euro 3,000,000,000
Class A2 Notes:	Euro 1,205,250,000
Class B Notes:	Euro 532,750,000
Class C Notes:	Euro 1,529,250,000

6.5 Auditor's Report

Ernst & Young, incorporated under Belgian law with registered office at Marcel Thirylaan 204, 1200 Sint-Lambrechts-Woluwe, 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 articles of association consists exclusively in the collective investment of financial means, that are exclusively collected with institutional or professional investors for the purposes of Article 103 of the UCITS Act, in receivables that are assigned to it by third parties.

The securities issued by the Issuer can only be acquired by those institutional or professional investors.

The Issuer may carry out all activities and take all measures that can contribute to the realisation of its corporate purpose, such as e.g., 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, purchase or sale 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 80 percent of the voting rights.

The corporate purpose of Compartment Belgian Lion SME I consists exclusively in the collective investment of financial means collected in accordance with the articles of association of the Issuer in a portfolio of selected SME loans.

6.7 Compartments

The articles of association of the Issuer authorise the Issuer's board of directors to create several compartments within the meaning of article 26 § 4 of the UCITS Act, which applies to an Institutional VBS pursuant to article 106 § 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 four Compartments have been created, Compartment Belgian Lion RMBS I, Compartment Belgian Lion SME I, Compartment Belgian Lion III and Compartment Belgian Lion IV 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 receivables. Further Compartments may be created. To date only the two first Compartments have effectively started their activities (as to which reference is made to the transaction described in the Prospectus for admission to trading on Euronext Brussels dated 6 January 2009 in relation to EUR 5,330,500,000 of residential mortgage backed notes (the *Belgian Lion RMBS I Securitisation*) as far as Compartment Belgian Lion RMBS I is concerned and to the current Prospectus as far as Compartment Belgian Lion SME I is concerned). As long as the other compartments have not yet been activated, their names and purpose remains subject to change.

The Collateral and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment Belgian Lion SME I. 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 Belgian Lion SME I 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 Belgian Lion SME I under the Transaction Documents. The Issuer may enter into further securitisation transactions but will enter into such 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 Collateral or to Compartment Belgian Lion SME I.

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, 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 will be available for interest paid to the Issuer on investments or cash balances.

6.8.2 Corporation tax

The Issuer is subject to corporation tax at the current ordinary rate of 33.99 per cent. However its tax base is notional: it can only be taxed on any disallowed business expenses and any abnormal or gratuitous benefits received by it. The Issuer does not anticipate incurring any such expenses or receiving any such benefits.

6.8.3 Value added tax (VAT)

The Issuer qualifies in principle, as 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 Belgian VAT rate is 21 per cent.

However, most services rendered to the Issuer benefit from a VAT exemption. Article 44, §3, 11° of the Belgian VAT Code exempts management services that are specific to collective investment institutions such as the Issuer and that relate to the 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).

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 18 of its articles of association, the board consists of a minimum of 2 directors and a maximum of 5 directors. The Issuer's current board of directors consists of the following persons:

- BVBA Sterling Consult, registered with the Crossroads Bank for Enterprises under number 0861.696.827 (LPR Antwerp), with registered office at 2020 Antwerp, Belgium, Camille Huysmanslaan 91, having appointed as permanent representative Mr. De Booseré Georges Marie Thérèse Jeanne Gaston Edgard Ghislain, resident at 2020 Antwerp, Belgium, Camille Huysmanslaan 91, with national registration number 411025 273 05.
- Stichting Holding Belgian Lion, *private stichting naar Belgisch recht/foundation 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, Terkamerenlaan 74, having appointed as permanent representative Dirk Peter Stolp, resident at 1181 PK Amstelveen (Nederland), Meester Sixlaan 32, with bis-registernummer 594310 015 67,

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

The current term of office of the Issuer Directors expires after the annual shareholders meeting to be held in 2014.

Companies of which BVBA Sterling Consult (or Georges De Booseré) has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Stichting Quantesse, Agfa FinCO NV, Penates Funding N.V. – S.A., *institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge*, Stichting Vesta, *private stichting*, Belgian Lion NV / SA, *institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge* and Stichting Holding Belgian Lion, *private stichting*, Bass Master Issuer, *institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge*, Stichting Holding Bass, B-Arena N.V., Loan Invest, Stichting GAAP.

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: Admin.kantoor v/h ATK, B.V., Advanced World Transportation B.V., Algemeen Kantoor van Administratie te Amsterdam B.V., Agfa FinCO NV, Alkmaar Export B.V., Amsterdamsch Trustee's Kantoor B.V., Andarton B.V., APF 1, Stichting Bewaarder Vastgoed Maatschap, APF II, Stichting Bewaarder Vastgoed Maatschap, APF III, APF International Vastgoedfondsen, Stichting Bewaarder, Stichting Bewaarder Vastgoed CV, APF IV, STAK

Vastgoedbeleggingsmaatschappij, APF V, Stichting Administratiekantoor Vastgoedfonds, APF VI, Stichting Bewaarder Vastgoed Maatschap, APF VII, Stichting Bewaarder Vastgoed CV, APF VIII, Stichting Bewaarder, Argenta Life Nederland, N.V., Argenta Nederland, N.V., ASH Continental Licensing B.V., ATC administratie- en Trustkantoor Confiance, ATC Capital Markets (UK) Limited, ATC Corporate Services (Netherlands) B.V., ATC Corporate Services (UK) Limited, ATC Financial Services B.V., ATC Investments B.V., ATC Management B.V., ATK, Stichting, Atruka B.V., Bachelier, Stichting, Bakery Finance, Stichting, Barclays (Netherlands) N.V., BASS Master Issuer, Bass, Stichting Holding, Barclays Investments (Netherlands) N.V., B-Arena N.V., BCR Finance B.V., Belgelectric Finance B.V., Belgelectric Philippines B.V., Belgian Lion, Stichting Holding, BioChem Vaccines B.V., BLT Depot Stichting, Bulgari Holding Europe BV, Burani Designer Holding N.V., Burani Global Investments B.V., BXR Green B.V., BXR Logistics B.V., BXR Mining B.V., BXR Real Estate B.V., BXR Real Estate Investments B.V., BXR Tower B.V., CB Richard Ellis Investors Holdings B.V., Cheniere International Investments, B.V., Cispadan Investment B.V., Coyote Europe Coöperatieve U.A., Credit Suisse Euro Senior loan Fund (Netherlands) B.V., Dalradian European CLO V B.V., Danel Medical B.V., DC Metals Holdings B.V., Deepwater B.V., Derdengelden ATC, Stichting, Dow Corning Korea Holdings B.V., Dexia Secured Funding Belgium NV/SA, Dow Corning Netherlands B.V., DP Acquisitions B.V., DP Coinvest B.V., Dresser - Rand International BV, Edo Properties, Stichting, EGS Dutchco B.V., Electrabel Invest B.V., Enova International, EPL Acquisitions (Sub) B.V., EPL Acquisitions B.V., Erjaco B.V., Beheer- en Beleggingsmaatschappij, Erste GCIB Finance I B.V., Euro-Galaxy CLO B.V., Euro-Galaxy II CLO BV, Euro-Galaxy III CLO B.V., Euromedic Diagnostics B.V., Euromedic International B.V., Euromedic International Holding B.V., Euromedic Management Holding B.V., Felding Finance B.V., FinanCell B.V., FN Cable Cooperatief UA, FN Cable Holdings B.V., Friction Netherlands I B.V., Friction Netherlands II B.V., GC Machinery Holdings N.V., Gisofin B.V., Global Connexion B.V., Gordon Holdings (Netherlands) B.V., GPM Finance 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., HCK Structured Finance B.V., HEMA B.V., Hollandsche Mij v. Lic. & Octr. B.V., Home Credit Finance 1 B.V., Home Credit Finance 2 B.V., Hypolan, Immorent Aktiengesellschaft, International Dialysis Centers B.V.; International Dialysis Centers Russia Holding B.V., Inven, Stichting, Invesco Coniston B.V., Invesco Garda B.V., John Laing and Son B.V., Junicor Holding B.V., Kazak Energo Invest B.V., Laing Projects 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 Cooperatief UA, Lion Adventure Holding B.V., Lion/Hotel Dutch 1 B.V., Loan Invest NV / SA, Meta4 N.V., Mexelectric Cooperatieve U.A., MGIC Capital Funding B.V., MGIC International Investment B.V., Montequity B.V., MopBert B.V., Morgan Stanley Investment Management Coniston B.V., Morgan Stanley Investment Management Garda B.V., Morgan Stanley Investment Management Mezzano B.V., Nederlandsche Trust-Maatschappij B.V., New World Resources N.V., New World Resources Transportation B.V., 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., Pakzon B.V., PartBert B.V., Parker Drilling Dutch BV, Parker Drilling International BV, Parker Drilling Kazakhstan B.V., Parker Drilling Netherlands BV, Parker Drilling Offshore BV, Parker Drilling Overseas BV, Parker Drilling Russia BV, Planeta Rights Intern. B.V., Plinius Investments B.V., Primerofin B.V., Purple Narcis Finance B.V., Quantesse Fondation Privee, Quares Retail Fund, Stichting Administratiekantoor, RBS Sempra Commodities Cooperatief W.A., RBS Sempra Commodities Holdings I B.V., RBS Sempra Commodities Holdings IV B.V., RECP III Properties Dutch Cooperatie (Netherlands) UA, Renoir CDO B.V., Rokin Corporate Services B.V., Roman 12 Offshore Fund B.V., Royal Street SIC, RPG Property B.V., RPG Real Estate B.V., RPGT (Netherlands) B.V., Sappi Papier Holding AG, Scooter Holding 3 B.V., Scooter

Holding 4 B.V., SCUTE Bali B.V., Sempra Energy Holdings III B.V., Sempra Energy Holdings IX B.V., Sempra Energy Holdings V B.V., Sempra Energy Holdings VI, Sempra Energy Holdings VII B.V., Sempra Energy Holdings VIII B.V., Sempra Energy Holdings X B.V., Sempra Energy Holdings XI B.V., Sempra Energy International Chile Holdings I B.V., Sempra Energy International Holdings B.V., Sepago Nederland B.V., Serpering Investments B.V., Sodibo B.V., Beheer- en Beleggingsmij., Soilmec International B.V., South Pacific Investments BV, Stichting Cresta, Stichting GAAF, Stichting Vesta, Stopper Finance B.V., Suez-Tractebel Energy Holdings Cooperatieve U.A., Sunwood Properties Asia B.V., Sunwood Properties Korea B.V., Tageplan B.V., Tanaud International B.V., Tata Steel Netherlands B.V., TerBert B.V., TMG Holdings Coöperatief U.A, Tolbert Insurance and Finance B.V., Torenhoed B.V., Torensplits B.V., Tornier B.V., Torquill Holding B.V., Tractebel Energia de Monterrey B.V., Tractebel Energia de Monterrey Holdings B.V., Tractebel Invest International B.V., Trevi Contractors B.V., Tulip Netherlands [No.1] B.V., Tulip Netherlands [No.2] B.V., TWMB Holdings B.V., Vaco B.V., Valsana Beheer B.V., Vesta, Stichting, Warburg Pincus B.V., WEB Equity Partners N.V., Windermere III CMBS B.V., WP Holdings I B.V., WP Holdings II B.V., WP Holdings III B.V., WP Holdings IV B.V., WP Holdings V B.V., WP Holdings VI B.V., WP Holdings VII B.V., WP IX Holdings B.V., WP Lexington Private Equity B.V., WP RE Holdings B.V., Yarmoland B.V., Zesko Holding B.V..

Companies of which Stichting Holding Belgian Lion has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: none.

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 will delegate some of its management powers to the Administrator for the purpose of assisting it in the management of the affairs of the Issuer but it will retain overall responsibility for the management of the Issuer, in accordance with the UCITS Act. For more information about the Administrator, see below *Section 22.4*.

6.9.3 Conflicts of interest

None of the Issuer or Stichting Holding Belgian Lion have 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 12 January 2009 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 (or the transaction documents in relation to another Compartment of the Issuer), without the prior written consent of the Security Agent, and first having notified the Rating Agencies thereof.

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 Belgian Company Code. In addition, the articles of association 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 appoint a direction *ad hoc* or to take a decision on such matter.

The annual shareholders' meeting will be held each year on the last Business Day of June at the registered office of the Issuer. The shareholders' meetings are held at the Issuer's registered office. A general meeting may be convened at any time and must be convened whenever this is requested by shareholders representing 20 per cent of the share capital.

Furthermore, a general meeting of shareholders of a specific Compartment may be held regarding subjects 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 20 per cent 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 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 in the absence of restriction of the shareholders.

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 articles of association 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 103, 2° of the UCITS Act, the shares in the Issuer can only be held by institutional or professional investors within the meaning of article 5, §3 of the UCITS Act. Each transfer in violation of the share transfer restrictions contained in article 13 of the articles of association 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 institutional or professional investor within the meaning of article 5, §3 of the UCITS Act, the Issuer will not register such transfer in its share register; and
- (b) as long as shares are held by a shareholder who does not qualify as an institutional or professional investor within the meaning of article 5, §3 of the UCITS Act, the payment of any dividend in relation to the shares held by such shareholder will be suspended.

Share transfers are further subject to authorisation by the board of directors. 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 quarterly reports to be addressed to the Security Agent, the Rating Agencies and the Domiciliary Agent on or about each Quarterly Payment Date (the *Quarterly Investor Report*) .

In addition to the Quarterly Investor Report, a *Monthly Investor Report* (and together with the Quarterly Investor Reports, the *Investor Reports* will be prepared by the Administrator on or about each Monthly Sweep Date.

The Investor Reports will be made available for inspection by the Administrator on the website:

http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps

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 and the Auditor will assist the Issuer in the preparation of the annual reports to be published in order to inform the Noteholders.

6.16 Notices

For notices to Noteholders see Condition 14.

6.17 Negative statements

As at the date of this Prospectus, the Issuer has not commenced any operations other than the Belgian Lion RMBS I Securitisation and the Transaction and no financial statements have been made up.

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 will be 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 ING 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 matures in the balancesheet 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 and the interest rate swap 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.

Hedging Derivates

The notional amounts of the derivates are posted in the off balance sheet accounts. The income and the charges related to hedging derivatives are recorded in the income statement in a similar way as the income and the charges of the hedged item.

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 were 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 reliably be measured, but the time of the settlement is uncertain will be taken 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.

The income and the charges related to hedging derivatives are recorded in the income statement in a similar way as the income and the charges of the hedged item.

6.19 Financial Information concerning the Issuer

Since the date of its incorporation, the Issuer has not commenced operations other than the Belgian Lion RMBS I Securitisation and the Transaction.

Pursuant to Article 41 of the articles of association 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 articles of association, 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 Compartment Belgian Lion SME I of the Issuer has been set up with as purpose the collective investment of financial means collected in accordance with the articles of association in a portfolio of selected SME loans.

As of the date of this Prospectus, audited financial statements of the Issuer are in the process of being prepared in relation to the first accounting year (ended on 31 December 2009). The draft financial statements as prepared by the board of directors are included below. These financial statements however still need to be audited by the Auditor and thereafter approved by the general meeting of shareholders. The audited financial statements will, as soon as approved by the general meeting of shareholders, be made available on the website of the Issuer (at http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps). The audited financial statements are expected to be available on or about 31 July 2010.

40				1	EUR	
NAT.	Deposit date	N°	PP.	B.	D.	Full 1.1

ANNUALS ACCOUNTS IN EUR

Name: **Belgian Lion institutionele VBS**

Legal form: **Public company**

Address: **Avenue Louise** Nr. : **486** Box :

Postal code: **1050** City: **Bruxelles**

Country: **Belgique**

Entities register - Commercial court of **Bruxelles**

Internet address *:

Entity number **BE0808394535**

DATE **22/12/2008** of the deposition of the partnership deed OR of the most recent document mentioning the date of publication of the partnership deed and the act changing the articles of association.

ANNUAL ACCOUNT approved by the General Meeting of **30/06/2010**

concerning the financial year covering the period from **01/01/2009** to **31/12/2009**

Previous period from

The amounts of the preceding year **are/XXXXXX**** identical with the previous publication

COMPLETE LIST with name, first names, profession, place of residence (address, number, postal code and city) en function in the entity, of the ADMINISTRATORS, MANAGERS AND ACCOUNTANTS

Sterling Consult company number: BE0861696827
Camille Huysmanslaan 91 , 2020 Antwerpen, Belgium
Function : Manager begin mandate 10/12/2008 end mandate 30/06/2014
Represented by : **DE BOOSERE Georges**
Camille Huysmanslaan 91 , 2020 Antwerpen, Belgium

Stichting Holding Belgian Lion company number: BE0808126497
Terkamerenlaan 74 , 1000 Brussel, Belgium
Function : Manager begin mandate 10/12/2008 end mandate 30/06/2014
Represented by : **STOLP Dirk Peter**
Meester Sixlaan 32 , 1181 PK Amstelveen, Netherlands

Are enclosed at this Financial Statement:

Total number of pages deposited : Number of the pages of the standard form not deposited for not being of service :

Signature
(name and position)

Sterling Consult represented by
mister Georges DE BOOSERE
Manager

Signature
(name and position)

Stichting Holding Belgian Lion
represented by
mister Dirk Peter STOLP
Manager

* Optional statement.

** Delete where appropriate.

Ernst & Young Reviseurs Bedrijfsrevisoren SCCRL company number: BE0446334711

Membershipnumber Instituut: B00160

De Kleetlaan 2 , 1831 Brussel, Belgium

Function : Auditor begin mandate 10/12/2008 end mandate 29/06/2012

Represented by : **VAN STEENVOORT Marc**

Membershipnumber Instituut: A01159

De Kleetlaan 2 , 1831 Brussel, Belgium

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

The annual accounts **XXXX / were not**

* audited or adjusted by an external accountant or auditor who is not a statutory auditor.

If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:

- A. Bookkeeping of the undertaking**,
- B. Preparing the annual accounts**,
- C. Auditing the annual accounts and/or
- D. Adjusting the annual accounts.

If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-taxconsultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement

* Delete where appropriate.

** Optional statement.

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28	.....	.....
Formation expenses	5.1	20	.....	.....
Intangible fixed assets	5.2	21	.....	.....
Tangible fixed assets	5.3	22/27	.....	.....
Land and buildings.....		22	.....	.....
Plant, machinery and equipment.....		23	.....	.....
Furniture and vehicles.....		24	.....	.....
Leasing and similar rights.....		25	.....	.....
Other tangible fixed assets.....		26	.....	.....
Assets under construction and advance payments.....	5.4/	27	.....	.....
Financial fixed assets	5.5.1	28	.....	.....
Affiliated enterprises.....	5.14	280/1	.....	.....
Participating interests.....		280	.....	.....
Amounts receivable.....		281	.....	.....
Other enterprises linked by participating interests.....	5.14	282/3	.....	.....
Participating interests.....		282	.....	.....
Amounts receivable.....		283	.....	.....
Other financial assets.....		284/8	.....	.....
Shares.....		284	.....	.....
Amounts receivable and cash guarantees.....		285/8	.....	.....
CURRENT ASSETS		29/58	5.380.140.770,79	.....
Amounts receivable after more than one year		29	5.286.576.179,19	.....
Trade debtors.....		290	.....	.....
Other amounts receivable.....		291	5.286.576.179,19	.....
Stocks and contracts in progress		3	.....	.....
Stocks.....		30/36	.....	.....
Raw materials and consumables.....		30/31	.....	.....
Work in progress.....		32	.....	.....
Finished goods.....		33	.....	.....
Goods purchased for resale.....		34	.....	.....
Immovable property intended for sale.....		35	.....	.....
Advance payments on purchases for stocks - Acquisition value.....		36	.....	.....
Contracts in progress.....		37	.....	.....
Amounts receivable within one year		40/41	685.704,17	.....
Trade debtors.....		40	685.704,17	.....
Other amounts receivable.....		41	.....	.....
Current investments	5.5.1/ 5.6	50/53	.....	.....
Own shares.....		50	.....	.....
Other current investments.....		51/53	.....	.....
Cash at bank and in hand		54/58	61.386.285,90	.....
Deferrals and accruals	5.6	490/1	31.492.601,53	.....
TOTAL ASSETS		20/58	5.380.140.770,79	.....

	Notes	Codes	Period	Previous period
EQUITY AND LIABILITIES				
EQUITY		10/15	<u>62.000,00</u>	<u> </u>
Capital	5.7	10	62.000,00	
Issued capital.....		100	62.000,00	
Uncalled capital.....		101		
Share premium account		11		
Revaluation surpluses		12		
Reserves		13		
Legal reserve.....		130		
Reserves not available.....		131		
In respect of own shares held.....		1310		
Other.....		1311		
Untaxed reserves.....		132		
Available reserves.....		133		
Accumulated profits (losses)		14		
Investment grants		15		
Advance to associates on the sharing out of the assets..		19		
PROVISIONS AND DEFERRED TAXES		16	<u> </u>	<u> </u>
Provisions for liabilities and charges		160/5		
Pensions and similar obligations.....		160		
Taxation.....		161		
Major repairs and maintenance.....		162		
Other liabilities and charges.....	5.8	163/5		
Deferred taxes		168		
AMOUNTS PAYABLE		17/49	<u>5.380.078.770,79</u>	<u> </u>
Amounts payable after more than one year	5.9	17	5.330.500.000,00	
Financial debts.....		170/4	5.330.500.000,00	
Subordinated loans.....		170	514.500.000,00	
Unsubordinated debentures.....		171	4.816.000.000,00	
Leasing and similar obligations.....		172		
Credit institutions.....		173		
Other loans.....		174		
Trade debts.....		175		
Suppliers.....		1750		
Bills of exchange payable.....		1751		
Advance payments received on contract in progress.....		176		
Other amounts payable.....		178/9		
Amounts payable within one year		42/48	296.686,54	
Current portion of amounts payable after more than one year falling due within one year.....	5.9	42		
Financial debts.....		43	283.686,54	
Credit institutions.....		430/8	283.686,54	
Other loans.....		439		
Trade debts.....		44	13.000,00	
Suppliers.....		440/4	13.000,00	
Bills of exchange payable.....		441		
Advances received on contracts in progress.....		46		
Taxes, remuneration and social security.....	5.9	45		
Taxes.....		450/3		
Remuneration and social security.....		454/9		
Other amounts payable.....		47/48		
Deferred charges and accrued income	5.9	492/3	49.282.084,25	
TOTAL LIABILITIES		10/49	5.380.140.770,79	

INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income.....		70/74		
Turnover.....	5.10	70		
Increase (decrease) in stocks and work and contracts in progress.....(+)/(-)		71		
Own construction capitalised.....		72		
Other operating income.....	5.10	74		
Operating charges.....		60/64	89.139,40	
Raw materials, consumables.....		60		
Purchases.....		600/8		
Decrease (increase) in stocks.....(+)/(-)		609		
Services and other goods.....		61	88.338,00	
Remuneration, social security and pensions.....(+)/(-)	5.10	62		
Depreciation of and other amounts written down formation expenses, intangible and tangible fixed assets.....		630		
Amounts written down stocks, contracts in progress and trade debtors - Appropriations (write-backs).....(+)/(-)	5.10	631/4		
Provisions for risks and charges - Appropriations (uses and write-backs).....(+)/(-)	5.10	635/7		
Other operating charges.....	5.10	640/8	801,40	
Operating charges carried to assets as restructuring costs		649		
Operating profit (loss).....(+)/(-)		9901	-89.139,40	
Financial income.....		75	387.675.352,10	
Income from financial fixed assets.....		750		
Income from current assets.....		751	466.951,32	
Other financial income.....	5.11	752/9	387.208.400,78	
Financial charges.....	5.11	65	387.586.212,70	
Debt charges.....		650	102,83	
Amounts written down on current assets except stocks, contracts in progress and trade debtors.....(+)/(-)		651		
Other financial charges.....		652/9	387.586.109,87	
Gain (loss) on ordinary activities before taxes.....(+)/(-)		9902		

	Notes	Codes	Period	Previous period
Extraordinary income.....		76	.....	.....
Write-back of depreciation and of amounts written down intangible and tangible fixed assets.....		760	.....	.....
Write-back of amounts written down financial fixed assets.....		761	.....	.....
Write-back of provisions for extraordinary liabilities and charges.....		762	.....	.....
Gains on disposal of fixed assets.....		763	.....	.....
Other extraordinary income.....	5.11	764/9	.....	.....
Extraordinary charges.....		66	.....	.....
Extraordinary depreciation of and extraordinary amounts written down formation expenses, intangible and tangible fixed assets.....		660	.....	.....
Amounts written down financial fixed assets.....		661	.....	.....
Provisions for extraordinary liabilities and charges - Appropriations (uses).....(+)/(-)		662	.....	.....
Losses on disposal of fixed assets.....		663	.....	.....
Other extraordinary charges.....	5.11	664/8	.....	.....
Extraordinary charges carried to assets as restructuring costs.....(-)		669	.....	.....
Gain (loss) before taxes.....(+)/(-)		9903	.....	.....
Transfer from deferred taxes.....		780	.....	.....
Transfer to deferred taxes.....		680	.....	.....
Income taxes.....(+)/(-)	5.12	67/77	.....	.....
Taxation.....		670/3	.....	.....
Adjustment of income taxes and write-back of tax provisions.....		77	.....	.....
Gain (loss) of the period.....(+)/(-)		9904	.....	.....
Transfer from untaxed reserves.....		789	.....	.....
Transfer to untaxed reserves.....		689	.....	.....
Gain (loss) to be appropriated.....(+)/(-)		9905	.....	.....

APPROPRIATION ACCOUNT

	Codes	Period	Previous period
Profit (loss) to be appropriated.....(+)/(-)	9906	.....	.....
Gain (loss) to be appropriated.....(+)/(-)	(9905)	.....	.....
Profit (loss) brought forward.....(+)/(-)	14P	.....	.....
Transfers from capital and reserves.....	791/2	.....	.....
from capital and share premium account.....	791	.....	.....
from reserves.....	792	.....	.....
Transfers to capital and reserves.....	691/2	.....	.....
to capital and share premium account.....	691	.....	.....
to legal reserve.....	6920	.....	.....
to other reserves.....	6921	.....	.....
Profit (loss) to be carried forward.....(+)/(-)	(14)	.....	.....
Partners' (of owners') contribution in respect of losses.....	794	.....	.....
Profit to be distributed.....	694/6	.....	.....
Dividends.....	694	.....	.....
Directors' or managers' entitlements.....	695	.....	.....
Other beneficiaries.....	696	.....	.....

OTHER INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME

	Codes	Period	Previous period
OTHER INVESTMENTS AND DEPOSITS			
Shares	51	.....	.....
Book value increased with the uncalled amount.....	8681	.....	.....
Uncalled amount.....	8682	.....	.....
Fixed income securities	52	.....	.....
Fixed income securities issued by credit institutions.....	8684	.....	.....
Term accounts with credit institutions	53	.....	.....
With residual term or notice of withdrawal			
Up to one month.....	8686	.....	.....
Between one month and one year.....	8687	.....	.....
Over one year.....	8688	.....	.....
	8689	.....	.....
Other investments not mentioned above.....		.....	.....

DEFERRALS AND ACCRUALS

Allocation of heading 490/1 of assets if the amount is significant.

	Period
Accrued income.....	327.319.78
Prorata interest to be received.....	31.165.281.75
.....
.....

STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

STATEMENT OF CAPITAL

Social capital

Issued capital at the end of the period.....

Issued capital at the end of the period.....

Codes	Period	Previous period
100P	xxxxxxxxxxxxxx	
(100)	62.000,00	

Changes during the period

Constitution dd. 10/12/2008.....

.....

.....

Structure of the capital

Different categories of shares

Registered.....

.....

.....

Registered shares.....

Bearer or dematerialized shares.....

Codes	Amounts	Corresponding number of shares
	62.000,00	62.000
	62.000,00	62.000
8702	xxxxxxxxxxxxxx	62.000
8703	xxxxxxxxxxxxxx	

Capital not paid

Uncalled capital.....

Called up capital, unpaid.....

Shareholders having yet to pay up in full

.....

.....

.....

Codes	Uncalled amount	Called up capital, unpaid
(101)		xxxxxxxxxxxxxx
8712	xxxxxxxxxxxxxx	

Own shares

Held by the company itself

Amount of capital held.....

Corresponding number of shares.....

Held by the subsidiaries

Amount of capital held.....

Corresponding number of shares.....

Commitments to issue shares

Owing to the exercise of conversion rights

Amount of outstanding convertible loans.....

Amount of capital to be subscribed.....

Corresponding maximum number of shares to be issued.....

Owing to exercise of subscription rights

Number of outstanding subscription rights.....

Amount of capital to be subscribed.....

Corresponding maximum number of shares to be issued.....

Authorized capital not issued.....

Codes	Period
8721	
8722	
8731	
8732	
8740	
8741	
8742	
8745	
8746	
8747	
8751	

Shares issued, non representing capital

		Codes	Period
Distribution			
Number of shares.....		8761	.....
Number of voting rights attached.....		8762	.....
Allocation shareholders			
Number of shares held by the company itself.....		8771	.....
Number of shares held by its subsidiaries.....		8781	.....

STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE, AS IT APPEARS FROM THE STATEMENTS RECEIVED BY THE ENTERPRISE

Stichting Holding Belgian Lion (55.800 shares):

- shares cat. A: 900
- shares cat. B: 900
- shares cat. C: 900
- shares cat. D: 53.100

ING Direct NV (6.200 shares):

- shares cat. A: 100
- shares cat. B: 100
- shares cat. C: 100
- shares cat. D: 5.900

STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	Codes	Period
BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM		
Current portion of amounts payable after more than one year falling due within one year		
Financial debts.....	8801	.....
Subordinated loans.....	8811	.....
Unsubordinated debentures.....	8821	.....
Leasing and similar obligations.....	8831	.....
Credit institutions.....	8841	.....
Other loans.....	8851	.....
Trade debts.....	8861	.....
Suppliers.....	8871	.....
Bills of exchange payable.....	8881	.....
Advances received on contracts in progress.....	8891	.....
Other amounts payable.....	8901	.....
Total current portion of amounts payable after more than one year falling due within one year.....	(42)	.....
Amounts payable with a remaining term of more than one but not more than five years		
Financial debts.....	8802	.....
Subordinated loans.....	8812	.....
Unsubordinated debentures.....	8822	.....
Leasing and similar obligations.....	8832	.....
Credit institutions.....	8842	.....
Other loans.....	8852	.....
Trade debts.....	8862	.....
Suppliers.....	8872	.....
Bills of exchange payable.....	8882	.....
Advances received on contracts in progress.....	8892	.....
Other amounts payable.....	8902	.....
Total amounts payable with a remaining term of more than one but not more than five years.....	8912	.....
Amounts payable with a remaining term of more than five years		
Financial debts.....	8803	5.330.500.000,00
Subordinated loans.....	8813	514.500.000,00
Unsubordinated debentures.....	8823	4.816.000.000,00
Leasing and similar obligations.....	8833	.....
Credit institutions.....	8843	.....
Other loans.....	8853	.....
Trade debts.....	8863	.....
Suppliers.....	8873	.....
Bills of exchange payable.....	8883	.....
Advances received on contracts in progress.....	8893	.....
Other amounts payable.....	8903	.....
Total amounts payable with a remaining term of more than five years.....	8913	5.330.500.000,00

GUARANTEED AMOUNTS PAYABLE *(part of section 17 and 42/48 of the liabilities)*

Amounts payable guaranteed by Belgian public authorities

	Codes	Period
Financial debts.....	8921	.....
Subordinated loans.....	8931	.....
Unsubordinated debentures.....	8941	.....
Leasing and similar obligations.....	8951	.....
Credit institutions.....	8961	.....
Other loans.....	8971	.....
Trade debts.....	8981	.....
Suppliers.....	8991	.....
Bills of exchange payable.....	9001	.....
Advances received on contracts in progress.....	9011	.....
Taxes, remuneration and social security.....	9021	.....
Other amounts payable.....	9051	.....
Total amounts payable guaranteed by Belgian public authorities.....	9061	.....

Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets

Financial debts.....	8922	.....
Subordinated loans.....	8932	.....
Unsubordinated debentures.....	8942	.....
Leasing and similar obligations.....	8952	.....
Credit institutions.....	8962	.....
Other loans.....	8972	.....
Trade debts.....	8982	.....
Suppliers.....	8992	.....
Bills of exchange payable.....	9002	.....
Advances received on contracts in progress.....	9012	.....
Taxes, remuneration and social security.....	9022	.....
Taxes.....	9032	.....
Remuneration and social security.....	9042	.....
Other amounts payable.....	9052	.....
Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets.....	9062	.....

TAXES, REMUNERATION AND SOCIAL SECURITY

Taxes *(section 450/3 of the liabilities)*

Outstanding taxes payable due to tax authorities.....	9072	.....
Accruing taxes payable.....	9073	.....
Estimated taxes payable.....	450	.....

Remuneration and social security *(section 454/9 of the liabilities)*

Amounts due to the National Social Security Office.....	9076	.....
Other amounts payable in respect of remuneration and social security.....	9077	.....

DEFERRALS AND ACCRUALS

Allocation of heading 492/3 of liabilities if the amount is significant

Prorata interest to be paid	.....
Accrued charges	.....

Period
.....48.833.066,11
.....449.018,14
.....
.....

OPERATING RESULTS

	Codes	Period	Previous period
OPERATING INCOME			
Net turnover			
Allocation by categories of activity			
.....			
.....			
.....			
Allocation into geographical markets			
.....			
.....			
.....			
Other operating income			
Operating subsidies and compensatory amounts.....	740		
OPERATING CHARGES			
Employees recorded in the personnel register			
Total number at the closing date.....	9086		
Average number of employees calculated in full-time equivalents...	9087		
Number of actual worked hours.....	9088		
Personnel costs			
Remuneration and direct social benefits.....	620		
Employer's contribution for social security.....	621		
Employers' premiums for extra statutory insurance.....	622		
Other personnel costs.....	623		
Pensions.....	624		
Provisions for pensions			
Appropriations (uses and write-backs).....(+)/(-)	635		
Amounts written down			
On stocks and contracts in progress			
Recorded.....	9110		
Written back.....	9111		
On trade debts			
Recorded.....	9112		
Written back.....	9113		
Provisions for liabilities and charges			
Formed.....	9115		
Used and written back.....	9116		
Other operating charges			
Taxes related to operation.....	640	801.40	
Other.....	641/8		
Hired temporary staff and personnel placed at the enterprise's disposal			
Total number at the closing date.....	9096		
Average number of employees calculated in full-time equivalents...	9097		
Number of actual worked hours.....	9098		
Costs for the enterprise.....	617		

FINANCIAL AND EXTRAORDINARY RESULTS

FINANCIAL RESULTS

Other financial income

Subsidies granted by public authorities and recorded as income for the period

Capital subsidies.....	9125	.....	.....
Interest subsidies.....	9126	.....	.....
Allocation other financial income			
Interest received on mortgage loans.....		218.679.247,21	.....
Interest received on SWAP.....		168.529.153,57
.....	

Depreciation of loan issue expenses and reimbursement premiums.....

6501
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Interests recorded under assets.....

6503
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Amounts written down on current assets

Recorded.....	6510
Written back.....	6511

Other financial charges

Charges for discounting amounts receivable.....	653
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Provisions of a financial nature

Formed.....	6560
Used and written back.....	6561

Allocation other financial charges

Interest paid.....		3.659.119,08	.....
Interest paid on notes.....		168.528.142,96	.....
Interest paid on SWAP.....		215.398.847,83

EXTRAORDINARY RESULTS

Allocation other extraordinary income

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Allocation other extraordinary charges

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Period
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RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

	Codes	Period
PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES.....	9149
Of which		
Bills of exchange in circulation endorsed by the enterprise.....	9150	.....
Bills of exchange in circulation drawn or guaranteed by the enterprise.....	9151	.....
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise.....	9153	.....
 REAL GUARANTEES		
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise		
Mortgages		
Book value of the immovable properties mortgaged.....	9161	.....
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise - Amount of registration.....	9171	.....
Pledging of goodwill - Amount of the registration.....	9181	.....
Pledging of other assets - Book value of other assets pledged.....	9191	.....
Guarantees provided on future assets - Amount of assets involved.....	9201	.....
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties		
Mortgages		
Book value of the immovable properties mortgaged.....	9162	.....
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise - Amount of registration.....	9172	.....
Pledging of goodwill - Amount of the registration.....	9182	.....
Pledging of other assets - Book value of other assets pledged.....	9192	.....
Guarantees provided on future assets - Amount of assets involved.....	9202	.....
 GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE		
ING - Garanties received on mortgage loans.....		5.681.857.143,48
.....	
.....	
.....	
 SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS		
.....	
.....	
.....	
 SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS		
.....	
.....	
.....	
 FORWARD TRANSACTIONS		
Goods purchased (to be received).....	9213	.....
Goods sold (to be delivered).....	9214	.....
Currencies purchased (to be received).....	9215	.....
Currencies sold (to be delivered).....	9216	.....

RELATIONSHIPS WITH AFFILIATED ENTERPRISES AND ENTERPRISES LINKED BY PARTICIPATING INTERESTS

	Codes	Period	Previous period
AFFILIATED ENTERPRISES			
Financial fixed assets.....	(280/1)		
Participating interests.....	(280)		
Subordinated amounts receivable.....	9271		
Other amounts receivable.....	9281		
Amounts receivable.....	9291		
Over one year.....	9301		
Within one year.....	9311		
Current investments.....	9321		
Shares.....	9331		
Amounts receivable.....	9341		
Amounts payable.....	9351	5.330.783.686,54	
Over one year.....	9361	5.330.500.000,00	
Within one year.....	9371	283.686,54	
Personal and real guarantees			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises.....	9381		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise.....	9391	266.525.000,00	
Other significant financial commitments.....	9401	5.330.500.000,00	
Financial results			
Income from financial fixed assets.....	9421		
Income from current assets.....	9431		
Other financial income.....	9441	387.208.400,78	
Debt charges.....	9461	102,83	
Other financial charges.....	9471	387.586.109,80	
Disposal of fixed assets			
Capital gains obtained.....	9481		
Capital losses suffered.....	9491		
ENTERPRISES LINKED BY PARTICIPATION			
Financial fixed assets.....	(282/3)		
Participating interests.....	(282)		
Subordinated amounts receivable.....	9272		
Other amounts receivable.....	9282		
Amounts receivable.....	9292		
Over one year.....	9302		
Within one year.....	9312		
Amounts payable.....	9352		
Over one year.....	9362		
Within one year.....	9372		

Period
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FINANCIAL RELATIONSHIPS WITH

DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS

Amounts receivable from these persons.....

Conditions on amounts receivable from these persons

Codes	Period
9500
9501
9502
9503
9504

Guarantees provided in their favour.....

Main conditions of these guarantees

Other significant commitments undertaken in their favour.....

Main conditions of the other commitments

Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person

To directors and managers.....

To former directors and former managers.....

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees.....

Fees for exceptional services or special missions executed in the company by the auditor

Other attestation missions.....

Tax consultancy.....

Other missions external to the audit.....

Fees for exceptional services or special missions executed in the company by people they are linked to

Other attestation missions.....

Tax consultancy.....

Other missions external to the audit.....

Codes	Period
9505	..... 13.000,00
95061
95062
95063
95081
95082
95083

Mention related to article 133 paragraph 6 from the Companies Code

INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

INFORMATION TO DISCLOSE BY EVERY ENTERPRISE THAT IS SUBJECT TO THE PROVISION OF COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES

INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, full address of registered office and, for an enterprise governed by Belgian Law, the V. A. T. or national number of the parent company(ies)

ING Belgique
 Avenue Marnix 24
 1000 Bruxelles
 Belgium
 Company number: BE0403200393

Does the parent company prepare and publish consolidated accounts in which the annual accounts of the enterprise are included ?
 yes

Parent entity consolidation level: Consolidating entity - Smallest grouping

ING Group
 Amstelveenseweg 500
 1081 KL Amsterdam
 Netherlands
 Company number: NL33231073

Does the parent company prepare and publish consolidated accounts in which the annual accounts of the enterprise are included ?
 yes

Parent entity consolidation level: Consolidating entity - Biggest grouping

If the parent company(ies) is (are) (an) enterprise(s) governed by foreign law disclose where the consolidated accounts can be obtained

Place to consult: ING Group

Street: Amstelveenseweg Nr: 500 Box:

Postal code: 1081 City: KL Amsterdam

Countrycode (ISO): NL Country: Netherlands

VALUATION RULES

1. Amounts receivable after one year

The amounts receivable (mortgage loans) are valued at their acquisition cost less the amount of received repayments.

2. Amounts receivable within one year

The mortgage loans with overdue debts are booked net of depreciations necessary.

3. Deferrals and accruals (assets)

- The unrealized losses are booked in deferrals and accruals. Once these losses will have acquired the character of realized losses, they will be booked to the Income Statement simultaneously to the depreciation of the debt represented by the "Junior Notes".

For Credit Risk, as the losses will be transferred at maturity date to subscribers of bonds issued by the Company in order to finance the purchase of mortgage loans, it was decided to cancel the expenses linked to provisions for losses on these loans in the Income Statement. In the balance-sheet, the neutralization of these provisions is done through the booking of an asset receivable on the subscribers of the issued bonds for an amount identical to the depreciations on mortgage loans. This accounting process reflects the financial flows potentially caused in the Company by default of a mortgage loan repayment by a counterparty.

- Interests linked to "Interest rate Swaps" are booked via prorata temporis in deferrals and accruals.

4. Deferrals and accruals (liabilities)

Interests linked to "Interest rate Swaps" are booked via prorata temporis in deferrals and accruals.

SECTION 7 - DESCRIPTION OF THE NOTES

7.1 Authorisation

The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer passed on 8 July 2010.

7.2 Dematerialised Notes

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.

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 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 Terms and Conditions

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

SECTION 8 - WEIGHTED AVERAGE LIFE

8.1 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***). On the basis of the assumption that the Issuer exercises its Optional Redemption Call on the First Optional Redemption Date, the Weighted Average Life of the Class A1 Notes will be 2.90 years, the Weighted Average Life of the Class A2 Notes will be 4.98 years, the Weighted Average Life of the Class B Notes will be 6.12 years and the Weighted Average Life of the Class C Notes, will be 8.70 years.

SECTION 9 - ISSUER SECURITY

As security for the performance by the Issuer of its obligations under the Transaction Documents, the Issuer acting through its Compartment Belgian Lion SME I will grant rights of pledge on its assets in favour of the Security Agent and the other Secured Parties. As part of creation of these pledges, the Issuer will undertake as a separate and independent obligation, by way of parallel debt, to pay to the Security Agent amounts equal to amounts due to the Secured Parties.

The Issuer will enter into a Parallel Debt Agreement. In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake 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 Agreement;
- (ii) as fees and expenses to the Servicer under the Servicing Agreement;
- (iii) as fees and expenses to the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration Agreement and the Corporate Services Agreement;
- (iv) as fees and expenses to the Domiciliary Agent and the Calculation Agent under the Domiciliary Agency Agreement;
- (v) to the Seller under the SME Loan Sale Agreement;
- (vi) to the Swap Counterparty under the Swap Agreement;
- (vii) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (viii) to the GIC Provider under the GIC Provider Agreement;
- (ix) to the Noteholders; and
- (x) to the Security Agent under the Pledge Agreement;

(the parties referred to in item (i) through (x), together the **Secured Parties**).

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.

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 27 and 106 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 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 collateral.

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 **Security**) over:

- (a) all right and title of the Issuer to, and under, or in connection with all the Loans, all Loan Security and all Additional Security;
- (b) the Issuer's rights under or in connection with the Transaction Documents and all other documents to which the Issuer is a party;
- (c) the Issuer's right and title in and to the Issuer Accounts and any amounts standing to the credit thereof from time to time; and
- (d) any other assets of the Issuer (including, without limitation, the completed loan documents and ancillary documents in respect of a Loan which set out the terms and conditions of the Loan, the Loan Security and the Additional Security (the **Loan Documents**) and the file(s), books, magnetic tapes, disks, cassette or other such method of recording or storing information from time to time relating to each Loan and the Loan Security related thereto containing, *inter alia*, (A) all material records and correspondence relating to the Loans, the Loan Security and Additional Security and/or the Borrower and (B) any payment, status or arrears reports maintained by the Servicer (the **Contract Records**)).

The assets over which the Security is created are referred to herein collectively as the **Collateral**. The Collateral will also provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Notes and the Transaction Documents, in accordance with the applicable Priority of Payments set out in *Section 5.7*, above.

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 hold the Security and 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 only the Collateral and the assets of the Issuer.

The Pledge Agreement provides that the pledge over the Loans and Loan Security will not be notified to the Borrowers, the third party providers of Related Security 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 on the Loans will be an undisclosed pledge.

The pledge created pursuant to the Pledge Agreement over the rights referred to in paragraphs (b) and (c) above will be acknowledged by the relevant obligors and will therefore be a disclosed pledge.

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the security for the Notes, 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 Collateral (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 Collateral in payment of an amount estimated by an expert. In accordance with the terms of the Pledge Agent Agreement only the Security Agent shall be permitted to exercise such rights.

The security rights described above shall serve 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 the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders (see *Section 5- Credit Structure* above).

See also Section 4.9 - True Sale of Loans and the Security.

Loan Security means in respect of any Loan, any and all rights, title, interest and benefit relating to any payments under Mortgage, Floating Charge, Farmer's Lien, any guarantee provided for such Loan and any other type of security interest granted in respect of the Loan.

Additional Security means with regard to any Loan, all claims, whether contractual or in tort, against any insurance company, notary public, mortgage registrar, public administration, property expert, broker or any other person in connection with such Loans or the related Loan Security or in connection with the Seller's decision to grant such Loans and in general, any other security or guarantee other than the Loan Security created or existing in favour of the Seller as security for a Loan.

Related Security means any Loan Security and any Additional Security;

SECTION 10 - SECURITY AGENT

Stichting Security Agent Belgian Lion is a foundation (*stichting*) incorporated under the laws of the Netherlands on 31 December 2008. It has its registered office at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

The objects of the Security Agent are (a) to act as agent and/or Security Agent; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of creditors of legal entities amongst which the Issuer (including the holders of notes to be issued by the Issuer) and to perform acts and legal acts, including the acceptance of a parallel debt obligation and guarantees from, the aforementioned entities, which are conducive to the holding of the abovementioned security rights (c) to borrow money and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Agent is Amsterdamsch Trustee's Kantoor B.V., having its statutory seat and registered office in Amsterdam at Frederik Roeskestraat 123, 1076 EE in Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuypers.

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

SECTION 11 – TAXATION IN BELGIUM

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.

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.

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 15 per cent. Tax treaties may provide for a lower rate subject to certain conditions.

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

Eligible Investors are those persons referred to 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) which include, inter alios:

- (a) Belgian resident corporations subject to Belgian corporate income tax within the meaning of Article 2, §1, 5°, b) of the Income Tax Code 1992 (**ITC 1992**);

- (b) without prejudice to Article 262, 1° and 5° of ITC 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 implementing ITC 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° of ITC 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 ITC 1992;
- (g) the Belgian State with respect to its investments which are exempt from withholding tax in accordance with Article 265 of ITC 1992;
- (h) collective 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.

Eligible Investors do not include, *inter alios*, 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 Eligible Investors save that they need to inform the Clearing System Participants 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 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 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.

In accordance with the rules and procedures of the Clearing System, a Noteholder who is withdrawing Notes from an X-Account will, following payment of interest accrued on those Notes from the last preceding Payment Date, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding tax, if any, on the interest payable on the Notes from the last preceding Payment Date until the date of withdrawal of the Notes from the Clearing System.

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 effective place of management in Belgium) is subject to corporation tax generally at the current rate of 33.99 per cent. (i.e., the standard rate of 33% 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 on the Notes should as a rule be tax deductible.

(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 effective place of management 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 15 per cent. In case of an exemption under the rules of the Clearing System or otherwise, 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 incurred 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 provided that they hold their Notes in an X-account.

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 0.07% (due on each sale and acquisition separately) with a maximum of EUR 500 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors acting for their own account provided that certain formalities are respected.

- (b) The *reportverrichtingen / opérations de reports* through the intervention of a financial intermediary are subject to a tax of 0.085% (due per party and per transaction) with a maximum of EUR 500 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors provided that certain formalities are respected.

SECTION 12 - SME LOAN SALE AGREEMENT

12.1 Sale - Purchase Price

On the Closing Date, the Initial Portfolio of Loans will be sold to the Issuer pursuant to the terms of the SME Loan Sale Agreement and title thereto shall be deemed to have passed from the Seller to the Issuer as from the Closing Date.

Further, the Issuer may on each Monthly Sweep Date following the Closing Date until the Mandatory Amortisation Date (excluding) purchase New SME Loans to the extent offered to it. See *Section 12.5* below.

The purchase price of the Loans (including the related Loan Security) shall consist of the Initial Purchase Price of the Loans plus the Deferred Purchase Price.

The initial purchase price for a Loan (the ***Initial Purchase Price***) shall be equal to:

- (a) the Current Balance of such Loan on the relevant Cut-Off Date; and
- (b) in respect of a Loan that has not been drawn down by the Borrower on the relevant Cut-Off Date, such part of the Loan that has not been drawn down on the relevant Cut-Off Date and for which the Borrower may request a further drawing (the ***Undrawn Amount***”).

The Initial Purchase Price of the Loans shall be payable by the Issuer to the Seller on Closing Date (or, in case of New SME Loans, on the relevant SME Purchase Date), except for such part of the Initial Purchase Price corresponding to the aggregate Undrawn Amounts on the relevant Cut-Off Dates which will be withheld by the Issuer and will be credited to the Further Drawdown Account.

An entitlement to a deferred purchase price (the ***Deferred Purchase Price***) shall be payable by the Issuer to the Seller in respect of the Loans pursuant to the SLSA on each Quarterly Payment Date as set out below.

The ***Cut-Off Date*** in respect of a Loan, means:

in relation to the Loans included in the Initial Portfolio:

- (a) for the Business Loans, 1 April 2010; and
- (b) for the Investment Credits, 5 May 2010, and

in relation to New SME Loans, the last Business Day of the month falling two (2) calendar months prior to the calendar month in which the SME Purchase Date on which the relevant New SME Loan is assigned to the Issuer falls.

The current balance in respect of any Loan (including fully performing Loans and Loans in arrears) at any particular date shall be (i) the outstanding principal amount in respect of such Loan as of the relevant Cut-Off Date *plus*, as the case may be in respect of a Loan that has not been drawn down by the Borrower on the relevant Cut-Off Date, the amount of further draw downs made since the Cut-off Date *less* (ii) any amount applied to reduce any outstanding principal amount since the relevant Cut-Off Date (the ***Current Balance***) (for the avoidance of doubt, in case of a Foreclosed Loan in respect of which the Servicer has decided to suspend

and abandon any further enforcement action, Recoveries are not taken into account in order to determine the Current Balance).

Current Portfolio Amount at any particular date shall be the aggregate of the Current Balances of all Loans (including, for the avoidance of doubt, the New SME Loans to be purchased on such date) outstanding on such date.

The amount of Deferred Purchase Price payable on any Quarterly Payment Date shall be equal to the Interest Available Amount available after satisfaction of all liabilities ranking higher in the Interest Priority of Payments (see *Section 5.7* above) and will be calculated in accordance with the terms of the SLSA. No interest shall be payable by the Issuer in respect of the Deferred Purchase Price.

The sale of the Loans shall include, 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);
- (b) all right and title of the Seller to the Loan Security;
- (c) all rights and title of the Seller to Additional Security;
- (d) 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;
- (e) 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;
- (f) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any mortgaged asset or otherwise encumbered asset, 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

- (g) 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.

12.2 Representations, Warranties and Eligibility Criteria

12.2.1 Seller's Representations and Warranties

The Seller will represent and warrant on the Closing Date and on each relevant SME Purchase Date that, *inter alia*:

- (a) the Seller is a corporation duly organised and validly existing under the laws of Belgium with full power and authority to execute, deliver, and perform all of its obligations under the SLSA and the relevant Deed of Sale and Assignment and such execution and delivery does not violate any applicable laws;
- (b) the Seller has obtained all necessary corporate authority and taken all necessary action (including, but not limited to all necessary consents, licenses and approvals), for the Seller to sign the SLSA and the relevant Deed of Sale and Assignment and to perform the transactions contemplated herein;
- (c) the Seller is duly licensed as a credit institution by the CBFA under the Credit Institutions Supervision Act;
- (d) the Seller:
 - (i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws;
 - (ii) has not resolved to enter into liquidation (*vereffening / liquidation*);
 - (iii) has not filed for bankruptcy or judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or for a moratorium (*uitstel van betaling / sursis de paiement*);
 - (iv) is not subject to emergency regulations (*saneringsmaatregel / mesure d'assainissement*);
 - (v) has not been adjudicated bankrupt or annulled as legal entity;
 - (vi) the Seller has not taken any corporate action nor is any corporate action pending in relation to any of the matters specified in this paragraph (d);
- (e) the SLSA and the relevant Deed of Sale and Assignment constitute the Seller's valid and binding obligations enforceable in accordance with its terms; and
- (f) no Notification Event relating to the Seller has occurred or will occur as a result of the entering into or performance of the SLSA and the relevant Deed of Sale and Assignment.

12.2.2 Eligibility Criteria

The Seller will represent and warrant on the Closing Date with respect to each Loan included in the Initial Portfolio and the related Loan Security and the Additional Security, as the case may be, that as at the relevant Cut-off Date (together the *Eligibility Criteria*), *inter alia*:

(a) Portfolio Schedule

(i) The information relating to

- (1) the Initial Portfolio listed in Schedule 8 to the SLSA;
- (2) 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 as set out in Schedule 7 to the SLSA;
- (3) any additional note on credit repayment capacity, certified by the Seller to be a true, accurate and up-to-date statement of the Seller's credit policies ((2) and (3) together being the *Credit Policies*); and

provided by the Seller to the Issuer, the Security Agent, the Rating Agencies and the Investors or otherwise are complete, true and accurate in all material respects as of the relevant Cut-Off Dates.

(b) Valid existence

- (i) Each Loan, Loan Security and Additional Security exists and are valid and binding obligations of the relevant Borrower(s), or as the case may be, the relevant third party provider of the Related Security, and are enforceable in accordance with the terms of the relevant Loan Documents, provided, however, that the Seller has made no investigations as to the existence of the Insurance Policies after the date of origination of each Loan;
- (ii) each Loan has been granted with respect to investments related to the enterprise of the Borrower;
- (iii) each Loan was granted by the Originator, as a loan with respect to investments related to the enterprise of the Borrower in accordance with the then prevailing credit policies of the Originator;
- (iv) the Loans are either Investment Credits or Business Loans;

Investment Credit means a tailor-made term loan granted by the Originator to a small or medium sized enterprise as an advance under a Credit Facility or as a isolated term loan, subject to a fixed or variable interest rate, which is usually collateralized.

Business Loan means a standardized term loan granted by the Originator to a small or medium sized enterprise as an advance under a Credit Facility or as a term loan, subject to one single withdrawal and a fixed interest rate for term of the Loan.

- (v) each Loan is categorised by the Seller as "Mid-Corps", "Retail" or, in each case, any similar categorisation by the Seller from time to time;

(c) Governing Legislation

- (i) Each Loan, and related Loan Security is governed by Belgian law and no Loan or relating Loan Security expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals;
- (ii) each Loan complies in general, with the common rules of law (*regels van gemeen recht / règles de droit commun*);
- (iii) the Loans are not subject to consumer protection legislation (in particular the Act of 12 June 1991 on consumer credit loans and the Act of 4 August 1992 on mortgage credit (save for Title III);
- (iv) no Loan is granted to an employee of the Seller or a group entity of the Seller;
- (v) each Loan is granted to a Borrower which is resident of Belgium;
- (vi) no Loan is granted under the scope of a wider framework agreement with the Borrower or a third party (other than a Credit Facility).

(d) 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 the other rights, interests and entitlements sold pursuant to the SLSA;
- (iii) immediately before and upon the entry into effect of the sale pursuant to the SLSA, the Seller has the absolute property right over each Loan and the other rights, interests and entitlements sold pursuant to the SLSA, in each case, free from all liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favour of, or claims of, third parties including, but without limitation, any attachment (*derdenbeslag/saisie-arrêt*) or any floating charge (*pand op de handelszaak/gage sur fonds de commerce*);
- (iv) immediately before and upon the entry into effect of the sale pursuant to 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 Loan, Loan Security, Additional Security, the rights relating thereto or with respect to any property and asset, right, title, interest or benefit sold or assigned pursuant to the SLSA or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the SLSA or the Pledge Agreement;
- (v) the Seller has not given any instructions to any Borrower or any third party provider of Loan Security or Additional Security 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 Additional Security ineffective, or omitted to do anything necessary to render or keep them effective.
- (vii) each Loan can be easily segregated and identified by the Seller for ownership and collateral security purposes;

- (viii) no Loan or Shared Security Interest has previously been included in another securitisation transaction.

(e) No set-off or other defence

- (i) None of the Loans and Related Security is subject to any reduction resulting from any valid and enforceable *exceptie / exception* or *verweermiddel / moyen de défense* (including *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 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.

(f) 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.

(g) 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*).

(h) 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, any Loan Security or any Additional Security.

(i) Performing Loan

- (i) No event has occurred that has not been cured prior to the Cut-Off Date that would entitle the Seller to accelerate the repayment of any Loan;
- (ii) on the relevant Cut-Off Date, no payment of principal and/or interest on the Loan is in arrears for more than one (1) day after the due date for such payment;
- (iii) on the relevant Cut-Off Date, the Seller has not received notice of intended prepayment of all or any part of any Loan.

(j) 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 Additional Security or which would have a material adverse effect on its ability to perform its obligations under the SLSA.

(k) Insolvency

On the relevant Cut-Off Date, the Seller has not received notice or is not otherwise aware, that any Borrower:

- (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*), a judicial reorganization (*gerechtelijk reorganisatie / réorganisation judiciaire*) or 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 12.2.2(k).

(l) 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.

(m) Assignability of the Loans

- (i) Each Loan, secured by the Loan Security and Additional Security, may be validly assigned to the Issuer and pledged by the Issuer in accordance with the Pledge Agreement;
- (ii) each Loan, secured by the related Loan Security and Additional Security, is legally entitled to be being transferred by way of sale, and the transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower;
- (iii) the sale of each Loan in the manner contemplated in the SLSA will not be recharacterised as any other type of transaction other than a sale;
- (iv) 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;
- (v) upon the sale of any Loan such Loan will no longer be available to the creditors of the Seller on its liquidation;
- (vi) to the extent, in respect of a Loan, the Seller has entered into any agreement which would have the effect of subordinating the Seller's right of payment under such Loan

to any other indebtedness or other obligations of the Borrower, such agreement will not include any contractual provision limiting the rights of the Seller to assign the Loan.

(n) Related Security

The Seller has not received notice of any material breach of the terms of any Related Security.

(o) 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.

(p) 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 to the SLSA.
- (ii) all payment on each Loan are settled by way of direct debit.

(q) 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.

(r) 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;
- (iv) each Loan has been granted and each of the Loan Security has been created, subject to the general terms and conditions and materially in the forms of the Standard SME Loan Documentation (so 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;

(s) Proper Accounts and Records

Each Loan and the related Loan Security is properly documented in the Contract Records relating to such Loan. The relevant transactions, payments, receipts, proceedings and notices relating to such Loan and such Contract Records are properly recorded in the Contract Records and in the possession of the Seller or held to its order.

(t) Data Protection and privacy laws

The Seller and the databases it maintains, in particular with regard to the Loans and the Borrowers, fully comply with the data protection and privacy laws and regulations.

(u) Missing data

As for any Loan where the Seller confirms that no actual or complete data are available, the characteristics of those Loans are substantially the same as the ones under the Credit Policies.

(v) Financial Criteria

(i) each Loan provides for a fixed final maturity and an amortisation schedule for the repayment of principal according to any of the following repayment profiles:

- (a) repayment of fixed, equal amounts of principal at regular intervals until maturity (*Linear Repayments*);
- (b) repayment of all principal outstanding on a fixed final maturity (*Bullet Repayment*);
- (c) repayment of fixed, equal amounts of principal at regular intervals combined with the repayment of all remaining outstanding principal at maturity (*Balloon Repayment*);
- (d) the repayment of fixed amounts of principal at regular intervals, which amounts are determined in such manner that the sum of principal and interest payments are equal, until maturity (*Annuity Repayment*); or
- (e) repayment of fixed, irregular amounts of principal combined with the repayment of all remaining outstanding principal at maturity (*Other Repayments*).

(ii) each Loan is denominated exclusively in euro (including any Loan historically denominated in Belgian frank);

(iii) each Loan has been originated after 10 November 1989 and no Loan has a legal final maturity that extends beyond 2035;

(iv) the aggregate Current Balance of the Loans from the same Borrower shall not exceed 1.20 per cent. of the Current Portfolio Amount;

(v) the rating attributed by the Seller to the Borrower of the Loan does not exceed 16.

(w) Specific Loan information

The items of information provided to Moody's in respect of the Loans and the Related Security, as specifically identified in the SME Loan Sale Agreement, are true and accurate in all material respects.

(x) Disbursement of Loans

The proceeds of each Loan have either been fully released or, in case the proceeds have a Loan have not been fully released, the term during which the Borrower has a right to make further drawing under the Loan shall not exceed nine (9) months following the relevant Cut-off Date.

12.3 Repurchases and Permitted Variations of Loans

12.3.1 Breach of Representations and Warranties

If at any time after the Closing Date or, in relation to New SME Loans, the relevant SME Purchase Date:

- (a) any of the representations, warranties and Eligibility Criteria relating to the Loans, as set out in the SLSA proves to be untrue, incorrect or incomplete; and
- (b) the Seller has not remedied this within five (5) Business Days after being notified thereof in writing by the Issuer or it has become clear that the matter cannot be remedied within the said period of five (5) Business Days;

then, the Seller shall:

- (i) indemnify the Issuer for all damages, costs, expenses and losses; and
- (ii) repurchase the relevant Loan and Loan 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.

The indemnification or completion of any repurchase and re-assignment as referred to herein shall be completed on or before the Quarterly Payment Date immediately following expiry of the five (5) Business Day period referred to herein.

The Seller furthermore undertakes with the Issuer in respect of those Loans for which not at least one first contractually scheduled payment of interest has been made on the relevant Cut-off Date, that it shall repurchase such Loan (and the Loan Security) in the event such first contractually scheduled interest payment is not made by the Borrower and the non-payment is not due to the insolvency of the relevant Borrower (including any reorganisation or similar arrangement entered into with the Borrower relating its solvency or liquidity position). The repurchase will be for 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 and shall be completed on or before the Quarterly Payment Date immediately following the expiry of a five (5) Business Day period after the Seller being notified by the Issuer or otherwise becoming aware of such non-payment.

12.3.2 Variation

Variations shall not be granted to the Borrowers. In such case, the Borrower's sole option will be to effect a Prepayment of the relevant Loan and to seek to obtain a new loan on different terms.

The Servicer may not waive any Prepayment Penalty in connection with the full or partial prepayment of any Loan (unless the Servicer would compensate the Issuer for an amount

equal to such Prepayment Penalty). For the avoidance of doubt, any Prepayment Penalties collected shall be transferred to the Issuer in accordance with the Servicing Agreement.

12.3.3 Option to repurchase

The Seller has the option to repurchase the Portfolio from the Issuer upon the occurrence of a Regulatory Change in which case, the Issuer shall be obliged to sell and assign the Loans to the Seller, or any third party appointed by the Seller in their sole discretion. See detailed provisions in Conditions 5.21 and 5.22.

12.3.4 Notification Events

The sale of the Loans under the SLSA and pledge of the Loans under the Pledge Agreement will be notified to any relevant Borrowers and any other relevant parties (and instructions to make future payments directly into an account of the Issuer will be given) by the Issuer (acting on the instructions of the Security Agent) pursuant to the terms and conditions set out in the SLSA and the Pledge Agreement.

Each of the following events is a Notification Event under the SLSA:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the SLSA or under any Transaction Document to which it is a party and such failure is not remedied within fifteen (15) Business Days after notice thereof has been given by the Issuer or the Security Agent to such Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the SLSA or under any other Transaction Document to which it is a party and such failure, if 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; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the SLSA, other than the representations and warranties made in respect of the Loans (which the Seller consequently repurchases), or under any of the other Transaction Documents to which it is or will be a party or if any notice or other document, certificate or statement delivered by it pursuant hereto 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; or
- (d) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Seller 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 or Noteholders; or
- (e) the Seller, otherwise than for the purpose of such an amalgamation or reconstruction 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;

- (f) any steps have been taken or legal proceedings have been instituted or threatened by the Seller for bankruptcy (*faillissement / faillite*), stay of payment (*uitstel van betaling / sursis de paiement*) or for any analogous insolvency proceedings under any applicable law, or an administrator, receiver or like officer (including a *voorlopig bewindvoerder / administrateur provisoire* (ad hoc administrator)) has been appointed in respect of the Seller or any of its assets, the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*saneringsmaatregel/mesure d'assainissement*) as referred to in article 3, §1, 8° of the Credit Institutions Supervision Act, as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (g) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations hereunder or under any Transaction Document to which it is a party; or
- (h) 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 Act;
- (i) the Seller becomes subject to any reorganisation measure (*saneringsmaatregelen / mesures d'assainissement*) within the meaning of Article 3 § 1, 8° of the Credit Institutions Supervision Act, or winding-up procedures (*liquidatieprocedures / procédures de liquidation*) within the meaning of Article 3 § 1, 9° of the Credit Institutions Supervision Act; or
- (j) the credit rating of the Seller's short term, unsecured, unsubordinated and unguaranteed debt obligations falls below F2 by Fitch or such rating is withdrawn;
- (k) the credit rating of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations falls below BBB+ by Fitch or such rating is withdrawn; or
- (l) the credit rating of the Seller's long term, unsecured, unsubordinated and unguaranteed debt obligations falls below Baa2 by Moody's or such rating is withdrawn; or
- (m) a Pledge Notification Event occurs; or
- (n) a Servicing Termination Event has occurred; or
- (o) the Issuer is so required by an order of any court or supervisory authority; or
- (p) 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; or
- (q) 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, the Loan Security or the Additional Security to do so, and serves notice on the Seller to such effect (setting out its reasons therefore); or

- (r) not giving notice to the Borrowers will cause the then current rating of the Senior Notes to be adversely affected.

Each of the following is a Pledge Notification Event under the Pledge Agreement:

- (a) the occurrence of a Notification Event other than as referred to under 12.3.4 (p); or
- (b) the service of an Enforcement Notice by the Security Agent.

12.3.5 Audit

In accordance with the provisions of the SLSA, the Seller has undertaken to the Issuer and the Security Agent to instruct an Independent Auditor to perform certain audits on the loan files in the Portfolio. On the basis of the result of the reviews of the loan files performed by the Independent Auditor, the Seller may be obliged to take certain remedial actions as further described in the SLSA.

Independent Auditor means a party (without any corporate affiliation to the ING group) with expertise in the auditing of loan portfolios (in Belgium), including, without limitation, PricewaterhouseCoopers, Deloitte, Ernst & Young and KPMG (or any of their successors).

12.4 Shared Security Interests

Where Loans have been originated using a Credit Facility and/or are secured by an All Sums Security Interest, the Seller shall, following the sale and purchase of the relevant Loans continue to have rights under the relevant Credit Facilities and/or to the All Sums Security Interest (see above *Risk Factors– Shared Security Interests*).

Under the SLSA, the Issuer and the Seller have agreed that all loans or other debts which are secured by a Shared Security Interest securing a Loan, are subordinated to the Loan in relation to all sums received out of the enforcement of the Shared Security Interest.

12.5 The purchase of New SME Loans

The SLSA provides that on any Monthly Sweep Date following the Closing Date up to (but excluding) the Mandatory Amortisation Date, the Issuer shall use the Replenishment Available Amount, subject to (i) no Stop Replenishment Event having occurred and (ii) the satisfaction of the Replenishment Conditions, to purchase New SME Loans (a **Replenishment**) from the Seller, if and to the extent offered by the Seller (each such day on which New SME Loans are purchased, being a SME Purchase Date). For the avoidance of doubt, the Seller is not obliged to make such an offer.

The (part of) Initial Purchase Price payable by the Issuer as consideration for any New SME Loan on the relevant SME Purchase Date shall be equal to the aggregate outstanding principal amounts with respect to such New SME Loan on the relevant Cut-Off Date. In the event of a purchase of a New SME Loan in relation to which the proceeds of the Loan were not yet fully released on the relevant Cut-off Date, the Issuer shall apply part of the Replenishment Available Amount corresponding to the Undrawn Amount of such New SME Loan in order to fund the Further Drawdown Account).

For the purposes hereof, the following terms shall have the following meanings:

Replenishment Available Amount means: (i) in respect of any Quarterly Calculation Date, the sum of the amounts referred under items (a) to (i) (inclusive) of the definition of Principal

Available Amount in Condition 2.9; and (ii) in respect of any Business Date other than a Quarterly Calculation Date, the sum of the amounts referred under items (a) to (i) (inclusive) of the definition of Principal Available Amount in Condition 2.9 as calculated on the most recent Quarterly Calculation Date, *minus*, for the avoidance of doubt, (x) part of such sum (if any) already applied by the Issuer to the purchase of New SME Loans since such most recent Quarterly Calculation Date and (y) part of such sum (if any) applied by the Issuer on the most recent Quarterly Payment Date in accordance with the Conditions (including Condition 2.10).

Replenishment Conditions means that on the relevant SME Purchase Date:

- (a) the Seller will repeat the representations and warranties relating to the Loans and itself as set out in the SLSA with respect to the New SME Loans (with certain exceptions to reflect that the New SME Loans are sold and may have been originated or granted after the Closing Date);
- (b) the Seller will represent and warrant to the Issuer and the Security Agent that the New SME Loans added to the Portfolio will be of a loan type described in *Section 12.2* and meet the Eligibility Criteria as applied to the relevant SME Purchase Date;
- (c) no Notification Event has occurred and is continuing;
- (d) the Seller has not previously failed to repurchase any Loan to the extent required pursuant to the Transaction Documents;
- (e) all reports required to be delivered pursuant to the Servicing Agreement have been delivered;
- (f) the Replenishment Available Amount is sufficient to pay the Initial Purchase Price of the relevant New SME Loans on such date (including, in respect of New SME Loans for which the proceeds have not yet been fully released on the relevant Cut-off Date, the amount corresponding to the Undrawn Amounts for such New SME Loans in order to fund the Further Drawdown Account);
- (g) if the Portfolio is in compliance with the Portfolio Criteria prior to the Replenishment, the Portfolio remains in compliance with the Portfolio Criteria after giving effect to such Replenishment (together with any other Replenishment made on the same SME Purchase Date);
- (h) if the Portfolio is not in compliance with one or more of the Portfolio Criteria immediately prior to the Replenishment, such Replenishment (together with any other Replenishment made on the same day) does not increase the extent of that noncompliance. The Issuer shall furthermore use its best efforts to bring back the noncompliance of this criteria to the initial level;
- (i) if the Portfolio is not in compliance with criteria (xvi) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the New SME Loans purchased on such SME Purchase Date (the ***Replenished Loans***) of Borrowers with a rating equal to 16 does not exceed 2.15 per cent. of the aggregate Current Balances of all Replenished Loans;
- (j) if the Portfolio is not in compliance with criteria (xvii) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the Replenished Loans of Borrowers with a rating equal to 15 or 16 does not exceed 5 per cent. of the aggregate Current Balances of all Replenished Loans;

- (k) if the Portfolio is not in compliance with criteria (xviii) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the Replenished Loans of Borrowers with a rating equal to 14, 15 or 16 does not exceed 9.50 per cent. of the aggregate Current Balances of all Replenished Loans;
- (l) if the Portfolio is not in compliance with criteria (xix) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the Replenished Loans of all Borrowers with a rating equal to 13, 14, 15 or 16 does not exceed 16.50 per cent. of the aggregate Current Balances of all Replenished Loans;
- (m) if the Portfolio is not in compliance with criteria (xx) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the Replenished Loans secured by a Mortgage with a LTV less than or equal to 80% must be greater than 10%;
- (n) if the Portfolio is not in compliance with criteria (xxv) of the Portfolio Criteria immediately prior to the Replenishment, the aggregate Current Balances of the Replenished Loans shall have a Weighted Average One-Year Default Probability based on the current Master Scale less than 1.5%; and
- (o) the proceeds of each Replenished Loan with an Annuity Repayment will have been fully released.

Stop Replenishment Event means (i) the rating of the Seller has been downgraded below Baa3 by Moody's and BBB by Fitch, or (ii) the aggregate Realised Losses (since the Closing Date) in respect of the Loans exceed 0.35 per cent. of the Current Portfolio Amount on the Closing Date, (iii) the aggregate Current Balances of the Defaulted Loans (since the Closing Date) exceed 2.5 per cent. of the Current Portfolio Amount on the Closing Date, or (iv) the Potential Set-Off Amount reaches 1.2 billion.

Portfolio Criteria

The Portfolio must, on the initial Cut-off Dates and on each SME Purchase Date, meet the following criteria (the **Portfolio Criteria**):

- (i) the weighted average remaining tenor of the entire Portfolio is no longer than 9 years;
- (ii) the aggregate Current Balances of the Loans of all Borrowers from the industry category "Construction and Building" (as described below in *Table 6 Distribution by Industry Category, Description of the Loans*) is equal to or lower than 32.5 per cent. of the Current Portfolio Amount;
- (iii) the aggregate Current Balances of the Loans of all Borrowers from the industry category "Retail" (as described below in *Table 6 Distribution by Industry Category, Description of the Loans*) is equal to or lower than 12 per cent. of the Current Portfolio Amount;
- (iv) the aggregate Current Balances of the Loans of all Borrowers from the industry category "Beverage, Food and Tobacco" (as described below in *Table 6 Distribution by Industry Category, Description of the Loans*) is equal to or lower than 10 per cent. of the Current Portfolio Amount;

- (v) the aggregate Current Balances of the Loans of all Borrowers from the industry category “Transportation: Cargo” (as described below in *Table 6 Distribution by Industry Category, Description of the Loans*) is equal to or lower than 10 per cent. of the Current Portfolio Amount;
- (vi) the aggregate Current Balances of the Loans of all Borrowers from a particular industry category (as described below in *Table 6 Distribution by Industry Category, Description of the Loans*) other than the industry categories specifically referred to in Portfolio Criteria (ii) to (v)(inclusive) above is equal to or lower than 8.5 per cent. of the Current Portfolio Amount;
- (vii) the aggregate Current Balances of all unsecured Loans shall not exceed 12 per cent. of the Current Portfolio Amount;
- (viii) the aggregate Current Balances of all Loans secured by a Mortgage must be greater than 25 per cent. of the Current Portfolio Amount;
- (ix) the aggregate Current Balances of all Loans with a Bullet Repayment shall not exceed 5 per cent. of the Current Portfolio Amount;
- (x) the aggregate Current Balances of all Loans not fully drawn shall not exceed 5 per cent. of the Current Portfolio Amount;
- (xi) the aggregate Current Balances of all Loans with a tailored-made repayment (including Loans with a Balloon Repayment) shall not exceed 2 per cent. of the Current Portfolio Amount;
- (xii) the aggregate Current Balances of all Loans with an annual repayment shall not exceed 6 per cent. of the Current Portfolio Amount;
- (xiii) the Top 1 Group shall not represent more than 1.25 per cent. of the Current Portfolio Amount;
- (xiv) the Top 10 Group shall not represent more than 7 per cent. of the current Portfolio;
- (xv) the Top 25 Group shall not represent more than 12.5 per cent. of the current Portfolio;
- (xvi) the aggregate Current Balances of the Loans of all Borrowers with rating equal to 16 does not exceed 2.15 per cent. of the Current Portfolio Amount,
- (xvii) the aggregate Current Balances of the Loans of all Borrowers with rating equal to 15 or 16 does not exceed 5 per cent. of the Current Portfolio Amount;
- (xviii) the aggregate Current Balances of the Loans of all Borrowers with a rating equal to 14, 15 or 16 does not exceed 9.50 per cent. of the Current Portfolio Amount;
- (xix) the aggregate Current Balances of the Loans of all Borrowers with a rating equal to 13, 14, 15 or 16 does not exceed 16.50 per cent. of Current Portfolio Amount;
- (xx) the aggregate Current Balances of all Loans secured by a Mortgage with a LTV less than or equal to 80 per cent. must be greater than 10 per cent. of the aggregate Current Balances of all Loans secured by a Mortgage;

- (xxi) the aggregate Current Balances of all Loans which originate from Antwerpen shall not exceed 25 per cent. of the Current Portfolio Amount and the aggregate Current Balances of all Loans which originate from each other province shall not exceed 20 per cent. of the Current Portfolio Amount;
- (xxii) the aggregate Current Balances of all Loans to Borrowers in the Retail Customer Segment (as described below in *Table 3 Distribution by Customer Segments*) shall not exceed 40 per cent. of the Current Portfolio Amount;
- (xxiii) the aggregate Current Balances of all Loans with a SV rating system (which refers to the rating system for single person businesses, also referred to SBF (“Small Business Facilities”)) shall be less than 15 per cent. of Current Portfolio Amount;
- (xxiv) the Weighted Average Seasoning of the aggregate Current Balances of all Loans must be greater than 3.10 years;
- (xxv) the Weighted Average One-Year Default Probability based on the current Master Scale of the aggregate Current Balances all Loans shall not exceed 2 per cent.;
- (xxvi) the aggregate Current Balances of all Loans in a grace period shall not exceed 2 per cent. of the Current Portfolio Amount; and
- (xxvii) the aggregate Current Balances of all Isolated Loans must be greater than 98 per cent. of the Current Portfolio Amount.

Isolated Loan means a Loan under the form of a stand-alone facility (*operation isolée*) and which is not revolving.

LTV means, in relation to a Mortgage, the ratio between (i) the Current Balance of the Loan of the Borrower secured by such Mortgage and (ii) the secured amount of the Mortgage on the mortgaged property.

Master Scale means any of the ING credit risk rating scale, including rating grades for performing loans from 1 to 19 and for non-performing loans from 20 to 22 whereby each rating grade is assigned a Probability of Default (PD) value which refers to the probability that a company in the particular rating grade will default within the next 12 months.

Weighted Average One-Year Default Probability means the ratio calculated by:

- (i) summing the products obtained by multiplying the Current Balance of each Loan by the one-year default probability as computed on the basis of the current Master Scale;
- (ii) dividing such sum by the sum of the aggregate Current Balances of all Loans; and
- (iii) rounding the result up to the nearest two decimal places.

12.6 Trigger Collateral and Commingling Reserve Amount

12.6.1 Trigger Collateral

Pursuant to the SLSA, the Seller has the obligation to indemnify the Issuer for any amounts set-off by a Borrower in respect of the Loans.

To secure this obligation, the Seller shall on each Monthly Sweep Date deposit in the Trigger Collateral Account an amount in euro (the **Trigger Collateral**) equal to (or ensure that the balance of the Trigger Collateral Account is increased up to) the Trigger Collateral Required Amount in relation to such Monthly Sweep Date.

The Issuer shall, as soon as Trigger Collateral needs to be provided by the Seller to the Issuer for the first time, open with the GIC Provider an account held in the name of the Issuer into which all amounts of Trigger Collateral shall be deposited (the **Trigger Collateral Account**). Any interest accrued on the proceeds of such Trigger Collateral Account shall not be part of the Interest Available Amount, but shall accrue and be paid out to the benefit of the Seller.

The **Trigger Collateral Required Amount** in relation to a Monthly Sweep Date shall be equal to the amount of:

- (i) zero, provided that the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least as high as A3 by Moody's and A- by Fitch;
- (ii) 50 per cent. of the Potential Set-Off Amount, when the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated (a) lower than A3 by Moody's but higher than Baa3 by Moody's and/or (b) lower than A- by Fitch but higher than BBB- by Fitch;
- (iii) 100 per cent. of the Potential Set-Off Amount when the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated (a) lower than Baa3 by Moody's and/or lower than BBB- by Fitch or any such ratings are withdrawn; and
- (iv) zero, if the Notes have been redeemed in full.

The **Potential Set-Off Amount** shall, on any Monthly Sweep Date, be calculated by the Administrator (and communicated in the Investor Reports) as the aggregated sum of an amount for each Borrower equal to the lower of:

- (a) the sum of the credit balances (to the extent positive) standing to each current account, savings account or term deposits held by the Borrower with the Seller and the present value of any derivatives entered into between the Borrower and the Seller (to the extent in the money for the Borrower) on the last Business Day of the calendar month falling two (2) months prior to the calendar month in which the relevant Monthly Sweep Date falls; and
- (b) the Current Balance(s) of the Loan(s) of the Borrower on such date,

multiplied by 1.25.

Set-off Ratio means, on any particular date, the quotient obtained by dividing (i) the Potential Set-Off as determined by the Servicer on the immediately preceding Monthly Sweep Date (or, in case such date is a Monthly Sweep Date, on such date) by (ii) the Current Portfolio Amount on such date.

The Trigger Collateral may be applied by the Issuer on any Quarterly Payment Date if and to the extent the Issuer has, because a Borrower has invoked a right of set-off for amounts due

by the Seller to it and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date, not received the full amount due but unpaid in respect of any Loan(s) (the ***Set-Off Amount***).

A ledger known as the ***Set-Off Amount Ledger*** will be established by or on behalf of the Issuer in order to record any such Set-Off Amount. An amount equal to the Set-Off Amount will be debited to the Set-Off Amount Ledger (such debit items being reccredited at item (xi) of the Interest Priority of Payments to the extent the Interest Available Amount is available for such purpose).

The Trigger Collateral will not be included as Principal Available Amount and/or Interest Available Amount and will not form part of the Priority of Payments, unless if used to indemnify the Issuer for Set-Off Amounts in which case the Issuer will be required to add such funds to the Interest Available Amount and/or Principal Available Amount, as the case may be. The Trigger Collateral will not serve as general credit enhancement and will not serve to provide general liquidity to the Issuer and can only be used by the Issuer to mitigate Commingling Risk and/or Set-off Risk.

If the amount of the Trigger Collateral provided to the Issuer exceeds the Trigger Collateral Required Amount on any Monthly Sweep Date or any other date (the ***Excess Trigger Collateral***), the Issuer shall repay an amount equal to the Excess Trigger Collateral (if applicable).

Any interest accrued on the Trigger Collateral in respect of Trigger Account (which is not applied to indemnify for Set-Off Amount) shall not be part of the Interest Available Amount, but shall accrue and be paid out to the benefit of the Seller).

Unless previously applied in order to indemnify the Issuer for Set-Off Amounts, upon the full and final repayment of the Senior Notes on the Final Redemption Date (or such other date upon which the Senior Notes are to be redeemed in full), the Administrator will immediately release the remaining Trigger Collateral to the Seller.

12.6.2 Commingling Reserve Amount

If at any time the ratings of the Seller fall below the Minimum Ratings, the Seller shall open the Commingling Reserve Account and deposit in the Commingling Reserve Account an amount in euro (the ***Commingling Reserve Amount***) equal to the Calculated Commingling Amount and ensure that on each Monthly Sweep Date thereafter (until the ratings of the Seller are again at least equal to the Minimum Ratings) the balance of the Commingling Reserve Account is, to the extent necessary, increased up to the Calculated Commingling Amount in relation to such Monthly Sweep Date (See also *Section 5.2.1.- Seller Cash Collection* above).

The ***Commingling Reserve Account*** means a bank account to be held with a financial institution with the Minimum Ratings, in the name of the Issuer. Any interest accrued on the proceeds of such Commingling Reserve Account shall not be part of the Interest Available Amount, but shall accrue and be paid out on the benefit of the Seller.

The ***Calculated Commingling Amount*** shall, as soon as (and as long as) a Commingling Reserve Amount needs to be constituted, be calculated by the Administrator on each Monthly Sweep Date (and, in case the date on which the Commingling Reserve Amount needs to be constituted for the first time, does not fall on a Monthly Sweep Date, then the calculation shall be made by the Administrator by reference to the immediately preceding Monthly Sweep Date) as the sum of (i) the amount of the contractually scheduled interest and principal

payments becoming due and payable on each Loan during the four week period immediately following such Monthly Sweep Date plus (ii) an amount obtained by multiplying the Current Portfolio Amount at such Monthly Sweep Date by the average prepayment rate (applied on a period of four weeks).

The Commingling Reserve Amount will not be included as Principal Available Amount and/or Interest Available Amount and will not form part of the Priority of Payments, unless if used to mitigate Commingling Risk in which case the Issuer will be required to add such funds to the Interest Available Amount and/or Principal Available Amount, as the case may be. The Commingling Reserve Amount will not serve as general credit enhancement and will not serve to provide general liquidity to the Issuer and can only be used by the Issuer to mitigate Commingling Risk.

The Commingling Reserve Amount 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 Collection Accounts 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 4.6.9 – Commingling Risk*).

If the amount of the Commingling Reserve Amount provided to the Issuer exceeds the Calculated Commingling Amount on any Monthly Sweep Date (the **Excess Commingling Reserve Amount**), the Issuer shall repay an amount equal to the Excess Commingling Reserve Amount (if applicable).

Unless applied in order to indemnify Commingling Risk, the Commingling Reserve Amount shall remain credited to the Commingling Reserve Account until:

- (i) the Seller's ratings are again at least equal to the Minimum Ratings; or
- (ii) a full and final repayment of the Senior 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 Commingling Reserve Amount to the Seller.

SECTION 13 - OVERVIEW OF THE BELGIAN MARKET FOR SME LOANS

In Flanders there are 513.829 small and medium enterprises (with a number of employees up to 50), SMEs, and 3.129 large corporations (with more than 50 employees). In Flanders approximately 99% of enterprises are SMEs. In Wallonia, there are 238.641 (99,5%) SMEs and 1.092 (0,5%) large corporations. In the Brussels – Capital Region, there are 98.371 (99,1%) SMEs and 835 (0,9%) large corporations.

In Belgium, the largest number of SMEs is active in the services sector (17%), construction (12%) and retail (11%). For Flanders, this is respectively 14%, 13% and 11%. In Brussels, 22% of the SMEs are active in the services sector. Source: *Unizo (Unie van zelfstandige ondernemers)*.

ING's market penetration and lead bank status for SMEs can be summarized as follow:

- 53% see ING as the main bank; and
- 71% is client by ING.

SMEs have a large share in the national economy. The Belgian economy is mainly based on SMEs, which represent over 70% of the GDP. SMEs are a major source of entrepreneurial skills and innovation. They foster the economic and social cohesion. Source : Bulletin 3 – 84

SECTION 14 - THE SELLER

ING Belgium NV / SA and ING Groep N.V.

Profile

ING Belgium NV / SA (the *bank*) is part of ING Groep NV, also called ING Group. ING Group is the holding company of a broad spectrum of companies (together called *ING group*), offering banking, investments, life insurance and retirement services to 85 million private, corporate and institutional clients in Europe, the United States, Canada, Latin America, Asia and Australia. Originating from the Netherlands, ING group has a workforce of more than 130,000 people worldwide.

The bank is a public company with limited liability (*naamloze vennootschap/société anonyme*) existing for an unlimited duration under Belgian law. Its registered office is at Avenue Marnixlaan 24, B-1000 Brussels, Belgium. The bank is recognised as a credit institution under the provisions of the Law of 22 March 1993 on the status and control of credit institutions. Since the beginning of 1998, the bank is a wholly owned subsidiary of ING Group.

On its domestic market, the bank offers financial products and services including banking, insurance (life, non-life) and asset management to meet the needs of retail, corporate and institutional customers through a network of business units, 779 traditional branches and 229 entrusted to independent self-employed agents. The bank also operates through all kinds of direct distribution channels, with more than 802 SelfBank and HomeBank services, as well as through the ING Contact Centre.

As a commercial bank, the bank offers products and services to businesses and financial institutions and is active on capital markets, in corporate banking and corporate finance. Those operations are conducted in close cooperation with the other ING group business units or within the framework of cross-border platforms.

On the international scene, the Executive Committee of the bank is in charge of the coordination of the group's local operations in the South West Europe region (Belgium, Luxembourg, France, Switzerland, Spain, Portugal and Italy).

Incorporation and history

The bank was formed under the name Bank Brussels Lambert S.A. through a merger of Banque de Bruxelles and Banque Lambert, which was effected on 30 June 1975 as a further development of the holding companies of the two banks which took place in 1972. An extraordinary general meeting held on 17 April 2003 adopted a resolution to change the name into ING Belgium SA/NV as from 22 April 2003.

Banque de Bruxelles was founded in 1871 and during the next 60 years acquired interests in other banks in the main cities in Belgium. By 1931, these banks had been absorbed into a single entity, whose operations included not only traditional banking activities, but the management of an industrial portfolio with interests in Belgium and Africa. Following the Belgian banking reforms of 1934-35, the bank's activities were transferred to a new company, bearing the same name, which was formed on 30 January 1935. This achieved the separation

of the holding company's banking activities from its industrial interests, as required by the reforms.

Banque Lambert had its origin in the banking business founded by the Lambert family, active bankers in Belgium since Belgian independence in 1830. Banque Lambert expanded its banking activities rapidly after 1945 by successive mergers with various privately owned banks.

Supervisory and Executive Bodies

The composition of the Board of Director of ING Belgium NV / SA is as follows:

Luc Vandewalle (Chairman of the Board of Directors), Erik Dralans (Chief Executive Officer), Michael Jonker (Managing Director), Jan Op de Beeck (Managing Director), Philippe Masset (Managing Director), Marlies van Elst (Managing Director), Guy Beniada (Managing Director), Baron Luc Bertrand (Chairman of the Executive Board Ackermans & van Haaren), Eric Boyer de la Giroday (Vice-Chairman Management Board ING Bank and CEO Commercial Banking), Baron Philippe de Buck van Overstraeten (General Director BusinessEurope), Philippe Delaunois (Director of CFE, Corelio, Alcopa), Count Diego du Monceau de Bergendal (Managing Director, Rainyve), Hans van der Noordaa (Member Management Board Banking, ING Groep and CEO Banking Benelux), Philippe van de Vyvere (Managing Director, Sea Invest Group).

The composition of the Audit Committee is as follows: Count Diego du Monceau de Bergendal (Chairman), Baron Philippe de Buck van Overstraeten (member), Philippe Delaunois (member).

The composition of the Remuneration and Appointment Committee is as follows: Luc Vandewalle (Chairman), Eric Boyer (member), Philippe van de Vyvere (member).

The composition of the Executive Committee is as follows:

- Erik Dralans (Chief Executive Officer): Corporate Communication & Relations, Corporate Audit Services, Human Resources, Financial Markets Brussels and Transformation Office.
- Michael Jonker (Managing Director): Operational & Compliance Risk, Credit Risk Management and Market Risk Management, Leasing and Commercial Finance.
- Jan Op de Beeck (Managing Director): Retail & Private banking, Marketing and Record Group.
- Philippe Masset (Managing Director): Commercial Banking Belgium & Luxembourg, Midcorp & Institutionals, Corporate Clients Belgium, Financial Institutions, Banking Services, Corporate Finance, Equity Markets and Economic Research.
- Marlies van Elst (Managing Director): Operations & IT Banking.
- Guy Beniada (Managing Director): Finance, Facility Management, Legal department, Tax department and Corporate Development.
- Marc Bihain (Secretary General)
- Bruno Smet (Auditor General)

ING Groep N.V. Capital Injection

On 19 October 2008, ING Groep N.V. (ING Group) published a press release titled "ING to strengthen core capital by EUR 10 billion" (the Core Capital Release). The

Core Capital Release contained, amongst other things, details of ING Group's agreement with the Dutch government regarding the issue to the Dutch State of non-voting core Tier-1 securities for a total consideration of EUR 10 billion, in order to strengthen its capital position. Under the terms of this agreement the Dutch state obtained the right to nominate two members for the ING Group Supervisory Board, to be appointed at the General Meeting of Shareholders (GMS) in 2009. They would be represented on the Audit Committee, Corporate Governance Committee and Remuneration and Nomination Committee of the Supervisory Board and would have approval rights for decisions concerning equity issuance or buyback, strategic transactions with a value equalling more than one quarter of ING Group's share capital and reserves and proposals to shareholders regarding the remuneration policy.

On 21 December 2009, ING Group has repaid EUR 5,606 million to the Dutch state. ING has funded the State repayment with part of the proceeds of the rights issue that was completed and settled that day.

Underwriting and servicing of the Loans

ING Bank is part of ING Groep N.V and extends lines of credit to companies with acceptable risk profiles, high earnings potential for ING Group, trustworthy management generally operating in industries of which the bank has a favourable impression.

In the Belgian SME sector, ING Belgium extends loans to clients categorised as:

Retail Banking: self-employed, freelancers and small companies booking annual turnover of less than EUR 4 million.

Midcorps & Institutionals: medium-sized companies with sales of between EUR 4 and 250 million and institutional clients like public services, hospitals, religious associations, teaching establishments, union organizations and pension funds.

Apart from its branch network, ING Belgium uses the internet and telephone as direct channels, especially for the Retail Banking segment. The Midcorp & Institutional segment requires a specific approach with 16 business centres and business desks distributed over the whole country.

Credit applications and reviews

ING Bank extends lines of credit to financially sound performing companies with trustworthy management.

- Target customers
 - companies with acceptable risk profiles and with high earnings potential for ING Group
 - companies not situated in the low end of their respective industries

Goal is to be the company's core bank with majority share in the company's banking business but given the bank market in Belgium ING Belgium is often a challenger in the Retail customer market.

Financing policy is detailed in policy papers (e.g. real estate, leverage finance) and are published on ING's intranet accessible for both relationship and risk management.

For Retail Banking

Professional loans for the Retail lending are sold via a call-center distribution model, a so called Business Credit Center (BCC). Loans request to the 2 BCCs are initiated through :

- direct calls from professionals (clients and prospects)
- «assisted calls» from ING branch network, business developers and accredited accountants
- e-mail/fax/letter from professionals

Loan specialists can assist and visit clients for more complex deals (real estate, shipping, etc.)

The granting of standard credit is based on :

- a PreDefined Limit-model

= statistical model that automatically and pro-actively calculates on a monthly basis credit limits for professional clients and prospects based on risk rating, cash flow, balance sheet total, class of risk, sector of business.

- an automatic decision system that used policy rules taking into account among other things the profile of the credit applicant, the repayment capacity, the outstanding debts and (potential) negative elements.

If necessary a manual credit decision has to be taken by a BcC member (with specific approval authorities), a credit decision taker (outstanding \leq 1 million €) or Credit Risk Management (outstanding $>$ 1 million €).

For Midcorps

For the Midcorps clients, the loan request is initiated by the client via the account manager who will write the credit application. The Credit proposals have to be decided according to the Signatory Approval Process (SAP) except for smaller amounts. In those cases, the relationship manager has a limited power of decision.

Through the Signatory Approval Process (SAP), one front officer and one risk manager will advice one higher ranking front officer and one higher ranking risk manager, who both will have to decide on the credit application. Smaller exposures are dealt with at the zonal level whereas larger exposures are processed at the head office in Brussels.

Each Midcorp client with an exposure $>$ 750 000 EUR is reviewed manually at least annually. Signatory Approval Mandate is assigned individually to front office managers and risk managers according to their professional qualifications, experience and risk awareness.

The credit application package has a predefined content including amongst others: financials information on the obligor, previous decision (on the client), collateral information, business description and a descriptive risk assessment. A typical credit application package recapitulates the following items:

- type of borrower (e.g. key activities, position in industry, key business drivers and quality of management)
- the purpose of the credit application
- ING Bank's business rationale and the future relationship with the client

- financials (e.g. past, current and forecasted cash flow, leverage and debt service coverage and their key drivers and stability)
- compliance with our industry's (lending) policy and our assessment of business risks
- structure of the transaction including alternative repayment sources
- pricing vs perceived risks
- current account behaviour
- Collateral serves as an alternative repayment for future risks only (i.e. no collateral based lending).

Collateral

Any collateral in a transaction is an important item in the credit decision, but credit is not extended based on collateral alone. The importance of collateral is greater for smaller entities than it is for larger ones. While not all loans are collateralised, any received collateral typically consists of one or more of the following types:

- Mortgages (i.e., liens on specified residential or commercial real estate, airplanes and ships);
- Pledges over movable assets (such as stock, inventory, machinery, cars or trucks) and rights (such as deposits, securities, receivables, or claims from, for example, life insurance policies) through assignments or transfers for collateral purposes;
- Guarantees (from private individuals, legal entities, and/or governments).

Internal Credit Risk Rating System

ING Group uses a set of internal risk ratings throughout all its different international units, including ING Bank Belgium. The assigned internal risk rating represents ING Bank's assessment of the expected default probability of a given borrower not taking collateral into account. It is the result of an evaluation of several financial inputs and internal behavioural data, using statistically based scorecard analyses.

Although totally independent, the ING internal risk rating (**ING Internal Risk Rating**) is a primary element of the loan approval process since it is used as an element for decision making. In addition, it is a cornerstone of the loan monitoring process. The ING Internal Risk Rating not only affects the outcome of the credit decision, but it also determines the level of decision-making authority required to take the decision. It also has an impact on the characteristics of the monitoring procedures applied to the ongoing exposure.

Currently the ING Internal Risk Rating scale consists of 22 risk ratings that fall into 3 larger classes of risk:

- i. "Investment Grade": 01 to 10;
- ii. "Speculative Grade": 11 to 17;
- iii. "Substandard/Problem Loan Grade": 18 to 22.

Credit restructuring process

If a potentially serious credit quality deterioration is detected in one of the above described processes, or if risk management observes developments related to either the borrower itself

or the sector it operates in, (which developments could affect the borrower in the future whilst its current credit profile does not yet reflect these), the risk manager or the relationship manager may decide to place the credit exposure on a watch-list or may decide the file should be managed by the restructuring department. If an exposure is placed on the watch-list it is also followed by the restructuring department. As soon as a file is transferred to the Restructuring department, that department takes over the main responsibility of the relationship with the client.

The restructuring department is divided in three main activities. "Restructuring" manages a file with the aim to improve the client's credit standing and ING Bank's position so that normal relationship management and risk management can take over again. A file in "Restructuring" currently has an ING Internal Risk Rating of 14 up to 20 with a loan status code of 30. If the restructuring department decides that a file should be terminated (and the bank repaid) the file is transferred to the recovery department. In the "Recovery" department any collateral is liquidated by third parties. A file in the "Recovery" department currently carries an ING Internal Risk Rating of 21 or 22. If there is still any exposure left following the work-out in "Recovery", they will proceed the writes-off and (if possible) attempt to collect the remaining balance.

The restructuring groups are established at both region level and at head office level. The responsible unit for a file is determined case by case by the size of the relevant exposure, the complexity of the case and the present workload.

Risk control unit

Throughout the risk management chain, an independent risk control unit is employed. It evaluates, for the business banking domain, the effectiveness of the overall credit risk approach including the handling of individual cases. It evaluates the general credit process and the correct implementation thereof by the responsible units on a regional basis. It acts as an advisor for senior management and as a proactive coach for risk managers rather than as a pure auditor. It has the possibility to ask for a revision of the pure risk or to initiate a corrective action to improve data quality.

SECTION 15 - SERVICING

15.1 The Servicer

ING Belgium NV / SA with its registered office at Avenue Marnix 24, B-1000 Brussels, Belgium.

In the Servicing Agreement the Servicer will agree to provide administration and management 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 monthly basis to the Transaction Account (see also *Cash Collection Arrangements* in Credit Structure) and the implementation of arrear procedures including, if applicable, the enforcement of the Related Security (see further *Underwriting and servicing of the Loans* above). The Servicer will be obliged to administer the Loans at the same level of skill, care and diligence as loans granted to small and medium sized enterprises in its own or, as the case may be, the Seller's portfolio.

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.

Stand-by and Back-Up Servicing

The Servicing Agreement obliges the Issuer and/or the Security Agent (as applicable) to appoint a Stand-By and Back-Up Servicer (as defined below) and to enter into a stand-by and back-up servicing agreement (the ***Stand-By and Back-Up Servicing Agreement***), within 30 calendar days after the long-term credit rating of ING has been downgraded to BBB- by Fitch and/or Baa3 by Moody's, or, if that is not feasible, as soon as reasonably possible thereafter, with a party with a long-term credit rating of at least BBB by Fitch and Baa2 by Moody's (the ***Stand-By and Back-Up Servicer***). The Seller shall use its best efforts to enable the Issuer and/or the Security Agent (as applicable), to enter into such Stand-By and Back-Up Servicing Agreement.

From the appointment of the Stand-By and Back-Up Servicer, an implementation period will commence, during which period the parties to the Servicing Agreement will use their best efforts in order to ensure that the parties to the Stand-By and Back-Up Servicing Agreement (the following may be amended from time to time):

- (i) determine the duties of the Stand-By and Back-Up Servicer before (i.e. during the stand-by phase) and after the Stand-By and Back-Up Servicer replaces the Servicer in its role as servicer;
- (ii) agree and implement the necessary stand-by and back-up servicing solutions; agree on the form of any required operational, reporting and legal documents (e.g. powers of attorney, certificate, and other legal documentation as may be required);
- (iii) agree on the transfer of any completed periodical reports and other data from the Servicer to the Stand-By and Back-Up Servicer;
- (iv) agree on the appropriate IT systems as may be required;

- (v) define the process applicable to fulfil the stand-by and back-up servicing duties and to prepare the Stand-By and Back-Up Servicer for proper activation (i.e. replacing the Servicer in its role as servicer); and
- (vi) are able to send out any notification letters to the debtors in relation to the Loans as soon as possible if at any time required in accordance with the arrangements laid down in the Transaction Documents and ING (or the Issuer, as the case may be) fails to do so itself.

The appropriate duration of the implementation period will be reasonably determined by the parties to the Stand-By and Back-Up Servicing Agreement. Such implementation period should allow the Stand-By and Back-Up Servicer to be operational in a proper and timely manner.

During the stand-by phase, the Stand-By and Back-Up Servicer will be ready to activate the collection of the Loans within a very short term after being notified of the occurrence of one of the servicing termination events listed in clause 10 of the Servicing Agreement.

The Seller, the Issuer and/or the Security Agent (as applicable) shall assist the Stand-By and Back-Up Servicer, *inter alia*, by timely providing the Stand-By and Back-Up Servicer with such reports and other information as may be required by it under the Stand-By and Back-Up Servicing Agreement, to assume its obligations under the Stand-By and Back-Up Servicing Agreement and take over servicing from the Servicer.

When a Stand-By and Back-Up Servicer has been appointed, the Stand-By and Back-Up Servicer shall replace the Servicer upon termination of its appointment by the Issuer following the occurrence of one of the servicing termination events listed in clause 10 of the Servicing Agreement. From the date of such termination, the Stand-By and Back-Up Servicer shall provide its services in accordance with the Stand-By and Back-Up Servicing Agreement and the agreed procedures formulated during the implementation period.

Termination

The Servicing Agreement may be terminated by the Issuer with the written consent of the Security Agent upon the occurrence of certain servicing termination events, including but not limited to a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt.

After termination of the appointment of the Servicer under the Servicing Agreement, the Issuer shall use its efforts to appoint a substitute servicer and such substitute servicer shall enter into an agreement with the Issuer and the Security Agent substantially on the terms of the Servicing Agreement, provided that such substitute servicer shall have the benefit of a fee to be then determined. Any such substitute servicer is obliged to have experience of administering loans such as the Loans granted to borrowers in Belgium. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Agent on materially the same terms as the Pledge Agreement to the satisfaction of the Security Agent.

SECTION 16 - DESCRIPTION OF THE PORTFOLIO

The Initial Portfolio will be selected from a pool of Loans owned by the Seller on 30 April 2010 with an aggregate Current Balance on such date of approximately EUR 6.018.750.865,20 (the ***Provisional Pool***), which has the characteristics as indicated in Tables 1 to 25 (inclusive) below.

The Initial Portfolio will be selected so that it complies with the representations and warranties and the Eligibility Criteria 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 SLISA and that are at the relevant time still owned by the Issuer (the ***Portfolio***), the Undrawn Amounts in relation thereto and the Principal Repayments made thereon since the Cut-Off Date will be approximately equal to EUR 6 bn.

Pool Summary

Reporting Date	30 April 2010
Portfolio Cut-Off Date	31 May 2010
Number of Facilities	79.054
Number of Entities	36.864
Number of Groups	32.305
Outstanding	6.018.750.865,20
Weighted Average O/S per Entity	163.269,07
Weighted Average O/S per Group	186.310,20
Weighted Average Maturity	10,27
Weighted Average Seasoning	3,12
Weighted Average Remaining Tenor	7,16
Weighted Average Interest Term	4,55
Weighted Average Interest Rate	4,05
Top 1 Group	70.000.000

Table 1: Distribution by ING Short Rating

ING Rating	Short Facilities	Allocated	%
6	903	68.485.566,14	1,14%
7	7.992	512.448.162,41	8,51%
8	10.190	470.618.243,23	7,82%
9	16.514	1.199.621.748,67	19,93%
10	16.351	1.353.937.176,36	22,50%
11	8.067	783.299.355,66	13,01%
12	8.229	693.172.859,49	11,52%
13	4.298	398.501.823,63	6,62%

14	3.013	250.770.903,97	4,17%
15	2.130	164.620.582,90	2,74%
16	1.367	123.274.442,74	2,05%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 2: Distribution by ING Rating Model

ING Model	Rating	Facilities	Allocated	%
CL		210	320.175.029,22	5,32%
KB		54.946	5.055.221.120,36	83,99%
SV		23.898	643.354.715,62	10,69%
TOTAL		79.054	6.018.750.865,20	100,00%

Table 3: Distribution by Customer Segments

Segment	Facilities	Allocated	%
Mid-Corps	28.818	4.078.110.429,91	67,76%
Retail	50.236	1.940.640.435,29	32,24%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 4: Distribution by Country

Country	Facilities	Allocated	%
Belgium	79.054	6.018.750.865,20	100,00%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 5: Distribution by Product Type

Product Type	Facilities	Allocated	%
Business Loans	61.424	1.654.177.456,74	27,48%
Investment Loans	17.630	4.364.573.408,46	72,52%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 6: Distribution by Industry Category

Code	MOODYDesc	Facilities	Allocated	%
	107 CORP - Construction & Building	21.456	1.783.455.968,15	29,63%
	125 CORP - Retail	8.632	550.348.359,01	9,14%
	130 CORP - Transportation: Cargo	3.440	446.447.195,63	7,42%
	104 CORP - Beverage, Food & Tobacco	5.836	445.183.461,47	7,40%
	74.15 - Holdings	3.566	433.987.935,27	7,21%

126 CORP - Services: Business	6.935	413.821.989,57	6,88%
118 CORP - Healthcare & Pharmaceuticals	5.413	336.954.335,60	5,60%
102 CORP - Automotive	3.358	228.822.606,05	3,80%
120 CORP - Hotel, Gaming & Leisure	3.945	184.594.304,55	3,07%
105 CORP - Capital Equipment	2.219	161.890.418,56	2,69%
108 CORP - Consumer goods: Durable	2.516	140.205.765,54	2,33%
109 CORP - Consumer goods: Non-durable	1.736	124.400.990,21	2,07%
106 CORP - Chemicals, Plastics, & Rubber	568	97.576.897,15	1,62%
117 CORP - Forest Products & Paper	879	97.287.957,70	1,62%
124 CORP - Metals & Mining	817	81.915.086,90	1,36%
103 CORP - Banking	440	57.225.582,43	0,95%
127 CORP - Services: Consumer	1.266	55.967.479,51	0,93%
115 CORP - FIRE: Insurance	869	49.591.220,80	0,82%
121 CORP - Media: Advertising, Printing & Publishing	672	48.882.220,48	0,81%
119 CORP - High Tech Industries	994	47.759.572,14	0,79%
122 CORP - Media: Broadcasting & Subscription	1.070	45.599.250,77	0,76%
131 CORP - Transportation: Consumer	522	45.348.148,52	0,75%
112 CORP - Energy: Oil & Gas	594	29.004.264,30	0,48%
114 CORP - FIRE: Finance	223	26.414.633,90	0,44%
113 CORP - Environmental Industries	147	21.501.884,41	0,36%
101 CORP - Aerospace & Defense	6	13.292.741,13	0,22%
110 CORP - Containers, Packaging & Glass	109	10.925.334,94	0,18%
135 CORP - Wholesale	78	7.253.879,12	0,12%
129 CORP - Telecommunications	173	7.114.113,48	0,12%
128 CORP - Sovereign & Public Finance	182	6.815.394,06	0,11%
134 CORP - Utilities: Water	137	6.665.143,04	0,11%
111 CORP - Energy: Electricity	74	5.333.487,07	0,09%
133 CORP - Utilities: Oil & Gas	127	4.549.044,11	0,08%
108 CORP - High Tech Industries	46	2.012.334,27	0,03%
123 CORP - Media: Diversified & Production	8	313.340,41	0,01%
132 CORP - Utilities: Electric	1	288.524,95	0,00%
	79.054	6.018.750.865,20	

Table 7: Distribution by Customer Area

Area	Facilities	Allocated	%
Antwerpen	11.441	1.156.054.018,22	19,21%
Brabant wallon	4.507	222.560.125,76	3,70%
Bruxelles	9.860	558.686.727,08	9,28%
Hainaut	9.066	469.194.902,88	7,80%
Liège	7.928	434.611.362,97	7,22%
Limburg	5.388	457.510.138,57	7,60%
Luxembourg	1.690	83.890.982,98	1,39%
Namur	3.250	158.820.102,68	2,64%
Oost-Vlaanderen	9.657	908.868.451,82	15,10%
Vlaams Brabant	6.415	560.089.294,28	9,31%
West-Vlaanderen	9.852	1.008.464.757,96	16,76%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 8: Distribution by Maturity

Maturity	Facilities	Allocated	%
2010	16.900	262.503.250,08	4,36%
2011	18.408	449.538.506,83	7,47%
2012	11.942	420.857.730,38	6,99%
2013	10.663	581.581.106,17	9,66%
2014	6.492	602.048.785,85	10,00%
2015	3.204	523.147.525,06	8,69%
2016	1.834	423.151.450,83	7,03%
2017	1.588	289.181.451,42	4,80%
2018	1.435	337.519.957,19	5,61%
2019	1.311	311.200.656,23	5,17%
2020	989	355.844.278,71	5,91%
2021	810	238.266.465,21	3,96%
2022	787	247.350.262,67	4,11%
2023	718	292.760.779,51	4,86%
2024	631	229.416.699,95	3,81%
2025	294	83.890.084,44	1,39%
2026	284	100.398.636,74	1,67%
2027	241	81.204.015,74	1,35%
2028	243	96.049.658,97	1,60%
2029	230	78.780.658,43	1,31%
2030	46	12.206.592,20	0,20%
2032	1	447.208,65	0,01%
2033	2	670.037,94	0,01%
2035	1	735.066,00	0,01%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 9: Distribution by Interest Rate Type

Interest Term	Rate	Facilities	Allocated	%
Euribor 1m		1.224	641.963.278,48	10,67%
Euribor 3m		649	476.137.064,57	7,91%
Euribor 6m		123	92.414.218,97	1,54%
Fix		77.058	4.808.236.303,18	79,89%
TOTAL		79.054	6.018.750.865,20	100,00%

Table 10: Distribution by Interest Rate Term

Interest Term	Rate	Facilities	Allocated	%
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1 Month	2.814	622.517.471,11	10,34%
2-3 Months	5.015	615.751.515,23	10,23%
4-6 Months	3.551	153.122.482,17	2,54%
7-9 Months	9.584	272.611.813,40	4,53%
10-12 Months	9.728	274.658.772,66	4,56%
>1-3 Years	25.017	986.122.996,72	16,38%
>3-5 Years	14.306	1.072.950.240,48	17,83%
>5-7 Years	2.966	527.116.016,44	8,76%
>7-10 Years	2.858	583.768.593,53	9,70%
>10 Years	3.215	910.130.963,46	15,12%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 11: Distribution by Interest Rate

Interest Rate	Facilities	Allocated	%
a. 0%	0	-	0,00%
b. 0.01% - 1.00%	205	59.196.951,05	0,98%
c. 1.01% - 2.00%	4.108	937.829.244,51	15,58%
d. 2.01% - 3.00%	5.519	556.566.569,91	9,25%
e. 3.01% - 4.00%	13.844	726.287.572,51	12,07%
f. 4.01% - 5.00%	25.150	2.070.893.204,06	34,41%
g. 5.01% - 6.00%	21.107	1.394.969.873,85	23,18%
h. 6.01% - 7.00%	5.576	238.740.496,83	3,97%
i. 7.01% - 8.00%	1.828	28.806.363,58	0,48%
j. 8.01% - 9.00%	1.316	4.773.150,39	0,08%
k. 9.01% - 10.00%	218	502.887,17	0,01%
l. 10.01% - 11.00%	17	49.588,62	0,00%
m. 11.01% - 12.00%	163	132.604,47	0,00%
n. 12.01% - 13.00%	1	464,80	0,00%
o. higher	2	1.893,45	0,00%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 12: Distribution by Interest Review Date

Interest Rate Review Date	Interest Year	Rate Month	Rate	Facilities	Allocated	%
FIXED		2010	4	4	154.445,96	0,00%
FIXED		2010	5	1.690	22.455.928,15	0,37%
FIXED		2010	6	2.164	34.656.926,41	0,58%
FIXED		2010	7	2.074	35.750.151,68	0,59%
FIXED		2010	8	865	22.637.890,85	0,38%
FIXED		2010	9	1.084	30.756.742,66	0,51%
FIXED		2010	10	1.510	39.740.639,75	0,66%
FIXED		2010	11	1.235	31.503.727,48	0,52%
FIXED		2010	12	6.825	197.775.261,69	3,29%
FIXED		2011	0	19.013	571.932.062,68	9,50%

FIXED	2012	0	12.251	479.511.226,69	7,97%
FIXED	2013	0	10.921	586.698.142,75	9,75%
FIXED	2014	0	6.545	536.590.658,70	8,92%
FIXED	2015	0	2.921	370.997.072,68	6,16%
FIXED	2016	0	1.406	283.409.037,22	4,71%
FIXED	2017	0	1.250	208.344.624,83	3,46%
FIXED	2018	0	1.069	221.687.990,05	3,68%
FIXED	2019	0	761	156.205.620,32	2,60%
FIXED	2020	0	645	165.170.661,43	2,74%
FIXED	2021	0	573	157.271.145,99	2,61%
FIXED	2022	0	602	173.821.740,38	2,89%
FIXED	2023	0	514	140.970.301,29	2,34%
FIXED	2024	0	274	73.824.921,84	1,23%
FIXED	2025	0	160	39.531.580,36	0,66%
FIXED	2026	0	193	71.820.341,07	1,19%
FIXED	2027	0	186	59.907.835,87	1,00%
FIXED	2028	0	191	60.441.704,36	1,00%
FIXED	2029	0	100	26.471.841,77	0,44%
FIXED	2030	0	31	7.751.685,24	0,13%
FIXED	2033	0	1	444.393,03	0,01%
FLOATING	0	0	1.996	1.210.514.562,02	20,11%
TOTAL			79.054	6.018.750.865,20	100,00%

Table 13: Distribution by Interest Payment Frequency

Interest Payment Frequency	Facilities	Allocated	%
Annualy	603	162.231.865,47	2,70%
Monthly	75.737	4.581.732.482,20	76,12%
Quarterly	2.302	1.083.659.784,24	18,00%
Semi-Annualy	358	167.435.135,18	2,78%
Tailor Made	54	23.691.598,11	0,39%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 14: Distribution by Interest Rate Type

Principal Payment Type	Facilities	Allocated	%
Annuity	67.804	3.060.328.923,75	50,85%
Bullet	120	174.259.739,46	2,90%
Linear	11.036	2.739.205.666,36	45,51%
Tailor Made	94	44.956.535,63	0,75%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 15: Distribution by Principal Payment Frequency

Principal Frequency	Payment Facilities	Allocated	%
Annualy	771	261.780.162,35	4,35%

Bullet	120	174.259.739,46	2,90%
Monthly	75.562	4.461.731.756,69	74,13%
Quarterly	2.172	938.731.599,91	15,60%
Semi-Annualy	335	137.291.071,16	2,28%
Tailor Made	94	44.956.535,63	0,75%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 16: Distribution by Start Date

Start Date	Facilities	Allocated	%
1989	1	8.676,28	0,00%
1990	4	105.993,75	0,00%
1991	14	417.863,02	0,01%
1992	24	1.053.028,09	0,02%
1993	29	1.619.718,79	0,03%
1994	54	4.037.752,16	0,07%
1995	217	6.477.418,61	0,11%
1996	337	17.129.852,58	0,28%
1997	398	24.736.249,46	0,41%
1998	497	45.015.540,40	0,75%
1999	697	77.390.815,29	1,29%
2000	797	66.862.725,96	1,11%
2001	1.063	118.154.436,83	1,96%
2002	1.160	132.450.332,04	2,20%
2003	1.735	217.160.323,39	3,61%
2004	1.761	255.777.502,67	4,25%
2005	4.545	511.948.865,28	8,51%
2006	8.122	686.013.879,02	11,40%
2007	11.454	912.457.937,64	15,16%
2008	13.673	1.302.623.214,37	21,64%
2009	16.995	1.107.432.170,30	18,40%
2010	15.477	529.876.569,27	8,80%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 17: Distribution by Remaining Tenor

Remaining Tenor	Facilities	Allocated	%
< 01	27.868	516.267.421,35	8,58%
01 - 02	11.914	320.251.526,83	5,32%
02 - 03	12.298	515.249.108,28	8,56%
03 - 04	8.760	580.388.676,48	9,64%
04 - 05	5.399	607.326.353,19	10,09%
05 - 06	2.012	447.888.795,06	7,44%
06 - 07	1.772	369.665.568,60	6,14%
07 - 08	1.505	311.599.320,27	5,18%
08 - 09	1.397	324.486.851,36	5,39%
09 - 10	1.252	333.474.849,75	5,54%

10 - 11	849	313.210.770,70	5,20%
11 - 12	769	231.142.839,02	3,84%
12 - 13	825	293.498.285,29	4,88%
13 - 14	677	248.881.405,10	4,14%
14 - 15	570	193.526.366,98	3,22%
15 - 16	240	85.682.431,81	1,42%
16 - 17	255	78.109.548,65	1,30%
17 - 18	266	96.750.806,44	1,61%
18 - 19	201	82.355.007,04	1,37%
19 - 20	220	67.059.320,41	1,11%
20 - 21	1	83.300,00	0,00%
21 - 22	1	447.208,65	0,01%
23 - 24	2	670.037,94	0,01%
24 - 25	1	735.066,00	0,01%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 18: Distribution by Seasoning

Seasoning	Facilities	Allocated	%
< 0.5	20.292	801.979.646,02	13,32%
0.5 - 01	8.097	518.384.640,84	8,61%
01 - 02	12.737	1.207.111.844,81	20,06%
02 - 03	13.161	1.053.353.346,17	17,50%
03 - 04	9.206	699.304.014,07	11,62%
04 - 05	6.070	631.975.449,92	10,50%
05 - 06	1.880	327.114.435,64	5,43%
06 - 07	1.854	225.113.275,45	3,74%
07 - 08	1.246	151.107.087,26	2,51%
08 - 09	1.097	130.027.448,25	2,16%
09 - 10	961	74.186.100,04	1,23%
10 - more	2.453	199.093.576,73	3,31%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 19: Fully Drawn Flag Distribution

Fully Drawn	Facilities	Allocated	%	Drawable Amount
N	202	137.836.041,67	2,29%	97.869.275,50
Y	78.852	5.880.914.823,53	97,71%	0
TOTAL	79.054	6.018.750.865,20	100,00%	97.869.275,50

Table 20: Distribution by Original Tenor

Original Tenor	Facilities	Allocated	%
0	4.209	72.637.230,51	1,21%
1	12.435	310.552.850,15	5,16%
2	1.715	37.751.812,56	0,63%
3	8.456	188.783.004,09	3,14%
4	11.698	209.157.809,32	3,48%
5	19.274	864.651.472,44	14,37%
6	600	74.509.246,07	1,24%
7	3.348	568.829.440,74	9,45%
8	496	149.929.680,99	2,49%
9	209	40.700.930,52	0,68%
10	6.494	997.868.721,57	16,58%
11	121	27.465.597,81	0,46%
12	465	226.757.779,91	3,77%
13	142	27.351.513,39	0,45%
14	140	53.220.466,92	0,88%
15	6.723	1.474.658.594,36	24,50%
16	183	69.659.938,65	1,16%
17	89	27.841.122,10	0,46%
18	68	20.192.405,01	0,34%
19	34	8.172.678,07	0,14%
20	2.108	555.619.167,65	9,23%
21	38	9.037.408,73	0,15%
22	3	1.121.130,70	0,02%
24	1	108.350,99	0,00%
25	5	2.172.511,95	0,04%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 21: Top Group Concentration

Top Group	Facilities	Allocated	%
1	1	70.000.000,00	1,16%
2	1	50.000.000,00	0,83%
3	3	33.428.566,00	0,56%
4	8	28.682.092,64	0,48%
5	37	26.853.432,05	0,45%
6	24	26.804.407,02	0,45%

7	4	26.684.785,13	0,44%
8	24	25.921.043,53	0,43%
9	4	25.073.912,00	0,42%
10	23	24.929.548,03	0,41%
11	5	24.835.000,00	0,41%
12	2	21.944.442,00	0,36%
13	27	21.655.531,92	0,36%
14	4	21.583.320,46	0,36%
15	30	20.302.303,63	0,34%
16	1	20.000.000,00	0,33%
17	9	19.050.942,00	0,32%
18	27	18.808.090,94	0,31%
19	42	16.912.763,82	0,28%
20	4	16.450.011,00	0,27%
21	4	16.445.516,89	0,27%
22	1	16.250.000,00	0,27%
23	14	16.070.715,26	0,27%
24	5	15.400.000,00	0,26%
25	12	14.736.858,26	0,24%
TOTAL 25	316	618.823.282,58	10,28%
TOTAL 100	79.054	6.018.750.865,20	100,00%

Table 22: Distribution by Notional

Notional	Entity Groups	Facilities	Allocated	%
a. =0	-	-	-	0,00%
b. <=500,000	30.034,00	64.507,00	2.386.562.539,49	39,65%
c. <=1,000,000	1.323,00	7.070,00	911.744.708,03	15,15%
d. <=1,500,000	410,00	2.795,00	499.022.763,21	8,29%
e. <=2,000,000	170,00	1.363,00	293.662.886,10	4,88%
f. <=2,500,000	109,00	741,00	243.401.686,75	4,04%
g. <=3,000,000	59,00	510,00	162.415.553,15	2,70%
h. <=3,500,000	53,00	434,00	172.756.326,31	2,87%
i. <=5,000,000	63,00	545,00	263.753.759,88	4,38%
j. <=6,000,000	15,00	179,00	81.452.200,47	1,35%
k. <=7,000,000	13	163	83.449.607,85	1,39%
l. <=8,000,000	10	124	73.981.571,08	1,23%
m.				0,71%

<=9,000,000	5	52	42.808.327,04	
n. higher	41	571	803.738.935,84	13,35%
TOTAL	32.305	79.054	6.018.750.865,20	100,00%

Table 23: Distribution by Margin

Margin	Facilities	Allocated	%
a. 0.01% - 1.00%	757	488.768.245,88	8,02%
b. 1.01% - 2.00%	1.180	661.420.903,47	11,06%
c. 2.01% - 3.00%	58	59.510.602,67	0,98%
d. 3.01% - 4.00%	1	814.810,00	0,01%
Fixed	77.058	4.808.236.303,18	79,92%
TOTAL	79.054	6.018.750.865,20	100,00%

Table 24:
Distribution by Set-off Ratio

Set off Risk	Bruto Set Off Risk < 100,000	Belgian Deposit Scheme	Number of Reference Entities	Number of Reference Obligations	Reference Obligation Notional Amount	% by Notional Amount	Maximum Set Off Risk	Bruto Set Off Risk
No Set-Off Risk	Y	N	247	917	236.980.359,16	3,94%	-	-
		Y	29.848	60.224	2.967.865.652,30	49,31%	-	496.163.910,95
Set-Off Risk	N	N	1.121	3.975	1.095.279.321,92	18,20%	407.559.689,31	1.080.328.054,29
		Y	4.567	10.765	867.156.876,18	14,41%	479.351.438,41	1.324.752.121,42
	Y	N	1.081	3.173	851.468.655,64	14,15%	29.472.305,47	31.685.853,14
			36.864	79.054	6.018.750.865,20	100,00%	916.383.433,19	2.932.929.939,79

Table 25:
Distribution by Collateral

Any Cover	Borrowers	Facilities	Allocated	%	Collateral Amount
No	595	1.070	453.855.346,27	7,54%	-
Yes	36.269	77.984	5.564.895.518,93	92,46%	16.099.251.922,09

TOTAL	36.864	79.054	6.018.750.865,20	100,00%	16.099.251.922,09
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Mortgage	Borrowers	Facilities	Allocated	%	Amount Mortgage	Amount MandateToMortgage	Total Morgage Covers
Mandate Only	2.010,00	5.058,00	680.034.892,47	11,30%	-	1.009.363.007,10	1.009.363.007,10
Mortgage and Mandate	4.062,00	12.163,00	1.772.689.948,01	29,45%	752.938.415,89	2.575.773.136,87	3.328.711.552,76
Mortgage Only	2.995	7.351	454.510.454,73	7,55%	735.352.359,35	-	735.352.359,35
No Mortgage/Mandate	27.797	54.482	3.111.515.569,99	51,70%	-	-	-
TOTAL	36.864	79.054	6.018.750.865	100%	1.488.290.775	3.585.136.144	5.073.426.919,21

SECTION 17 - PAYMENTS

In order to provide for the payment of principal, interest and other amounts (if any) in respect of the Notes as the same shall become due, the Domiciliary Agent at the direction of the Administrator shall pay or cause to be paid to the National Bank of Belgium in Euro in same day funds on each date on which any payment in respect of the Notes becomes due, an amount sufficient to pay all amounts becoming due in respect of the Notes.

Upon receipt of such payment, 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 AND SALE

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 for the Notes at their issue price on the Closing Date.

The Issuer and the Seller have each severally agreed 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.

ING Belgium NV / SA 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 (*Eligible Holders*):

- (a) Institutional Investors that are acting for their own account (See for more detailed information *Section 4.1*); and
- (b) a holder 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.

In the event that the Issuer becomes aware that particular Notes are held by investors other than Institutional 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 held by Institutional Investors.

The Manager has represented and agreed that in respect of the initial distribution, it has not and will not sell any Notes to parties who are not Institutional Investors.

European Economic Area Standard Selling Restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*), the Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the *Relevant Implementation Date*) it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect

from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided always that such offering shall be restricted to Eligible Holders only.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression *Prospectus Directive* means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

18.2 United States of America

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

In addition, until 40 days after the later of the commencement of the offering of the Notes and the Closing Date, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

The Notes are or may be registration-required obligations not issued in registered form (“bearer form”) and are therefore subject to certain U.S. tax law requirements. The Manager has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to U.S. Persons (including, for purposes of this paragraph and of the immediately succeeding paragraph, persons treated as United States persons under the U.S. tax laws).

The Issuer and the Manager agree that, pursuant to section 1.163-5(c)(2)(i)(C) of the U.S. Treasury Regulations (the “C Rules”), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. The Issuer and the Manager represent and agree severally but not jointly that each of them has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of any Notes that are in bearer form, the Issuer and the Manager represent and agree severally but not jointly that each of them (i) has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if (A) such prospective purchaser is a U.S. Person or (B) any of the

Issuer, the Manager or the prospective purchaser is within the United States or its possessions, and (ii) has not involved and will not involve a U.S. office of the Issuer or the Manager in the offer and sale of any Notes in bearer form. Terms used in this paragraph and the immediately preceding paragraph have the respective meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations issued thereunder, including the C Rules.

18.3 United Kingdom

The Manager represents and agrees that:

- (a) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of *Section 21* of the Financial Services and Markets Act 2000 (the *FSMA*)) received by it in connection with the issue or sale of any Notes in circumstances in which *Section 21(1)* of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

18.4 General

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 comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Persons into whose hands this Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material in all cases at their own expense.

No general action has been or will be taken in any country or jurisdiction by the Issuer or the Manager that would permit a public offering of the Notes or possession or distribution of this Prospectus or any other offering material relating to the Notes in any country or jurisdiction where action for that purpose is required.

Accordingly, the Manager has undertaken that it will not, directly or indirectly, offer, sell or deliver Notes or distribute or publish any preliminary or other Prospectus, advertisement or other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

SECTION 19 - USE OF PROCEEDS

19.1 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 Loans included in the Initial Portfolio pursuant to the SLSA (or, in respect of the Loans in the Initial Portfolio that were not fully drawn down by the relevant Borrowers on the relevant Cut-Off Dates, to fund the Further Drawdown Account with an amount corresponding to the Undrawn Amounts in relation to such Loans). See further *Section 12*.

A part of the net proceeds of the issue of the Subordinated Class C Notes, equal to an amount of EUR 150,629,859.30, will be credited to the Reserve Account.

SECTION 20 - MEETINGS 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 the Conditions, the by-laws of the Issuer or the Transaction Documents do not contain provisions that differ from the provisions contained in such articles.

The Transaction Documents contain in particular, but without limitation, the following provisions that differ from the provisions of the Company Code:

- (a) the board of directors or the Auditor will be required to convene a meeting of the Noteholders at the request of the Security Agent or of Noteholders representing not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes;
- (b) notwithstanding the provisions of article 570 of the Company Code, the notices in relation to meetings of the Noteholders will be published as set out in Condition 20; and
- (c) 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 Pledge Agreement and the Conditions. 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***), holders of Class B Notes (***Class B Noteholders***) or holders of Class C Notes (***Class C Noteholders***).

20.2 Access to Meetings

Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any general meeting of the Noteholders unless he produces an appropriate voting certificate or block voting certificate which has been issued by its custodian.

The Security Agent and the Issuer (through their respective officers, employees, advisers, agents or other representatives) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. Proxyholders need not be Noteholders.

20.3 Quorums and majorities

The Pledge Agreement and Conditions 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.

Where the business of a meeting includes a Basic Term Modification (as defined in Condition 13), the quorum at such meeting shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies and being or representing in the aggregate the

holders of 75 per cent. or more of the aggregate Principal Amount Outstanding of the relevant Class of Notes at the time of the meeting. The quorum at any other meeting shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies and being or representing in the aggregate the holders of 50 per cent. or more of the aggregate Principal Amount Outstanding of the relevant Class of Notes at the time of the meeting.

At any adjourned meeting, other than a meeting convened at the request of the Noteholders, the presence quorum for:

- (a) approving a Basic Term Modification at the general meeting shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies and being or representing in the aggregate the holders of not less than twenty-five (25) per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes; and
- (b) approving any other resolution shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies.

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 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 respect of which that person is a proxy.

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) no Basic Term Modification (as defined in Condition 13) shall be effective unless (i) the Security Agent is of the opinion that such modification or alteration is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default (as defined in Condition 9); and (ii) 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 general meeting of the Noteholders duly convened and held in accordance with the rules set out in Schedule 4 of the Pledge Agreement for approving a Basic Term Modification;
- (b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (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;
- (c) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders and the Class B Noteholders; (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders and the Class B Noteholders; or (c) none of the Class A Notes and the Class B Notes remain outstanding; and

- (d) any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders and the Class C Noteholders irrespective of its effect upon such persons, 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 and an Extraordinary Resolution of the Class C Noteholders.

A resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a general meeting in accordance with the provisions contained in the conditions shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Conditions.

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 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;
- (b) 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;
- (c) power to assent to any alteration of the provisions contained in these 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 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 these 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 themselves exercise by Extraordinary Resolution;
- (h) power to sanction the release of the Issuer or of the whole or any part of the Collateral 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 Collateral 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

The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or 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 ING or any of its affiliates (***ING 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 ING Related Noteholders on the one hand) and the group of all other Noteholders (excluding the ING Related Noteholders).

SECTION 21- GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer adopted on 8 July 2010.
2. The 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 and Common Codes:
 - (a) the ISIN Code for the Class A1 Notes is BE0002396688 and the Common Code is 053046371;
 - (b) the ISIN Code for the Class A2 Notes is BE0002397694 and the Common Code is 053046584;
 - (c) the ISIN Code for the Class B Notes is BE0002397694 and the Common Code is 053046690; and
 - (d) the ISIN Code for the Class C Notes is BE0002398700 and the Common Code is 053047211.
3. As at the date of this prospectus the financial statements of the Issuer are in the process of being made up.
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 nor is the Issuer aware that any such proceedings are pending or threatened against the Issuer.
5. To date only the first two Compartments have effectively started their activities (the Belgian Lion RMBS I Securitisation as far as Compartment Belgian Lion RMBS I is concerned and the transaction described in the current Prospectus as far as Compartment Belgian Lion SME I is concerned).
6. Since the date of its incorporation, the Issuer has not entered into any material contract other than a contract entered into in its ordinary course of business (including the transaction documents under the Belgian Lion RMBS I Securitisation).
7. Since 10 December 2008 (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 Belgian Lion RMBS I Securitisation and the Transaction, no significant change in the trading or financial position of the Issuer.
8. 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 Belgian Lion RMBS I Securitisation and the transaction described in this Prospectus.
9. The Issuer shall publish the following accounts and reports and shall make available to the public as a whole on:

http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps

the Investor reports to be prepared by the Administrator pursuant to the Administration Agreement.

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).

10. 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 http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps.

11. A copy of the Issuer's articles of association is available, free of charge, at the office of the Issuer and at the offices of the Domiciliary Agent and on http://www.ing.be/about/showdoc.jsp?docid=166151_EN&menopt=pub|cps.

12. 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) GIC Provider Agreement;
- (b) Administration Agreement;
- (c) Corporate Services Agreement;
- (d) Clearing Agreement
- (e) Domiciliary Agency Agreement;
- (f) Parallel Debt Agreement
- (g) Master Definitions Agreement;
- (h) SLISA;
- (i) Pledge Agreement;
- (j) Servicing Agreement;
- (k) Swap Agreement;
- (l) Liquidity Facility Agreement;
- (m) the most recent balance sheet of the Issuer and the auditor's 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.

For a description of the Seller, see *Section 14* above.

22.1.2 SME Loan Sale Agreement

Under the SLSA, the Issuer will on the Closing Date and on any Business Day thereafter up to the Mandatory Amortisation Date, purchase and accept the transfer by way of assignment of legal title to the Loans and Loan Security.

For a description of the SME Loan Sale Agreement, see above in *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* above.

22.2.2 The Servicing Agreement

Pursuant to the Servicing Agreement the Seller has been appointed as Servicer and, in this capacity as Servicer, will agree 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 will be 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 above in *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 quarterly in arrears on each Quarterly Payment Date to the Servicer a servicing fee of five (5) bps per annum calculated over the aggregate Current Balance of all Loans as determined at the beginning of the relevant Collection Period (or, in respect of the first Quarterly Payment Date, the Cut-Off Date).

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 Belgian Lion is a foundation (*stichting*) incorporated under the laws of the Netherlands on 31 December 2008, with its registered office at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam, the Netherlands 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 shall pay to the Security Agent for the performance of the Security Agent Services as described in the Pledge Agreement a pro rata share of an annual fee of Euro 6,000 (exclusive of VAT (if any), to be increased annually with a percentage equal to the Consumer Price Index (“*Geharmoniseerd indexcijfer der consumptieprijzen*”) and charged by the Security Agent for any security agent services it provides to the active compartments of the Issuer). The pro rated share payable by each compartment in relation to which the Security Agent is providing security agent services, shall be calculated on the basis of the Current Portfolio Amounts on the first day of each calendar year in relation to each of such active compartments. The pro rata share of the Security Agent fee payable by the Issuer in relation to Compartment Belgian Lion SME I shall be paid annually as of the first Quarterly Payment Date of each calendar year (and for the first time on the first Quarterly Payment Date falling in March 2011)..

22.3.3 Replacement

See Conditions 12.14 to 12.16

22.4 The Administrator and Corporate Services Provider

22.4.1 Name and Status

ING Bank has been appointed as Administrator.

The Seller has been appointed as Corporate Services Provider and as Accounting Services Provider.

22.4.2 The Administration Agreement and the Corporate Services Agreement

Under the Administration Agreement, the Administrator will agree to provide certain administration, calculation and cash management services for the Issuer and the Accounting

Services Provider will agree to provide certain accounting and bookkeeping services for the Issuer.

Under the Corporate Services Agreement, the Corporate Services Provider will agree to provide general corporate services to support the Issuer in terms of the corporate and bookkeeping management of the Issuer.

Remuneration

The Issuer shall pay to the Administrator an annual fee of EUR 80,000 per annum, exclusive of VAT (if any) which shall be paid quarterly in arrears on each Quarterly Payment Date starting on the first Quarterly Payment Date falling in November 2010.

The Issuer shall pay to the Corporate Services Provider an annual fee of EUR 20,000 per annum, exclusive of VAT (if any) which shall be paid annually in advance on the first Quarterly Payment Date of each calendar year (except for the calendar year 2010, for which a pro rated fee shall be payable on the Quarterly Payment Date falling in November 2010).

The Issuer shall pay to the Accounting Services Provider an annual fee of EUR 15,000 per annum, exclusive of VAT (if any) which shall be paid quarterly in arrears on each Quarterly Payment Date starting on the first Quarterly Payments Date falling on in November 2010.

In addition, the Issuer will reimburse 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 services and the preparation, execution, delivery, administration, modification or amendment in respect of its rights, obligations and responsibilities under the Administration Agreement and the Corporate Services Agreement.

22.4.3 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 GIC Provider

22.5.1 Name and Status

Pursuant to the GIC Agreement the Seller has been appointed as the GIC Provider to hold the Issuer Accounts.

For a description of the Seller, see *Sections 22.1 and 14* above.

22.5.2 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 GIC Provider with immediate effect upon the occurrence of certain events.

If at any time the ratings of the GIC Provider fall below the Minimum Ratings (or such ratings are withdrawn) or ceases to be authorised to conduct business in Belgium, then the GIC Provider will immediately inform the Issuer and the Administrator thereof and the GIC

Provider and the Issuer will within thirty (30) calendar days respectively as from the rating downgrade of the GIC Provider or the withdrawal of the relevant authorisation(s) procure the transfer of each of the Issuer Accounts to another bank or banks approved in writing by the Security Agent in respect of which the Minimum Ratings is satisfied and which are credit institutions authorised to conduct business in Belgium. If at the time when a transfer of the Issuer Accounts would otherwise have to be made under the GIC Provider Agreement there is no other bank which is authorised to conduct business in Belgium which meets the Minimum Ratings and which is willing to be the GIC Provider on behalf of the Issuer, then:

- (i) if the Security Agent so agrees, the Issuer Accounts need not then be transferred but shall, as soon as practicable following the identification of a bank or banks which meet(s) the Minimum Ratings and are authorised to conduct business in Belgium, be transferred to that bank or banks; or
- (ii) the Issuer Accounts may be transferred to such other bank or banks as the Security Agent may approve in writing

22.6 The Liquidity Facility Provider

22.6.1 Name and Status

The Issuer will enter into the Liquidity Facility Agreement with the Seller.

For a description of the Seller, see *Sections 22.1 and 14* above.

22.6.2 The Liquidity Facility Agreement

For a description of the Liquidity Facility Agreement and the termination thereof, see *Section 5.8*, above

22.7 The Swap Counterparty

22.7.1 Name and Status

The Issuer will enter into the Swap Agreement with the Seller.

For a description of the Seller, see *Sections 22.1 and 14* above.

22.7.2 The Swap Agreement

For a description of the Swap Agreement, the termination thereof and the hedging of interest rates, see *Section 5.9*, above

22.8 The Domiciliary Agent, the Listing Agent and the Calculation Agent

22.8.1 Name and Status

The Seller has been appointed as Domiciliary Agent and Listing Agent.

For a description of the Seller, see *Sections 22.1 and 14* above.

ING Bank has been appointed as Calculation Agent.

22.8.2 The Domiciliary Agency Agreement

Under the Domiciliary Agency Agreement, the Domiciliary Agent will undertake to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Domiciliary 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.

The Listing Agent will cause an application to be made to Euronext Brussels NV / SA for the admission to trading of the 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 Domiciliary Agency Agreement.

22.8.3 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.

22.9 The Rating Agencies

The following rating agencies have been requested to rate the Notes:

- (a) Fitch; and
- (b) Moody's.

22.10 The Clearing System Operator

Pursuant to the Clearing Agreement, the Clearing System Operator will provide clearing services to the Issuer.

22.11 General – Disruption of services performed by Transaction Parties

If, due to an operational or technical failure (***Disruption***) (for the avoidance of doubt, such failure not relating to the financial position of such party), the Issuer, the Security Agent, the Servicer, the Administrator, the Stand-By and Back-Up Servicer, the Domiciliary Agent, the GIC Provider, the Swap Counterparty and/or any other transaction party (such a party an ***Affected Party***) cannot properly perform its obligations as agreed under the relevant Transaction Documents if and when due, such Affected Party shall use its best efforts to perform such obligations as soon as possible after the occurrence of such Disruption.

If a Disruption has occurred and no information is available to calculate the exact amount due on the Notes, 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 in relation to previous Collection Periods and Quarterly Payment Dates) (a) make an estimate of the amount due on the Notes on the immediately succeeding Quarterly Payment Date, (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 Quarterly Payment Date. Any amount overpaid at such time (the ***Disruption Overpaid Amount***) shall be withheld from the payments to be made on the following Quarterly Payment Date. Any amount underpaid at such time (the ***Disruption Underpaid Amount***) shall be paid on the next succeeding Quarterly Payment Date.

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 will need 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 shall be paid by the Issuer.

23.2 The Administrator, the Corporate Services Provider and the Accounting Services Provider

(a) Administrator: an annual fee of EUR 80,000 (exclusive of VAT (if any)) payable quarterly in arrears on each Quarterly Payment Date (starting on the first Quarterly Payment Date falling in November 2010).

(b) Corporate Services Provider: an annual fee of EUR 20,000 per annum, exclusive of VAT (if any) (see *Section 22.4.3 above*).

(c) Accounting Services Provider: an annual fee of EUR 15,000 per annum, exclusive of VAT (if any) payable quarterly in arrears on each Quarterly Payment Date (starting on the first Quarterly Payment Date falling in November 2010).

See *Section 22.4.3 above*.

23.3 The Security Agent

A pro-rata share of an annual fee of Euro 6,000 (indexed),- exclusive of VAT (if any) (see *Section 22.3 above*).

23.4 The Servicer

A servicing fee of five (5) bps per annum payable quarterly in arrears on each Quarterly Payment Date and calculated over the aggregate Current Balance of all as determined at the beginning of the relevant Collection Period (or, in respect of the first Quarterly Payment Date, the Cut-Off Date). (see *Section 22.2 above*)

23.5 Other expenses payable by the Issuer

The Issuer shall, in addition, also expenses to the following parties:

- (a) the Domiciliary Agent and the Calculation Agent;
- (b) the Issuer directors;
- (c) the Auditor;
- (d) the Rating Agencies;
- (e) the National Bank of Belgium;
- (f) to the Manager;

(g) Euronext Brussels.

The total amount of expenses related to the admission to trading are such as described in Euronext “The Book: Listing Fees”.

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 is organised in separate Compartments. On the date of the issuance of the Notes, four Compartments have been created, Compartment Belgian Lion RMBS I, Compartment Belgian Lion SME I, Compartment Belgian Lion III and Compartment Belgian Lion IV 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 receivables. Further Compartments may be created. To date only Compartment Belgian Lion RMBS I and Compartment Belgian Lion SME I have effectively started their activities by entering respectively into the Belgian Lion RMBS I Securitisation and the Transaction. As long as the other compartments have not yet been activated, their names and purpose remains subject to change. Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment Belgian Lion SME I and the recourse for such obligations is limited so that only the assets of Compartment Belgian Lion SME I subject to the relevant Security 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 Belgian Lion SME I and (ii) 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 Belgian Lion SME I 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 Belgian Lion SME I and will not be recoverable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment Belgian Lion SME I.

Unless otherwise stated, defined terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement.

PART 1 DESCRIPTION OF THE NOTES

General

1.1 The issue of EUR 3,000,000,000 Class A1 Senior SME Asset-Backed Floating Rate Notes due 2038 (the **Class A1 Notes**), the EUR 1,205,250,000 Class A2 Senior SME Asset-Backed Floating Rate Notes due 2038 (the **Class A2 Notes** and together with the Class A1 Notes, the **Class A Notes**), the EUR 532,750,000 Class B Senior SME Asset-Backed Floating Rate Notes due 2038 (the **Class B Notes** and together with the Class A Notes, the **Senior Notes**) and the EUR 1,529,250,000 Subordinated Class C SME Asset-Backed Floating Rate Notes due 2038 (the **Class C Notes** or the **Subordinated Class C Notes**, and together with the Class A Notes, the **Notes**), has been authorised by a resolution of the board of directors of

Belgian Lion NV / SA, an *institutionele VBS naar Belgisch recht / SIC institutionnelle de droit belge* (an institutional company for investment in receivables under Belgian law) (the **Issuer**) adopted on 8 July 2010.

1.2 The Notes will be issued on or about 30 July 2010, in accordance with the provisions of a domiciliary agency agreement to be entered into on or before the Closing Date (the **Domiciliary Agency Agreement**) between the Issuer, ING Belgium NV / SA., (the **Domiciliary Agent** and the **Calculation Agent**) and Stichting Security Agent Belgian Lion (the **Security Agent**) as security agent for, *inter alios*, the holders for the time being of the Notes (the **Noteholders**).

1.3 Pursuant to the Domiciliary 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.

1.4 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 (the **Parallel Debt Agreement**) and a Belgian law pledge agreement establishing security over certain assets of the Issuer (the **Pledge Agreement**) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Security Agent, the Seller and the Servicer.

1.5 The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

- (a) the Domiciliary Agency Agreement;
- (b) the Parallel Debt Agreement;
- (c) the Pledge Agreement;
- (d) the administration agreement (the **Administration Agreement**) to be entered into on or before the Closing Date between the Issuer, the Security Agent and ING Bank (**ING Bank**) in its capacity as administrator (the **Administrator**) and ING Belgium N.V./S.A. (**ING**) in its capacity as accounting services provider (the **Accounting Services Provider**);
- (e) the corporate services agreement (the **Corporate Services Agreement**) entered into on 12 January 2009 between the Issuer, the Security Agent and ING in its capacity as corporate services provider (the **Corporate Services Provider**) and to be supplemented on or before the Closing Date;
- (f) the GIC agreement (the **GIC Agreement**) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Security Agent and ING in its capacity as the GIC provider (the **GIC Provider**);
- (g) the servicing agreement (the **Servicing Agreement**) to be entered into on or before the Closing Date between the Issuer, the Security Agent and ING in its capacity as the servicer (the **Servicer**);
- (h) the SME loan sale agreement (the **SME Loan Sale Agreement** or the **SLSA**) to be entered into on or before the Closing Date between ING in its capacity as seller (the **Seller**), the Security Agent and the Issuer;

- (i) the clearing agreement (the **Clearing Agreement**) to be entered into on or before the Closing Date between the Issuer, the Domiciliary Agent and the Clearing System Operator;
- (j) the master definitions agreement (the **Master Definitions Agreement**) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Seller and the Security Agent;
- (k) the swap agreement (the **Swap Agreement**) to be entered into on or before the Closing Date between the Issuer, the Security Agent and ING in its capacity as the swap counterparty (the **Swap Counterparty**);
- (l) the liquidity facility agreement (the **Liquidity Facility Agreement**) to be entered into on or before the Closing Date between the Issuer, the Security Agent, the Administrator and ING, in its capacity as the liquidity facility provider (the **Liquidity Facility Provider**);
- (m) the issuer management agreements (the **Issuer Management Agreements**) entered into on 12 January 2009 between the Issuer, the Security Agent and each of the Issuer Directors;
- (n) the Stichting Holding Belgian Lion management agreements (the **Stichting Holding Belgian Lion Management Agreements**) entered into on 12 January 2009 between Stichting Holding Belgian Lion, the Security Agent and each of the Stichting Holding Directors; and
- (o) the Security Agent management agreement (the **Security Agent Management Agreement**) entered into on 12 January 2009 between the Security Agent and the Security Agent Director

1.6 Pursuant to the SLISA, a portfolio of Belgian loans granted to small and medium sized enterprises (the **Loans**) will be sold by the Seller to the Issuer acting through its Compartment Belgian Lion SME I on the Closing Date.

1.7 The Issuer, the Seller and the Manager will enter into a subscription agreement on or before the Closing Date (the **Subscription Agreement**).

1.8 The SLISA, the GIC Agreement, the Administration Agreement, the Corporate Services Agreement, the Domiciliary Agency Agreement, the Servicing Agreement, the Parallel Debt Agreement, the Pledge Agreement, the Subscription Agreement, the Swap Agreement, the Clearing Agreement, the Master Definitions Agreement, the Liquidity Facility Agreement, the Issuer Management Agreements, the Stichting Holding Belgian Lion Management Agreements, the Security Agent Management Agreement and all other agreements, forms and documents executed pursuant to or in relation to such documents collectively, will be referred to as the **Transaction Documents**.

1.9 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 deed or other document expressed to be supplemental to it, as from time to time so amended.

1.10 References to the Transaction Parties shall, where the context permits, include references to its successors, transferees and permitted assigns.

1.11 The Issuer has been incorporated subject to the provisions of the Act of 20 July 2004 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**).

1.12 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 Domiciliary Agency Agreement, the Servicing Agreement, the GIC Agreement, the Administration Agreement, the Corporate Services Agreement, the Subscription Agreement, the Clearing Agreement, the SLSA, the Swap Agreement, the Liquidity Facility Agreement, the Issuer Management Agreements, the Stichting Holding Belgian Lion 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 Notes are issued in dematerialised form under 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 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 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**).

Denomination

1.3 The Notes will be issued in denominations of EUR 250,000.

Selling, Holding and Transfer Restrictions - Only Eligible Holders

1.4 The Notes may only be acquired, by subscription, transfer or otherwise and may only be held by Eligible Holders. **Eligible Holders** are holders who qualify both as:

- (a) institutional or professional investor for the purpose of the UCITS Act (**Institutional Investors**), acting for their own account; and
- (b) holders of an exempt securities account (**X-Account**) with the Clearing System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system.

1.5 In the event that the Issuer becomes aware that any Notes are held by investors other than Institutional 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 have been transferred to, and are held by Institutional Investors acting for their own account.

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).

2. STATUS, SECURITY AND PRIORITY

Status and Priority

- 2.1 (a) The Class A1 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 A1 Notes, in respect of priority of payment and security are set out in Conditions 2 and 10.
- (b) The Class A2 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 A2 Notes, in respect of priority of payment and security are set out in Conditions 2 and 10
- (c) The Class B Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes. The Class B Notes rank *pari passu*, without preference or priority amongst themselves. The Class B Notes are subordinated to the Class A Notes in the event of the Security being enforced as well as prior to such event, as set out in Conditions 2 and 10.
- (d) The Class C Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes and the Class B Notes. The Class C Notes rank *pari passu*, without preference or priority amongst themselves. The Class C Notes are subordinated to the Class A Notes and the Class B Notes in the event of the Security being enforced as well as prior to such event, as set out in Conditions 2 and 10
- (e) 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.
- (f) The Notes are allocated exclusively to Compartment Belgian Lion SME I.

Security

2.2 As Security for the obligations of the Issuer under the Notes and the Transactions Documents, the Issuer will pursuant to the Pledge Agreement, create 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:

- (a) all right and title of the Issuer to and under or in connection with all the Loans, all Loan Security and all the Additional Security;
- (b) all right and title of the Issuer to and under all the Transaction Documents and all other documents to which the Issuer is a party;
- (c) the Issuer's right and title in and to the Issuer Accounts and any amounts standing to the credit thereof from time to time; and
- (d) all other assets of the Issuer (including, without limitation, the Loan Documents, the Contract Records and any other documents).

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 **Security**. The assets over which the Security is created are referred to herein as the **Collateral**. The Collateral will, amongst other

things, provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Transaction Documents, including amounts payable to:

- (a) the Noteholders;
- (b) the Security Agent under the Parallel Debt Agreement and Pledge Agreement;
- (c) the Servicer under the Servicing Agreement;
- (d) the Administrator and the Accounting Services Provider under the Administration Agreement and the Corporate Services Provider under the Corporate Services Agreement;
- (e) the Seller under the SLSA;
- (f) the GIC Provider under the GIC Agreement;
- (g) the Domiciliary Agent and the Calculation Agent under the Domiciliary Agency Agreement;
- (h) the Swap Counterparty under the Swap Agreement;
- (i) the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (j) the Listing Agent; and
- (k) Sterling Consult BVBA and Stichting Holding Belgian Lion in their capacity as Issuer Directors under the Issuer Management Agreements,

(all such beneficiaries of such security 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 Belgian Lion SME I.

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 Security 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 Security among the persons entitled thereto.

Pre-enforcement Interest Priority of Payments

2.6 On each Quarterly Calculation Date, the Administrator shall calculate the amount of interest funds which will be available to the Issuer in the Transaction Account on the following Quarterly Payment Date. The interest funds available shall be calculated by reference to the interest receipts received in respect of any relevant Quarterly Payment Date, as from the period from (and excluding) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which the immediately preceding Quarterly Payment Date fell to (but including) the last Business Day of the month falling two (2) calendar months prior to the calendar month in which such relevant Quarterly Payment Date falls, which shall be the *Collection Period* except for the first Collection Period which shall

be the period from (and including) the Closing Date to (but excluding) 30 September 2010. Such interest funds (the ***Interest Available Amount***) shall be the sum of the following:

- (a) any interest on the Loans and any Prepayment Penalties and default interest under the Loans received by the Issuer;
- (b) any interest accrued on sums standing to the credit of the Transaction Accounts and the Reserve Account;
- (c) the aggregate amount of the net proceeds of Foreclosure Procedures (other than amounts mentioned at item (f) below) in respect of any Loan (***Net Proceeds***) to the extent such proceeds do not relate to principal;
- (d) any amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately following Quarterly Payment Date (other than any Excess Swap Collateral or any Swap Replacement Premium which will be paid directly and only to the Swap Counterparty under the terms of the Swap Agreement);
- (e) the aggregate amount of any amounts received:
 - (i) in respect of a repurchase by the Seller under the SLSA; and
 - (ii) in respect of any other amounts received by the Issuer under the SLSA in connection with the Loans;in each case, to the extent such amounts do not relate to principal amounts; and
- (f) any amounts received in respect of Foreclosed Loans (the ***Recoveries***) to the extent such amount relate to interest;
- (g) any amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (h) on the Final Redemption Date or, if earlier, the Quarterly Payment Date on which the Notes are redeemed in full and any other obligations have been paid in full, the remaining balance standing to the credit of the Transaction Account (if any) which is not included in items (a) up to and including (g) on such Quarterly Payment Date;
- (i) amounts to be drawn under the Liquidity Facility Agreement (other than the LF Standby Drawings) on the immediately succeeding Quarterly Payment Date; and
- (j) any Set-Off Amount to be applied from the Trigger Collateral Account on the immediately succeeding Quarterly Payment Date; and
- (k) any amounts (as indemnity for losses of scheduled interest on the Loans as a result of Commingling Risk) to be received from the Commingling Reserve Amount in accordance with clause 6.12 of the SLSA, which are to be transferred from the Commingling Reserve Account to the Transaction Account,

minus,

funds deducted from the Transaction Account during the applicable Collection Period in accordance with Condition 2.8.

2.7 On each Quarterly Payment Date prior to the issuance of an Enforcement Notice, the Administrator, on behalf of the Issuer, shall apply the Interest Available Amount 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 satisfaction of all amounts due and payable to the Security Agent;
- (ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, of:
 - (A) all amounts due and payable to the Administrator;
 - (B) all amounts due and payable to the Servicer;
 - (C) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider; and
 - (D) all amounts due and payable to the directors of the Issuer, if any;
- (iii) *third*, 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 X/N Clearing System;
 - (B) all amounts due and payable to the CBFA;
 - (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) all amounts due and payable to the Auditor;
 - (F) all amounts due and payable to the Rating Agencies;
 - (G) all amounts due and payable to the GIC Provider;
 - (H) all amounts due and payable to the Domiciliary Agent;
 - (I) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and
 - (J) 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 items (A) to (I) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;
- (iv) *fourth*, in or towards satisfaction of all amounts due or overdue to the Liquidity Facility Provider (other than the amounts referred to in item (xiii) below);
- (v) *fifth*, in or towards satisfaction of all amounts due and payable to the Swap Counterparty (other than Subordinated Swap Amounts);

- (vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of Accrued Interest due in respect of the Class A1 Notes; and (b) all amounts of Accrued Interest due in respect of the Class A2 Notes;
- (vii) *seventh*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;
- (viii) *eighth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of Accrued Interest in respect of the Class B Notes;
- (ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;
- (x) *tenth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of Accrued Interest in respect of the Class C Notes;
- (xi) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts debited to the Class C Principal Deficiency Ledger, until any debit balance on the Class C Principal Deficiency Ledger is reduced to zero; and (b) all amounts debited to the Set-Off Amount Ledger, until any debit balance on the Set-Off Amount Ledger is reduced to zero;
- (xii) *twelfth*, in or towards satisfaction of any amount to be deposited on the Reserve Account to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (xiii) *thirteenth*, in or towards satisfaction of all Subordinated Liquidity Amounts due or overdue to the Liquidity Facility Provider;
- (xiv) *fourteenth*, in or towards satisfaction of all Subordinated Swap Amounts due or overdue to the Swap Counterparty; and
- (xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

Payments During Any Interest Period

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

- (a) obligations incurred under the Issuer's business to third parties (except as already provided for under the Transactions Documents); 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 Quarterly Payment Date provided there are sufficient funds available in the Transaction Account.

Pre-enforcement Principal Priority of Payments

2.9 On each Quarterly Calculation Date, the Administrator will calculate the amount of the principal funds which will be available to the Issuer in the Transaction Account on the following Quarterly Payment Date to satisfy its obligations under the Notes. The principal funds available shall be calculated by reference to the principal receipts received in the relevant Collection Period (or, in respect of the first Quarterly Calculation, by reference to the principal receipts received in the first Collection Period which for these purposes only will be deemed to have started, as far as the Business Loans are concerned, on 1 April 2010 and, as far as the Investment Credits are concerned, on 5 May 2010 (inclusive)). Such principal funds (the ***Principal Available Amount***) shall be the sum of the following:

- (a) the aggregate amount of any repayment and prepayment of principal amounts under the Loans from any person, whether by set-off or otherwise (but excluding Prepayment Penalties, if any);
- (b) the aggregate amount of any Net Proceeds in respect of any Loans, to the extent such proceeds relate to principal amounts;
- (c) the aggregate of any amounts received:
 - (i) in respect of a repurchase of Loans by the Seller under the SLSA; and
 - (ii) in respect of any other amounts received by the Issuer under the SLSA in connection with the Loans;in each case, to the extent such amounts relate to principal amounts;
- (d) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (vii) and (ix) of the Interest Priority of Payments
- (e) the Reserve Account Excess;
- (f) any Recoveries, to the extent they relate to principal amounts,
- (g) any amounts received from the Further Drawdown Account on the Transaction Account which have not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;
- (h) any amounts (as indemnity for losses of scheduled principal payments on the Loans as a result of Commingling Risk) to be received from the Commingling Reserve Amount in accordance with clause 6.12 of the SLSA, which are to be transferred from the Commingling Reserve Account to the Transaction Account; and
- (i) any other Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

minus,

on each Quarterly Calculation Date related to a Quarterly Payment Date prior to the Mandatory Amortisation Date, an amount equal to the part of the Replenishment Available Amount applied by the Issuer to the purchase of New SME Loans on the immediately succeeding Quarterly Payment Date or which the Issuer decides to keep on the Transaction Account with a view to purchase New SME Loans after that Quarterly Payment Date.

2.10 On each Quarterly Payment Date prior to the Mandatory Amortisation Date (and provided (i) no Enforcement Notice has been issued and (ii) no Notification Event has occurred), the Issuer may (but is not obliged to), apply the Principal Available Amount (if any) to redeem the Notes (save, in case the Replenishment Available Amount held in the Transaction Account on such date exceeds EUR 250 million, the Issuer shall have the obligation to apply part of the Replenishment Available Amount in excess of EUR 250 million to redeem the Notes). On each Quarterly Payment Date falling (A)(i) on or after the Mandatory Amortisation Date or (ii) after the occurrence of a Notification Event and (B) prior to the issuance of an Enforcement Notice, the Issuer shall however be obliged to apply the Principal Available Amount (if any) to redeem the Notes. If applied, the Principal Available Amount shall be applied 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 ***Principal Priority of Payments***):

- (a) *first*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;
- (b) *second*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;
- (c) *third*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class B Notes until all of the Class B Notes have been redeemed in full; and
- (d) *fourth*, in redeeming, *pari passu* and *pro rata*, all principal amounts outstanding in respect of the Class C Notes until all of the Class C Notes have been redeemed in full.

Post-enforcement Priority of Payments

2.11 Following the issue of an Enforcement Notice, all monies standing to the credit of the Issuer Accounts 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 receiver or agent appointed by the Security Agent for the enforcement of the security and any costs, charges, liabilities and expenses incurred by such receiver or agent 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 *pari passu* and *pro rata*:
 - (A) all amounts due and payable to the Administrator;
 - (B) all amounts due and payable to the Servicer;
 - (C) all amounts due and payable to the Corporate Services Provider and the Accounting Services Provider; and
 - (D) all amounts due and payable to the directors of the Issuer, if any;
- (iv) *fourth*, in or towards satisfaction of *pari passu* and *pro rata*:
 - (A) all amounts due and payable to the National Bank of Belgium in relation to the use of X/N Clearing System;
 - (B) all amounts due and payable to the CBFA;
 - (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) all amounts due and payable to the Auditor;
 - (F) all amounts due and payable to the Rating Agencies;
 - (G) all amounts due and payable to the GIC Provider;
 - (H) all amounts due and payable to the Domiciliary Agent; and
 - (I) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;
- (v) *fifth*, in or towards satisfaction of all amounts due or overdue to the Liquidity Facility Provider (other than the amounts referred to in item (xi) below;
- (vi) *sixth*, in or towards satisfaction of, all amounts due or overdue to the Swap Counterparty (other than the Subordinated Swap Amounts);
- (vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes; and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;
- (viii) *eighth*, in or towards redemption of, *pari passu* and *pro rata*, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full; and (b) all amounts of principal outstanding in respect of the Class A2 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*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class C Notes;
- (xii) *twelfth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal outstanding in respect of the Class C Notes until redeemed in full;
- (xiii) *thirteenth*, in or towards satisfaction of all Subordinated Liquidity Amounts due or overdue to the Liquidity Facility Provider;
- (xiv) *fourteenth*, in or towards satisfaction of all Subordinated Swap Amounts due or overdue to the Swap Counterparty;
- (xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller,

it being understood that:

(x) amounts resulting from collateral standing to the credit of the Swap Collateral Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover the Swap Counterparty's liability to the Issuer under a Swap Agreement as at the date of termination of the transaction under the Swap Agreement, the remainder of the amount standing to the credit of the Swap Collateral Account shall be released directly to the Swap Counterparty,

(y) amounts standing to the credit of the Commingling Reserve 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, the remainder of the amount standing to the credit of the Commingling Reserve Account shall be released directly to the Seller, and

(z) amounts standing to the credit of the Trigger Collateral Account shall only be applied in accordance with the Post-enforcement Priority of Payments to the extent such amounts cover for Set-Off Amounts, the remainder of the amount standing to the credit of the Trigger Collateral Account shall be released directly to the Seller.

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:

- (a) engage in or carry on any business or activity other than the business of purchasing receivables from a third party by using different compartments and to finance such acquisitions by issuing securities or by attracting other forms of funding through such compartments and the related activities described therein and in respect of that business;
- (b) in relation to Compartment Belgian Lion SME I and the Transaction, engage in any activity or do anything whatsoever except:

- (i) own and exercise its rights in respect of the Collateral and its interests therein and perform its obligations in respect of the Collateral;
 - (ii) preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under the Transaction Documents;
 - (iii) to the extent permitted by the terms of any of the Transaction Documents, pay dividends or make other distributions in the manner permitted by applicable law;
 - (iv) use, invest or dispose of any of its property or assets in the manner provided in or contemplated by the Transaction Documents; and
 - (v) perform any act incidental to or necessary in connection with (i), (ii), (iii) or (iv) above;
- (c) in relation to Compartment Belgian Lion SME I and the Transaction, save as permitted by the Transaction Documents, create, incur or suffer to exist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;
- (d) in relation to Compartment Belgian Lion SME I and the Transaction, create or agree to create or permit to exist (or consent to cause or permit in the future upon the occurrence of a contingency or otherwise) any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets other than as expressly contemplated by the Transaction Documents;
- (e) sell, transfer, exchange or otherwise dispose of any part of its property or assets or undertaking, present or future (including any Collateral) in relation to Compartment Belgian Lion SME I other than as expressly contemplated by the Transaction Documents;
- (f) consolidate or merge with or into any other person or convey or transfer its property or assets substantially or as an entirety to any person, other than as contemplated by the Transaction Documents;
- (g) permit the validity or effectiveness of the Pledge Agreement or any other Transaction Document or the priority of the Security to be amended, terminated postponed or discharged, or permit any person whose obligations form part of the Collateral to be released from such obligations;
- (h) amend, supplement or otherwise modify its by-laws (*statuten/statuts*) or any provisions of these covenants save to the extent that such modifications are required by law or relate only to other securitisation transactions that do not adversely affect the assets and liabilities of Compartment Belgian Lion SME I;
- (i) have any employees or premises or own shares in or otherwise form or cause to be formed any subsidiary or any company allowing the Issuer to exercise a significant influence on the Administrator;
- (j) in relation to Compartment Belgian Lion SME I and the Transaction, have an interest in any bank account, other than the Issuer Accounts, unless such account or interest is pledged or charged to the Secured Parties on terms acceptable to the Security Agent;

- (k) in relation to Compartment Belgian Lion SME I and the Transaction, issue any further Notes or any other type of security;
- (l) reallocate any assets from Compartment Belgian Lion SME I to any other Compartment that it may set up in the future;
- (m) have an established place of business in any other jurisdiction than Belgium;
- (n) enter into transactions which are not at arm's length;
- (o) sell, exchange or transfer any property or assets of Compartment Belgian Lion SME I to any third party except in accordance with the Transaction Documents;
- (p) amend or procure that the Servicer does not amend, any terms of the Loans other than in accordance with the provisions or variations as set out in the Pledge Agreement;
- (q) waive or alter any rights it may have with respect to the Transaction Documents or take any action, or fail to take any action, if such action or failure to take action may interfere with the validity, effectiveness or enforcement of any rights under the Transaction Documents with respect to the rights, benefits or obligations of the Security Agent; and
- (r) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the security created by or pursuant to the Pledge Agreement or which would have the direct or indirect effect of causing any amount to be deducted or withheld from any payment in relation to the Notes or the Transaction Documents to which it is a party on account of tax.

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:

- (a) at all times to carry on and conduct its affairs in a proper, prudent and efficient manner in accordance with Belgian law;
- (b) 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;

- (c) to cause to be prepared and certified by its Auditor, in respect of each financial year, accounts in such forms as will comply with the requirements for the time being of Belgian laws and regulations;
- (d) 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;
- (e) 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 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;
- (f) 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;
- (g) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and to use its best endeavours to procure, so far as it is lawfully able to do so, that the other parties thereto, comply with and perform all their respective obligations thereunder and pursuant thereto and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any amendment or modification thereto or agree to waive or authorise any material breach thereof;
- (h) at all times to comply with any reasonable direction given by the Security Agent in relation to the Security in accordance with the Pledge Agreement;
- (i) upon occurrence of a termination event under the GIC Agreement, to use its best endeavours to appoint a substitute GIC provider within thirty (30) calendar days;
- (j) upon resignation of the Domiciliary Agent or upon the revocation of its appointment of the Domiciliary Agent to use its best endeavours to appoint a substitute domiciliary agent within twenty (20) Business Days, in accordance with the provisions of the Domiciliary Agency Agreement;
- (k) to promptly exercise and enforce its rights and discretions in relation to the Swap Agreement and in particular those rights to require a transfer, collateralisation, an indemnity or a guarantee in the event of a downgrading of the Swap Counterparty;
- (l) at no time to pledge, change or encumber the assets allocated to Compartment Belgian Lion SME I otherwise than pursuant to the Pledge Agreement;
- (m) at all times to keep separate bank accounts and financial statements allocated to its separate Compartments;
- (n) at all times to keep separate stationery and to use separate invoices and cheques for each of its Compartments;
- (o) at all times pay the liabilities allocated to a Compartment with the funds of such Compartment;

- (p) at all times to have adequate corporate capital to run its business in accordance with the corporate purpose as set out in its by-laws;
- (q) 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 ;
- (r) to observe at all times all applicable corporate formalities set out in its by-laws, the UCITS Act, the Company Code and any other applicable legislation, including any requirement applicable as a consequence of admission of the Notes to Euronext;
- (s) 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;
- (t) it will procure that at all times, in respect of the shares of the Issuer:
 - (i) the shares of the Issuer will be registered shares;
 - (ii) the by-laws of the Issuer contain transfer restrictions stating that its shares can only be transferred to Institutional Investors acting for their own account;
 - (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 Institutional Investor acting for its own account; 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 Institutional Investor acting for its own account;
- (u) it will procure that, in respect of the Notes:
 - (i) the Notes will have the selling and holding restrictions described in Section 18 - Subscription and Sale of the Prospectus;
 - (ii) the Manager will undertake pursuant to the Subscription Agreement to sell the Notes in the primary sales only to Institutional Investors acting for their own account;
 - (iii) the Notes are issued in dematerialised form and are cleared through the X/N clearing system operated by the National Bank of Belgium;
 - (iv) the nominal value of each individual Note is EUR 250,000 on the Closing Date;
 - (v) 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 Institutional Investors acting for their own account;
 - (vi) 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 Institutional Investors acting for their own account;

- (vii) 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 Institutional Investors acting for their own account; and
- (viii) the Conditions provide that the 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
- (v) 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 Servicer and the GIC Provider) shall for certain purposes act on behalf of the Issuer;
- (w) if it becomes aware of any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) a Notification Event or an Event of Default under this Agreement, it will without delay inform the Security Agent of such event; and
- (x) if it finds or 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 relating Loan Security and the Additional Security. The appointment of the Security Agent, the Administrator, the Calculation Agent, the Domiciliary Agent, the Corporate Servicer Provider, the Servicer, the Accounting Services Provider, the Listing Agent, the GIC Provider, the Clearing System Operator, the Liquidity Facility Provider or the Swap Counterparty may be terminated only as provided in the Transaction Documents.

4. INTEREST

Period of Accrual

4.1 Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on each Class of Notes will accrue at an annual rate equal to the Interest Rate (as defined in Condition 4.4) in respect of the Principal Amount Outstanding on the first day of the applicable Interest Period and payable in each case on the Quarterly Payment Date at the end of an Interest Period. Interest shall cease to accrue on any part of the Principal Amount Outstanding of 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 (7th) 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).

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 shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 360 day year.

Quarterly Payment Dates and Interest Periods

4.3

- (a) Interest on a Note is payable quarterly in arrears in Euro in respect of its Principal Amount Outstanding on each day which is the tenth (10th) calendar day of February, May, August and November in every year (or, if such day is not a Business Day, the immediately succeeding Business Day) (each a **Quarterly Payment Date**), the first Quarterly Payment Date, being 10 November 2010. The period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date is called an **Interest Period** in these Conditions.
- (b) **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.
- (c) The first Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the first Quarterly 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 4.7 below) will be determined on the basis of the provisions set out below:

Interest on the Notes

- (a) Interest applicable to the Notes will accrue at an annual rate equal to the sum of:
 - (i) Euro Reference Rate determined in accordance with Condition 4.4(b); plus
 - (ii) a margin (the **Margin**) on the Notes which will be:
 - (i) in respect of the Class A1 Notes: 1,75 % per annum;
 - (ii) in respect of the Class A2 Notes: 2 % per annum;
 - (iii) in respect of the Class B Notes: 2.30 % per annum; and
 - (iv) in respect of the Class C Notes: 3 % per annum.

Determination of the Euro Reference Rate

- (b) The Calculation Agent shall calculate the Euro Reference Rate for each Interest Period and the ***Euro Reference Rate*** shall mean EURIBOR as determined in accordance with the following:
- (i) EURIBOR shall mean for any Interest Period the rate per annum equal to the European Interbank Offered Rate for three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the European Interbank Offered Rate for the relevant periods euro deposits) as determined by the Calculation Agent in accordance with this Condition 4.4.
 - (ii) Two (2) Business Days prior to the Closing Date (in respect of the first Interest Period) and two (2) Business Days prior to each Quarterly Payment Date in respect of the subsequent Interest Periods (each of these days an ***Interest Determination Date***), the Calculation Agent shall determine EURIBOR by using the EURIBOR rate determined and published jointly by the European Banking Federation and ACI — The Financial Market Association and which appears for information purposes on the Reuters pages 248-249 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service)) for the display of the EURIBOR rate and which shall be selected by the Calculation Agent as at or about 11.00 am (CET time).
 - (iii) If, on the relevant Interest Determination Date, the EURIBOR rate in paragraph (ii) above, is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under paragraph (ii) above, the Calculation Agent will:
 - (A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (each a ***Euro-Reference Bank*** and together the ***Euro-Reference Banks***) to provide a quotation for the rate at which three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the relevant periods euro deposits) offered by it in the euro-zone interbank market at approximately 11.00 am (CET time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time;
 - (B) if at least two (2) quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth (5th) decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
 - (C) if fewer than two (2) such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean (rounded, if necessary to the fifth (5th) decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two (2) in number, in the euro-zone, selected by the

Calculation Agent, at approximately 11.00 am (CET time) on the relevant Interest Determination Date for three months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the relevant periods euro deposits) to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time.

- (iv) If the Calculation Agent is unable to determine EURIBOR in accordance with this Condition 4.4 in relation to any Interest Period, EURIBOR applicable to the Notes during such Interest Period will be EURIBOR last determined in relation thereto.
- (c) There shall be no maximum or minimum Interest Rate in respect of any Class of Notes, the Interest Rate never being in any event less than the Margin on each Note respectively.

Determination and notification of Interest Rates

4.5 The Calculation Agent shall, as soon as practicable after 11.00 a.m. (CET) on each Interest Determination 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 Quarterly Payment Date in respect of the Notes of each Class of Notes.

4.6 If the Calculation Agent does not at any time for any reason determine the Interest Rate for the Notes in accordance with the foregoing paragraphs, the Calculation Agent shall forthwith notify the Administrator, the GIC Provider 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

4.7 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 am (CET) on the Quarterly Calculation Date.

4.8 Calculation of Interest Amounts

- (a) The Interest Amount for the Class A1 Notes will be equal to the Accrued Interest for the Class A1 Notes.
- (b) The Interest Amount for the Class A2 Notes will be equal to the Accrued Interest for the Class A2 Notes.
- (c) The Interest Amount for the Class B Notes will be equal to the Accrued Interest for the Class B Notes.
- (d) The Interest Amount for the Class C Notes will be equal to the Accrued Interest for the Class C Notes.

- (e) 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:
 - (i) for the purpose of providing the Clearing System with the necessary funds for the payment of the Interest Amounts on a Quarterly 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
 - (ii) in the event of the payment of the Interest Amounts on a Quarterly Payment Date by the Clearing System, 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.
- (f) **Accrued Interest** means, in respect of any Quarterly Calculation Date and in respect of any Class of the Notes then outstanding, the amount obtained by applying the relevant Interest Rate to the Principal Amount Outstanding of the relevant Class of the Notes (minus the amount standing to the Principal Deficiency ledger for the relevant Class whereby, in respect of the Class A Notes, the amounts on the Class A Principal Deficiency Ledger will be allocated on a prorated basis to the Class A1 Notes and the Class A2 Notes) on the first (1st) day of the relevant Interest Period, multiplied by the actual number of days elapsed in the then current Interest Period (or such other period) divided by 360.

Publication of Interest Rate, Interest Amount and other Notices

4.9 As soon as practicable after receiving notification thereof and in any event by 11:00 a.m. (CET) on the Quarterly 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 Quarterly 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 Swap Counterparty, 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 Quarterly 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

4.10 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Euro-Reference Banks (or any of them), 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 Euro-Reference Banks, 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 Euro-Reference Banks, the Calculation Agent, the Swap Counterparty, 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.

Reference Banks and Calculation Agent

4.11 The Issuer will procure that, as long as any of Notes remain outstanding, there will at all times be four (4) Euro-Reference Banks and a Calculation Agent. The Issuer has, subject

to prior written consent of the Security Agent, the right to terminate the appointment of the Calculation Agent or of any Euro-Reference Bank by giving at least ninety (90) calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 14. If any person shall be unable or unwilling to continue to act as a Euro-Reference Bank, or the Calculation Agent (as the case may be) or if the appointment of any Euro-Reference Bank or the Calculation Agent shall be terminated, the Issuer will, with the prior written consent of the Security Agent, appoint a successor Euro-Reference Bank or Calculation Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Calculation Agent shall take effect until a successor approved in writing by the Security Agent has been appointed.

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.

Interest Shortfall

4.13 Subject to Condition 9, it shall be an Event of Default under the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes if on any Quarterly Payment Date, the Interest Amounts then due and payable under and in respect of the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes have not been paid in full.

5. REDEMPTION AND CANCELLATION

Final 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 Quarterly Payment Date falling in November 2038 (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 5, but without prejudice to Condition 9.

Mandatory *pro rata* and *pari passu* Redemption in whole or in part

5.3 Subject to and in accordance with the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Amount on the Quarterly Payment Date falling in August 2012 (the ***Mandatory Amortisation Date***) and on each Quarterly Payment Date thereafter as set out in this Condition prior to enforcement.

- (a) The Class A1 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date, if, on the Quarterly Calculation Date relating thereto there is any Principal Available Amount.
- (b) If there are no Class A1 Notes outstanding the Class A2 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A1 Notes are redeemed in full) if on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after providing for all payments to be made in respect of the redemption of the Class A1 Notes).

- (c) If there are no Class A2 Notes outstanding the Class B Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A2 Notes are redeemed in full) if on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after providing for all payments to be made in respect of the redemption of the Class A2 Notes).
- (d) If there are no Class B Notes outstanding the Class C Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class B Notes are redeemed in full) if on the Quarterly Calculation Date relating thereto there is any Principal Available Amount (after providing for all payments to be made in respect of the redemption of the Class B Notes).
- (e) The principal amount so redeemable in respect of a Note on any Quarterly Payment Date shall be (i) the amount (if any) of Principal Available Amount that can be applied in redemption of Notes of the relevant Class subject to the appropriate priority of payments on the applicable Quarterly Calculation Date (rounded down to the nearest Euro cent), divided by (ii) the number of Notes of that Class then outstanding.

On any Quarterly Payment Date prior to the Mandatory Amortisation Date, the Issuer may (but will not be obliged, save as set out in Condition 2.10) to redeem the Notes in accordance with the priority set out in this Condition 5.3.

5.4 Following the making of a payment of a principal amount in respect of a Note, the Principal Amount Outstanding of the relevant Note shall be reduced accordingly.

Reserve Account

5.5 On the Quarterly Payment Date on which the Senior Notes have been redeemed in full, the Reserve Account Target Level becomes zero and the remaining balance standing to the credit of the Reserve Account will be transferred to the Transaction Account as Reserve Account Excess and form part of the Principal Available Amount on such date.

Reserve Account Excess

5.6 If and to the extent that the Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amount applied in satisfaction of Items (i) up to and including (xi) in the Interest Priority of Payments, such amount will be credited to the Reserve Account until the balance standing to the credit thereof equals the Reserve Account Target Level. If and to the extent that the Interest Available Amount exceeds the amount required to deposit in, or replenish, the Reserve Account up to the Reserve Account Target Level, such excess amount will be used as part of the Interest Available Amount towards satisfaction of items (xiii) up to and including (xiv) of the Interest Priority of Payments.

5.7 The ***Reserve Account Target Level*** means an amount equal to EUR 150,629,859.30 or, upon redemption in full of the Senior Notes, zero.

Calculation of payments of principal

5.8 On each Quarterly Calculation Date, the Administrator shall determine (a) the amount (if any) of any principal amounts due in respect of each Note of each Class on the next Quarterly Payment Date and (b) the Principal Amount Outstanding of each Note of each Class

on the next Quarterly 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 each Class of Notes (as referred to in (b) above) and the denominator is the Principal Amount Outstanding of a Note of such Class of 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.

5.9 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, the Swap Counterparty 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 Quarterly Calculation Date.

5.10 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 paragraph, such payment of principal and Principal Amount Outstanding may be determined by the Security Agent in accordance with this paragraph 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 and Clean-Up Call

Optional Redemption Call

5.11 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 (but not some only) of the Notes at their Principal Amount Outstanding (*less*, in case of the Subordinated Class C Notes, the Principal Shortfall) on the Quarterly Payment Date falling in November 2012 (the **First Optional Redemption Date**), or on any Quarterly Payment Date thereafter (each such date, an **Optional Redemption Date**).

Clean-Up Call

5.12 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 (but not some only) of the Notes at their Principal Amount Outstanding (*less*, in case of the Subordinated Class C Notes, the Principal Shortfall) on each Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly 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

5.13 The Optional Redemption Call or Clean-Up Call may be exercised provided in each case 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 any such notice, the Issuer 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, 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.

5.14 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.

5.15 **Optional Redemption Amount** shall, in all cases of early redemption in full of the Notes, be equal to:

- (a) in respect of the Senior Notes, the aggregate Principal Amount Outstanding of the relevant Class(es) of Notes, *plus* all accrued and unpaid interest thereon up to, but excluding, the date of the redemption; and
- (b) In respect of the Subordinated Class C Notes, 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, *less* the Principal Shortfall.

Principal Shortfall means, in respect of any Quarterly Payment Date, an amount equal to the quotient of (i) the sum of the Balance of the Class C Principal Deficiency Ledger, the balance of the Set-off Amount Ledger and the Reserve Account Deficiency Amount (ii) divided by the number of the Class C Notes outstanding on such Quarterly Payment Date.

5.16 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

5.17 The Issuer shall have the right (but not the obligation) to redeem all (but not some only) of the Notes, on any Quarterly Payment Date, on the occurrence of one or more of the following circumstances:

- (a) if, on the next Quarterly Payment Date, the Issuer, the Clearing System Operator or 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
- (b) if, on the next Quarterly Payment Date, the Issuer or the Swap Counterparty would be 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 the Kingdom of Belgium (or any sub-division thereof or therein), or any other sovereign authority having the power to tax, any payment under the Swap Agreement; or

- (c) 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
- (d) 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);

by giving not more than sixty (60) calendar days' 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;
- (iv) all payments that are due and payable in priority to such Notes have been made; and
- (v) 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.

5.18 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 5.15).

Optional Redemption in case of Change of Law

5.19 In addition, on each Quarterly 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, if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium 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 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:

- (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 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;
- (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; and
- (d) 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.

5.20 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 5.15).

Optional Redemption in case of Regulatory Change

5.21 On each Quarterly Payment Date, the Issuer has the option (but not 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 in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the **Basle Accord**) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the CBFA) (the **Bank Regulations**) applicable to ING (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or the CBFA or other competent regulatory or supervisory authority) which, in the opinion of ING, has the effect of adversely affecting the rate of return on capital of ING or increasing its cost or reducing its benefit with respect to the transaction contemplated by the Notes (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:

- (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 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;
- (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; and
- (d) 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.

5.22 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 5.15).

Notice of Redemption

5.23 Any such notice as is referred to in Conditions 5.11, 5.12, 5.17, 5.19 and 5.21 above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes for an amount equal to the Optional Redemption Amount.

Cancellation

5.24 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 Notes shall be made through the Domiciliary Agent and the Clearing System in accordance with the rules of the Clearing System.

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 or the Domiciliary Agent (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 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(b) to 9.2(f) inclusive below, 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**:

- (a) default is made for a period of fifteen (15) Business Days or more in any payment of interest in respect of the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C 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 A Principal Deficiency, any Class B Principal Deficiency or any Class C Principal Deficiency on any Quarterly Payment Date, such deficiency 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
- (b) the Issuer fails to perform or observe any of its other obligations or is in breach under any of the representations and warranties under or in respect of the Notes or the other Transaction Documents and, except where such failure or breach, in the reasonable opinion of the Security Agent, is incapable of remedy, 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 being reduced to fifteen calendar days to rectify any technical errors);
- (c) an order being made or an effective resolution being passed for the winding-up (*ontbinding / dissolution*) of the Issuer or Compartment Belgian Lion SME I 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
- (d) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (c) above, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment Belgian Lion SME I as and

when they fall due or the value of its assets allocated to Compartment Belgian Lion SME I falling to less than the amount of its liabilities or otherwise becomes insolvent; or

- (e) proceedings shall be initiated against or by the Issuer or Compartment Belgian Lion SME I 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* (Laws on 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 *Gerechdelijk Wetboek / Code Judiciaire* (Judicial Code), or *uitvoerend beslag / saisie exécutoire* (distrain) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment Belgian Lion SME I and in any of the foregoing cases it shall not be discharged within thirty (30) Business Days; or
- (f) 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.

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 Domiciliary 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 Collateral, 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 priority of payments (**Enforcement**) set out in Condition 2. Such proposal shall be deemed approved if the Noteholders shall have approved the proposal in accordance with the provisions (including the required majority and quorum) for a Basic Term Modification.

10. SUBORDINATION

The Class A Notes will be senior to each of the Class B Notes and the Class C Notes.

Class A Notes

10.1 Within the Class A Notes, the Class A2 Notes will be subordinated to the Class A1 Notes to the extent that prior to enforcement, no payment of principal by the Issuer on the Class A2 Notes will be made whilst any Class A1 Note remains outstanding.

In respect of:

- (a) payments of interest prior to enforcement; and

- (b) any amount due in respect of the Class A Notes in case of enforcement,

the Class A1 Notes and the Class A2 Notes shall however rank *pari passu* without any preference or priority among themselves.

Class B Notes

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

- (a) until all the Class A Notes have been redeemed in full, principal amounts under the Class B Notes shall not become due and payable;
- (b) interest on the Class B Notes will only be paid in accordance with the Interest Priority of Payments prior to enforcement; and
- (c) 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.

Class C Notes

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

- (a) until all the Class A Notes and the Class B Notes have been redeemed in full, principal amounts under the Class C Notes shall not become due and payable;
- (b) interest on the Class C Notes will only be paid in accordance with the Interest Priority of Payments prior to enforcement; and
- (c) in the event of an Enforcement by the Security Agent, any amount due in respect of the Class C Notes will rank behind any amounts due in respect of the Class A Notes and the Class B Notes, which shall rank in priority in point of payment and security to the Class C Notes in accordance with the Post-Enforcement Priority of Payments following service of an Enforcement Notice.

General Subordination

10.4 In the event of insolvency (which term includes bankruptcy (*faillissement/faillite*), winding-up (*vereffening/liquidation*) and judicial reorganisation (*gerechtelijk reorganisatie/reorganisation judiciaire*) of Compartment Belgian Lion SME I,

- (a) 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 have been paid in full;
- (b) any amount due or overdue in respect of the Class C 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 the Class B Notes; and
- (ii) shall only become payable after any amounts due in respect of any Class A Notes and the Class B Notes have sequentially been paid in full.

Waiver in case of lack of funds on the Final Redemption Date

10.5 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

10.6 Principal Deficiency Ledgers

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*), the Class B Notes (*Class B Principal Deficiency Ledger*) and the Class C Notes (*Class C Principal Deficiency Ledger*) and together the *Principal Deficiency Ledgers*) in order to record in order to record any Realised Losses incurred on the Loans.

10.7 Allocation

Any Realised Losses will, on the relevant Quarterly Calculation Date, be debited to the Principal Deficiency Ledgers sequentially as follows:

- (a) *first*, to the Class C Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class C Notes (minus an amount equal to the Reserve Account Target Level) and if there is sufficient Interest Available Amount then any debit balance on Class C Principal Deficiency Ledger shall be reduced by crediting such funds at item (xi) of the Interest Priority of Payments;
- (b) *second*, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes, and if there is sufficient Interest Available Amount then any debit balance on Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (ix) of the Interest Priority of Payments; and
- (c) *third*, 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 Amount then any debit balance on Class A Principal Deficiency Ledger shall be reduced by crediting such funds at item (vii) of the Interest Priority of Payments;.

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

Realised Losses means in relation to an Foreclosed Loan and in respect of any Quarterly Calculation Date, the negative difference between:

- (a) the aggregate of all Principal Repayments or Net Proceeds relating to principal amounts received by the Issuer since the Cut-Off Date; and
- (b) the Current Balance of such Foreclosed Loan as of the Cut-Off Date.

A Loan which is in arrears or in default and in respect of which the Servicer has undertaken and completed applicable Foreclosure Procedures (a **Foreclosed Loan**), shall, to the extent a residual debt remains outstanding, be sold to Fiduciaire van het Krediet/Fiduciaire du Cr dit NV/SA, an ING collection agency, in order to collect the residual debt.

Principal Repayments means in relation to a Quarterly Calculation Date, any amounts of repayments and prepayments of principal under or in respect of the Loans other than any Recoveries, received during the Collection Period relating to such Quarterly Calculation Date, but excluding any amount of repayment of principal (other than a Prepayment) paid during such Collection Period but which was scheduled for payment during the next Collection Period and including any amount of repayment of principal (other than a Prepayment) paid during a previous Collection Period but which was scheduled for payment during such Collection Period.

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 Security 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:

- (a) 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
- (b) 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 Security 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) or the date on which a Class of Notes is redeemed in full in accordance with Condition 5.3(a) or 5.3(b); or (c) the date following the enforcement of the Security 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 Amount and Interest Available Amount 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 Belgian Lion SME I subject to the relevant Security 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 Security 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 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 relevant Security.

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:

- (a) to direct the Security Agent to enforce the relevant Security;
- (b) 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;
- (c) 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 until the expiry of a period of 1 (one) year after the last maturing Note is paid in full; or
- (d) to take any steps or proceedings that would result in any applicable Priority of Payments not being observed.

12. THE SECURITY AGENT

Appointment

12.1 The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with article 27, §1, first to seventh indent and article 106 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:

- (a) to accept the Security (on behalf of the Noteholders);
- (b) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents and to enforce the Security;

- (c) to collect all proceeds in the course of enforcing the Security;
- (d) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions and the provisions of the Pledge Agreement;
- (e) to open an account in the name of the Secured Parties or in the name of the Security Agent with a credit institution with a rating by the Rating Agencies equal or equivalent to the minimum rating imposed on the GIC Provider from time to time pursuant to the Transaction Documents (an ***Eligible Institution***) for the purposes of depositing the proceeds of enforcement of the Security and to give all directions to the Eligible Institution to administer such account;
- (f) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and
- (g) 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 clauses (a), (c) and (e) above and Condition 12.5 below unless:

- (a) 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
- (b) 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 (*gerechtelijk reorganisatie / reorganisation 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:

- (a) any modification to the Transaction Documents which in the opinion of the Security Agent may be proper provided that the Security Agent is of the opinion that such

modification is not materially prejudicial to the interests of the Noteholders and provided that such modification will in its reasonable opinion not adversely affect the then current ratings assigned to the Notes; or

- (b) any modification to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the mandatory provisions of Belgian law.

12.7 Any such modification shall be binding on the Noteholders. In no event may such modification be a Basic Terms Modification (as defined in Condition 13). The Issuer shall cause notice of any such modification to be given to the Rating Agencies and the Noteholders.

12.8 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.

12.9 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

12.10 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 clause 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

12.11 The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. If:

- (a) 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
- (b) any of the Transaction Documents and the Conditions give 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

- (a) 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 holders of any of the other Classes of Notes 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

- (b) If there are no longer any Class A Notes outstanding, but for so long as there are any Class B Notes 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) the Class C 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 C Noteholders

- (c) If there are no longer any Class B Notes outstanding, but for so long as there are any Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class C Noteholders and (b) 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)

Issuer and Secured Parties

12.12 Further, to the extent that:

- (a) 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
- (b) 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.

12.13 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 Collateral 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

12.14 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:

- (a) in the same resolution a substitute security agent is appointed; and
- (b) 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.

12.15 If any of the following events (each a ***Security Agent Termination Event***) shall occur, namely:

- (a) 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
- (b) 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
- (c) 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
- (d) the Security Agent becomes subject to any bankruptcy (*faillissement / faillite*), judicial reorganisation (*gerechtelijk reorganisatie / reorganisation judiciaire*) or other insolvency proceeding under applicable laws;
- (e) 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
- (f) 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 this Condition.

12.16 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

12.17 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.

12.18 If so requested in advance by the board of directors 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 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.

12.19 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.

12.20 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 Security unless indemnified to its satisfaction.

12.21 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 therefrom, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

12.22 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 Collateral, 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.

12.23 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.

12.24 The Security Agent shall not be responsible for ensuring that any Security 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 Security 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 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

12.25 In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent (the **Parallel Debt**) amounts 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 under the Servicing Agreement;
- (c) as fees and expenses to the Administrator, the Corporate Services Provider and the Accounting Services Provider under the Administration Agreement and the Corporate Services Agreement;
- (d) as fees and expenses to the Domiciliary Agent and the Calculation Agent under the Domiciliary Agency Agreement;
- (e) to the Seller under the SME Loan Sale Agreement;
- (f) to the Swap Counterparty under the Swap Agreement;
- (g) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (h) to the GIC Provider under the GIC Agreement;
- (i) to the Noteholders; and

(j) to the Security Agent under the Pledge Agreement.,

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

12.26 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.

12.27 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, MODIFICATIONS AND WAIVERS

General

13.1 The 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. The Transaction Documents contain in particular, but without limitation, the following provisions that differ from the provisions of the Company Code:

- (a) the board of directors or the Auditor will be required to convene a meeting of the Noteholders at the request of the Security Agent or of Noteholders representing not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes; and
- (b) notwithstanding the provisions of article 570 of the Company Code, the notices in relation to meetings of the Noteholders will be published as set out in Condition 14;

13.2 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.

Access to meetings of Noteholders

13.3 Schedule 2 of the Pledge Agreement contains 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 (including these Conditions) or the provisions of any of the Transaction Documents.

Conflicts of interests

13.4 The following provisions shall apply where outstanding Notes belong to more than one Class:

- (a) 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;
- (b) 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;

- (c) 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
- (d) 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.

Binding Resolutions

13.5 Any resolution passed at a meeting of the Noteholders of a particular Class of Notes 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) no Basic Term Modification shall be effective unless (i) the Security Agent is of the opinion that such modification or alteration is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default (as defined in Condition 9), and (ii) the modification is approved by an Extraordinary Resolution passed at a general meeting of the Noteholders duly convened and held in accordance with the rules set out in Schedule 2 of the Pledge Agreement for approving a Basic Term Modification.
- (b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (i) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or (iii) none of the Class A Notes remain outstanding;
- (c) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (i) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders and the Class B Noteholders; (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders and the Class B Noteholders; or (iii) none of the Class A Notes and the Class B Notes remain outstanding.

13.6 An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders and the Class C Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the relevant Class of Noteholders.

13.7 An Extraordinary Resolution passed at any meeting of Class B Noteholders shall not be effective for any purpose while any Class A Notes remain outstanding unless either (a) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders, or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

13.8 An Extraordinary Resolution passed at any meeting of Class C Noteholders shall not be effective for any purpose while any Class A Notes or Class B Notes remain outstanding

unless either (a) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders or the Class B Noteholders or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders and the Class B Noteholders.

Written Resolutions

13.9 A resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a general meeting in accordance with the provisions contained in these Conditions shall for all purposes be as valid and binding as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in these Conditions.

Requisitions

13.10 The board of directors or the Auditor for the time being of the Issuer may at any time and must upon a request in writing of (a) Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or (b) the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned), convene a general meeting of the Noteholders of the relevant Class of Notes.

Basic Term Modification

13.11 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 Security is referred to herein as a ***Basic Term Modification***.

Quorum

13.12 The quorum at any general meeting of Noteholders of the relevant Class (other than where the business of such meeting includes the proposal of a Basic Term Modification (as defined above)) 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 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.

13.13 The quorum at any general 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, 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.

13.14 At any adjourned meeting (other than a meeting convened at the request of the Noteholders) the quorum for:

- (a) approving a Basic Term Modification at the general meeting shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies and being or representing in the aggregate the holders of not less than twenty-five (25) per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes; and
- (b) approving any other resolution shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies.

Voting

13.15 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 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 respect of which that person is a proxy.

Majorities

13.16 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.

13.17 The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

Powers

13.18 The meeting shall have all the powers expressly given to it by the by-laws 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:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (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 themselves exercise by Extraordinary Resolution;
- (h) power to sanction the release of the Issuer or of the whole or any part of the Collateral 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 Collateral 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.

Compliance

13.19 The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or 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

13.20 In order to avoid any potential conflict of interest, if and as long as any Notes are held by ING or any of its affiliates (**ING 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 ING Related Noteholders on the one hand) and the group of all other Noteholders (excluding the ING Related Noteholders).

14. NOTICE TO NOTEHOLDERS

14.1 All notices, other than notices given in accordance with the next paragraph, to Noteholders of any Class shall be deemed to have been duly given if a notice in English and Dutch is published in a leading daily newspaper with general circulation in Belgium. If any such publication is not practicable, publication may be in another leading newspaper printed in the relevant language having general circulation in Europe or Belgium, as the case may be, previously approved in writing by the Security Agent. Notices of meetings of Noteholders shall in addition be published in the Belgian State Gazette (*Belgisch Staatsblad / Moniteur Belge*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above. Notices of meetings of Noteholders shall be published twice, with an interval of eight (8) calendar days between each publication, the second publication being at least three (3) 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. Notices to the Noteholders of the availability of the reports and of meetings of Noteholders will also be given by delivery of the relevant notice to that Clearing System Operator for communication by it to the relevant account holders. No notifications in any such form will be required for convening meetings of Noteholders if all Noteholders have been identified and have been given an appropriate notice by registered mail.

14.2 Notices specifying an 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 if the information contained in such notice appears on the relevant page of Bloomberg or 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***) 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. Such notices may also be distributed by the Manager or the Security Agent to the extent the Noteholders have been identified.

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: INSTITUTIONAL AND PROFESSIONAL INVESTORS UNDER THE UCITS ACT

Article 5, §3 of the UCITS Act lists for the time being the following institutional or professional investors:

1. National, regional and community governments;
2. the European Central Bank, the National Bank of Belgium, the other national central banks, the national and supra national institutions, the Interest Fund (*het Rentefonds / le Fonds des Rentes*), the Fund for the Protection of Deposits and Financial Instruments (*het Beschermingsfonds voor Deposito's en Financiële Instrumenten / le Fonds de Protection des Dépôts et des Instruments financiers*) and the Deposit and Consignment Fund (*Deposito- en Consignatiekas / Caisse de Dépôt et Consignation*);
3. the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets, including, in particular:
 - (a) Belgian and foreign credit institutions contemplated in Article 1, paragraph 2 of the Law of 22 March 1993;
 - (b) the Belgian and foreign investment firms of which the usual activity consists in the provision of investment services on a professional basis under Article 46, 1° of the Law of 6 April 1995;
 - (c)
 - (i) the insurance companies and institutions contemplated in Article 2, §1 and 3 of the Law of 9 July 1975 concerning the supervision of insurance companies;
 - (ii) the foreign insurance companies that are not active in Belgium; and
 - (iii) the Belgian and foreign re-insurance companies;
 - (d) the Belgian and foreign pension funds and their management companies contemplated in Article 2, §3, 4° and 6° of the Law of 9 July 1975 concerning the supervision of insurance companies, and any other foreign pension fund;
 - (e) the Belgian and foreign collective investments undertakings contemplated in Article 4 of the Securitisation Act and any other foreign collective investment undertaking;
 - (f) the Belgian and foreign management companies of collective investment undertakings contemplated in Article 138 of the Securitisation Act and any other foreign management company of collective investment undertakings;
 - (g) the Belgian and foreign traders in commodities futures (*grondstoffen termijnhandelaren / intermediaries en instruments de placement à terme portant sur des matières premières*) as contemplated in Article 4 of the Prospectus Implementation Law ;
 - (h) the other Belgian and foreign financial institutions that have a license or are regulated;

4. the Belgian and foreign entities other than those envisaged in paragraph 5 below that do not have a license or are not regulated in order to be active on the financial markets and of which the only purpose is to invest in investment securities as contemplated in Article 4 of the Prospectus Implementation Law;
5. the company, funds or other similar entities established under a foreign law who mainly invest in securities of collective investment undertakings or in securitization structures, or in collective investment undertakings or to finance collective investment undertaking or securitization structures, provided that these companies, funds or similar entities under foreign law finance these activities in Belgium exclusively with institutional or professional investors, recognized by or pursuant to this paragraph, or finance themselves abroad;
6. Capitalisation undertakings (*kapitalisatieondernemingen* / *enterprises de capitalisation*) contemplated in Royal Decree n° 43 of 15 December 1994 on the supervision of capitalisation undertakings ;
7. Coordination Centres (*coördinatiecentra* / *centres de coordination*) contemplated in Royal Decree n° 187 of 30 December 1982 on the establishment of coordination centres ;
8. The other Belgian and foreign legal entities than those contemplated in paragraphs 1° through 7° who, according to their most recent annual accounts or consolidated annual accounts, satisfy at least two of the following three criteria:
 - (i) an average number of employees of at least 250 during the financial year;
 - (ii) total assets of more than EUR 43 million; and
 - (iii) a net annual turnover of more than EUR 50 million;
9. Other foreign legal entities, companies and institutions who, according to the law applicable to them, are considered as institutional or professional investors or as a qualified investor for the application of Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public admitted to trading and amending Directive 2001/34/EC or that are viewed as institutional or professional investors according to financial market practices; and
10. Legal entities with registered office in Belgium other than the ones set forth above, that do not satisfy at least two of the criteria set out in paragraph 8 above, but which are registered with the CBFA as institutional or professional investor in accordance with the Royal Decree of 26 September 2006 on the extension of the term “qualified investor” and of the term “institutional or professional investor”.

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