IMPORTANT NOTICE

You must read the following notice before continuing:
The following notice applies to the attached prospectus whether received by e-mail, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the Prospectus. In reading, accessing or making other use of the Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus, including any amendments from time to time, each time you receive any information from us as a result of such access.

IN ORDER TO BE ELIGIBLE TO REVIEW THIS PROSPECTUS OR TO MAKE AN INVESTMENT DECISION WITH RESPECT TO THE NOTES (AS DEFINED IN THE PROSPECTUS) ISSUED BY ROYAL STREET NV/SA, *INSTITUTIONELE VBS NAAR BELGISCH RECHT, SIC INSTITUTIONNELLE DE DROIT BELGE*, ACTING FOR ITS COMPARTMENT RS-3 (THE *ISSUER*) YOU ACKNOWLEDGE AND AGREE THAT THE NOTES MAY ONLY BE ACQUIRED, BY DIRECT SUBSCRIPTION, BY TRANSFER OR OTHERWISE AND MAY ONLY BE HELD BY HOLDERS (*ELIGIBLE HOLDERS*) WHO QUALIFY BOTH AS (I) AN INSTITUTIONAL OR PROFESSIONAL INVESTOR 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*), ACTING FOR THEIR OWN ACCOUNT, AND (II) A HOLDER OF AN EXEMPT SECURITIES ACCOUNT (*X-ACCOUNT*) WITH THE CLEARING SYSTEM OPERATED BY THE NATIONAL BANK OF BELGIUM OR WITH A PARTICIPANT IN SUCH SYSTEM. EACH PAYMENT OF INTEREST ON NOTES OF WHICH THE ISSUER BECOMES AWARE THAT THEY ARE HELD BY A HOLDER THAT DOES NOT QUALIFY AS AN INSTITUTIONAL INVESTOR ACTING FOR ITS OWN ACCOUNT WILL BE SUSPENDED UNTIL SUCH NOTES SHALL BE TRANSFERRED TO AND HELD BY AN ELIGIBLE HOLDER. UPON ISSUANCE OF THE NOTES, THE DENOMINATION OF THE NOTES IS EUR 250,000.

BY ACCEPTING THE E-MAIL AND ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE REPRESENTED TO AXA BANK EUROPE NV/SA, BNP PARIBAS, CREDIT AGRICOLE CORPORATE & INVESTMENT BANK OR FORTIS BANK SA/NV (ACTING IN BELGIUM UNDER THE COMMERCIAL NAME BNP PARIBAS FORTIS), (*THE JOINT LEAD MANAGERS)*, BEING THE SENDER OF THE ATTACHED, THAT YOU ARE AN ELIGIBLE HOLDER AS DEFINED ABOVE.

The Prospectus has been sent to you in electronic form. You consent to its delivery by electronic transmission and are reminded that whilst the information contained in this electronic copy has been formatted in a manner which should exactly replicate the

printed Prospectus, physical appearance may differ and other discrepancies may occur for various reasons, including electronic communication difficulties or particular user equipment. The user of this electronic copy assumes the risk of any discrepancies between it and the printed version of the Prospectus which is available to you on request from the Joint Lead Managers. None of the Issuer, any of its respective affiliates, any person who controls any of them and any of the representatives, directors, officers, employees and agents of any such person accepts any liability or responsibility whatsoever in respect of any difference between this electronic copy and the printed Prospectus.

You are reminded that the Prospectus and the information contained in it are subject to completion and/or amendment, which may be material, without notice.

Nothing in this electronic transmission constitutes an offer of, or an invitation to acquire, or the solicitation of an offer to purchase or subscribe for any of the Notes, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would not be permitted or be unlawful.

In the United Kingdom, this Prospectus will be only communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates to is available only to relevant persons and will be engaged in only with relevant persons.

PROSPECTUS FOR ADMISSION TO TRADING ON EURONEXT BRUSSELS

EUR 1,837,500,000 Class A Floating Rate Mortgage Backed Notes due October 2050
Issue Price 100 per cent.
EUR 262,500,000 Class B Floating Rate Mortgage Backed Notes due October 2050
Issue Price 100 per cent.

issued by

ROYAL STREET NV/SA
Institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge
acting for its Compartment RS-3
Belgian limited liability company
naamloze vennootschap/société anonyme

The date of this Prospectus is 29 November 2011 (the ***Prospectus***).

ROYAL STREET NV/SA, *Institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge*, acting for its Compartment RS-3 (the ***Issuer***) will issue the Original Notes, comprising EUR 1,837,500,000.00 Class A Floating Rate Mortgage Backed Notes due October 2050 (the ***Class A Notes***), and EUR 262,500,000.00 Class B Floating Rate Mortgage Backed Notes due October 2050 (the ***Class B Notes***) and together with the Class A Notes, the ***Original Notes***. The Original Notes will be issued on or about 5 December 2011 (the ***Closing Date***).

In addition to the Original Notes which will, as indicated above, be issued on the Closing Date, the Issuer may after the Closing Date and prior to the Mandatory Amorisation Date (as defined below), issue further notes (***Additional Notes***, and such issue the ***Optional Tap Issue***), provided that, among other things, the issuance of Additional Notes does not result in a downgrade, suspension or withdrawal of the then current ratings assigned to the Class A Notes then outstanding or any of them. Each such tranche of Additional Notes shall be issued on identical terms to the Original Notes, and, subject to applicable laws, be fungible with the Original Notes of the relevant Class. Reference in this Prospectus to ***Notes*** or any ***Class*** or ***Class of Notes*** include, as the case may be, the Additional Notes. The aggregate amount of the Additional Notes following the Optional Tap Issue cannot exceed EUR 3,000,000,000.

In the event that the Issuer issues Additional Notes, the proceeds of such issuance will be used by it to pay the initial purchase price for the New Loans (as defined herafter) transferred to the Issuer by the Seller (as defined below) pursuant to the MLSA. New Loans will, save to the extent described in this Prospectus, be treated in all respects in

the same way as any other Loans and Additional Notes will, save to the extent described in this Prospectus, be treated in all respects in the same way as the Notes. Accordingly, Additional Class A Notes will be fungible with the Class A Notes and Additional Class B Notes will be fungible with the Class B Notes.

Application has been made to Euronext Brussels NV/SA to admit the Class A Notes to listing on the Eurolist by Euronext Brussels NV (the ***Euronext Brussels***). Prior to admission to listing 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 the Euronext Brussels (the ***Listing Rules***). No application will be made to list any Notes on any other stock exchange.

The Notes will be solely the obligations of Compartment RS-3 and have been exclusively allocated to Compartment RS-3. 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 Arrangers, the Security Agent, the Joint Lead Managers, the Servicer, the Administrator, the Class A Swap Counterparty, the Class B Swap Counterparty, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent and the Corporate Services Provider (each as defined herein). Furthermore, the Seller, the Arrangers, the Security Agent, the Joint Lead Managers, the Servicer, the Administrator, the Class A Swap Counterparty, the Class B Swap Counterparty, the Account Bank, the Domiciliary Agent, the Calculation Agent, the Listing Agent, the Corporate Services Provider or any other person in whatever capacity acting will not accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arrangers, the Security Agent, the Joint Lead Managers, the Servicer, the Administrator, the Class A Swap Counterparty, the Class B Swap Counterparty, the Account Bank, the Domiciliary Agent, the Listing Agent 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).

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

Arrangers
CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
BNP PARIBAS and FORTIS BANK SA/NV (ACTING IN BELGIUM UNDER THE COMMERCIAL NAME BNP PARIBAS FORTIS)

Joint Lead Managers
AXA BANK EUROPE NV/SA
BNP PARIBAS
CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
FORTIS BANK SA/NV (ACTING IN BELGIUM UNDER THE COMMERCIAL NAME BNP PARIBAS FORTIS)

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 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 25th day of January, April, July and October in each year (or, if such day is not a Business Day, the next following Business Day) (each a ***Quarterly Payment Date***) and for the first time on 25 April 2012 (the ***First Quarterly Payment Date***). 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 described in more detail 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 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 A Notes, a margin of 1.75 per cent. per annum; and (ii) for the Class B Notes a margin of 2.50 per cent. per annum. The margin of the Original Class A Notes and the Original Class B Notes may be reset prior to the Optional Tap Issue at the level of the margin applicable to the Additional Notes (the ***Margin Reset***). Such Margin Reset shall be approved by the Noteholders for the time being in accordance with the provisions of Condition 14.6.

Unless previously redeemed, the Issuer shall redeem the Notes in full on 25 October 2050 (the ***Final Redemption Date***), or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than 5 years after the Final Redemption Date.

On the Quarterly Payment Date falling on 25 January 2017 (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 at their Principal Amount Outstanding provided that it has sufficient funds available to redeem all the Notes on such date, subject to and in accordance with the Conditions (the ***Optional Redemption Call***).

If any withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the holders of the Notes (the *Noteholders*).

It is a condition to the issue that the Class A Notes, on issue, be assigned a rating of Aaa(sf) by Moody's, and of "AAAsf" by Fitch Ratings Limited.

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 by the assigning rating agency. Particular attention is drawn to the section entitled *Risk Factors* for a discussion on some of the risks associated with an investment in the Notes.

Each of the Rating Agencies is established in the European Union and has applied for registration under the Regulation (EC) No.1060/2009 on credit ratings agencies (the *CRA Regulation*), although the result of such applications has not been determined. The credit ratings included or referred to in this Prospectus will be treated for the purposes of the CRA Regulation as having been issued by the relevant Rating Agency upon registration pursuant the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency without notice.

The Notes will be issued in the form of dematerialised notes under the Belgian Company Code (*Wetboek 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 as Annex 3 specifies on which page a capitalised word or phrase used in this Prospectus is defined.

This Prospectus has been approved by the Belgian Financial Services and Markets Authority (***FSMA***) on 29 November 2011. This approval cannot be considered a judgement as to the quality of the transaction, nor on the situation or prospects of the Issuer.

The secondary market for asset-backed securities is currently experiencing significantly reduced liquidity, which could limit Noteholders' ability to sell the Notes and adversely affect the Price of the Notes.

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*.

IMPORTANT INFORMATION

Selling and holding restrictions – Only Institutional Investors

The Notes offered by the Issuer may only be subscribed, purchased or held by investors that are (***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 for a list of current Institutional Investors under the UCITS Act, Annex 2); 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.

In the event that the Issuer becomes aware that particular Notes are held by investors other than Eligible Holders 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 Eligible Holders acting for their own account.

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 17. 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 Joint Lead Managers 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.

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 a 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 BITC 1992).

Responsibility Statement

Only 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.

The Seller accepts responsibility for the information contained in Section 12, Section 13, Section 14 and Section 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 Section 12, Section 13, Section 14 and Section 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 this section and any other information from third-parties identified as such in this section 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 Security Agent is responsible solely for the information contained in Section 10 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 has been authorised by the Seller and the Issuer 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 Joint Lead Managers, the Arrangers, the Originator, the Administrator, the Servicer, the Account Bank, the

Class A Swap Counterparty, the Class B Swap Counterparty, the Domiciliary Agent, the Calculation Agent, the Expenses Subordinated Loan Provider, the Subordinated Loan Provider or 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, the Seller or any Originator 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 Joint Lead Managers 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 Royal Street NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge*, acting for its Compartment RS-3 will be available at the specified offices of the Domiciliary Agent and the registered office of the Issuer and on the webpage including information of Royal Street NV/SA on the website of AXA (www.axa.be/royalstreet) acting in its capacity as Administrator as defined below.

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 final closing of the offer to the public or, as the case may be, 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, any Joint Lead Manager or any duly appointed person acting for it (on its own account and not as agent of the Issuer) may over allot (provided that the aggregate Principal Amount Outstanding of the relevant Class of Notes allotted does not exceed 105 % of the aggregate Principal Amount Outstanding of the relevant Class of Notes) or effect transactions with the 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. However, there is no obligation on the Joint Lead Managers (or any agent of the Joint Lead Managers) to undertake stabilisation action. Such stabilisation may begin until 30 calendar days after the admission to trading of the Class A Notes on Euronext Brussels, and if commenced, may be discontinued at any time and will in any event be discontinued 30 calendar days after the admission to trading. 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 Joint Lead Managers shall be entitled to cancel their 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 Joint Lead Managers 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.

Capitalised Terms

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

TABLE OF CONTENTS

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 in respect of 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**
Principal amount	EUR 1,837,500,000.00	EUR 262,500,000.00
Issue Price	100%	100%
Credit Enhancement (provided by other Classes of Notes subordinated to the relevant Class) [1] and Reserve Fund	Subordination of Class B Notes Reserve Fund	None as long as the Class A Notes are outstanding, the Reserve Fund when the Class A Notes have been redeemed in full.
Margin	1.75 per cent. p.a. or, as the case may be, such other Margin approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue.	2.50 per cent. p.a. or, as the case may be, such other Margin approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue.
Interest Accrual	Act/360	Act/360

[1] In addition, there is further credit enhancement as referred to in Section 5, Credit Structure, below.

	Class A	**Class B**
Quarterly Payment Dates	Interest will be payable quarterly in arrear on the twenty-fith (25^{th}) day of January, April, July and October of each year (or the first following Business Day if such day is not a Business Day), with the First Quarterly Payment Date falling on 25 April 2012.	
Principal payments	No scheduled amortisation until the Quarterly Payment Date falling in January 2017 unless certain events (Stop Replenishment Events) have occurred. After such date and on any Quarterly Payment Date, there will be a full sequential amortisation of the Notes, based on the Principal Available Funds, with the Notes within each Class ranking *pari passu* and being repaid *pro rata* and without preference among themselves.	
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.	
Optional Redemption Date	The Quarterly Payment Date falling in January 2017 (First Optional Redemption Date) and any Quarterly Payment Date thereafter.	The Quarterly Payment Date falling in January 2017 (First Optional Redemption Date) and any Quarterly Payment Date thereafter.
Final Redemption Date	the Quarterly Payment Date falling in October 2050, or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than 5 years after October 2050.	the Quarterly Payment Date falling in October 2050, or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than 5 years after October 2050.
Denomination	EUR 250,000	EUR 250,000
Form	The Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System operated by the National Bank of Belgium.	
Listing	Euronext Brussels	N/A
Expected Rating	Fitch "AAAsf" Moody's "Aaa(sf)"	N/A

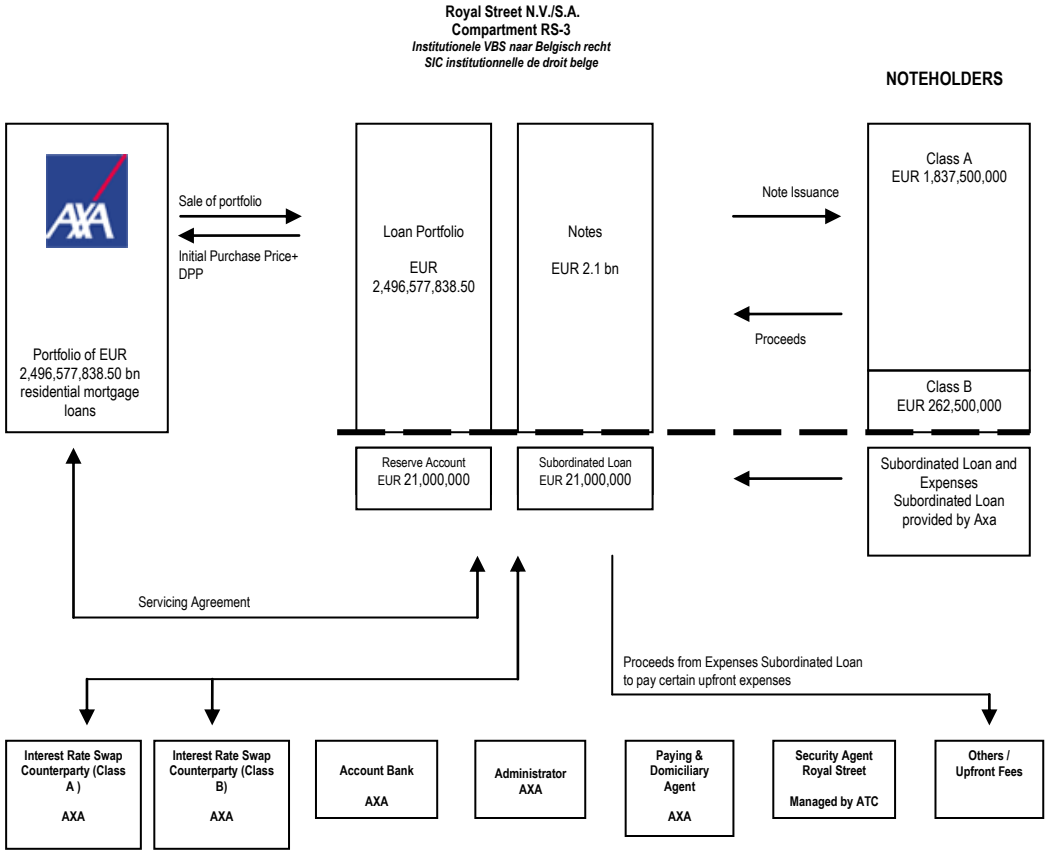
	Class A	**Class B**
ISIN	BE0002409812	BE6228972202
Common Code	071280438	071280454

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 in respect of 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 on pages 16 to 45 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 in respect of 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:

ROYAL STREET NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/Société d'investissement en créances institutionnelle de droit belge* organised as a Belgian limited liability company (*naamloze vennootschap/société anonyme*) registered with the Belgian Federal Public Service for Finance (*Federale overheidsdienst Financiën/Service 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/SIC***), incorporated under Belgian law and with its registered office at Boulevard du Souverain 25, 1170 Brussels, Belgium, acting for its Compartment RS-3, is the Issuer of the Notes. It is registered with the legal entities register (judicial district Brussels) under number 0899.167.135.

Unless where the context otherwise requires, the term Issuer shall be construed as referring to Compartment RS-3, whereas the term ***Royal Street*** refers to ROYAL STREET NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/Société d'investissement en créances institutionnelle de droit belge,* as a single entity.

Royal Street is a special purpose company.

Royal Street is licensed as a mortgage institution by the Financial Services and Markets Authority (***FSMA***) (i.e. the successor of the former CBFA (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*) previously known as the

	Belgian Insurance Control Authority (*Controledienst voor de Verzekeringen/Office de Contrôle des Assurances*) on 23 September 2008 in accordance with Article 43 of the law of 4 August 1992 on mortgage credit (*Wet op het hypothecair krediet/Loi relative au crédit hypothécaire*), as amended from time to time (the ***Mortgage Credit Act***). Royal Street is, as an Institutional VBS/SIC, subject to the rules set out in the UCITS Act. See Section 6, below.
Seller:	AXA BANK EUROPE NV/SA (***AXA*** or the ***Seller***, organised as a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law with its registered office at Boulevard du Souverain 25, 1170 Brussels, Belgium, registered with the legal entities register under number 404.476.835 (judicial district Brussels) (the ***Seller***). The Seller is licensed as a mortgage institution by the former CBFA now FSMA in accordance with Article 43 of the Mortgage Credit Act. AXA will act as seller of the Loans pursuant to the Mortgage Loan Sale Agreement to be entered into on or before the Closing Date. See Section 12, below.
Originator:	The Seller will sell Loans to the Issuer that were originated by it (or its legal predecessors) in its capacity as originator (the ***Originator***).
Joint Lead Managers:	CREDIT AGRICOLE CORPORATE & INVESTMENT BANK, a limited liability company (*société anonyme*) organised under the laws of France and licensed as a credit institution (*établissement de crédit)*, with its registered office at 9, quai du Président Paul Doumer, 92920 Paris La Défense Cedex, France, registered with the Trade and Companies Registry of Nanterre under number 304 187 701 (***CA-CIB***); BNP PARIBAS, a limited liability company (*société anonyme*) organised under the laws of France and licensed as a credit institution (*établissement de crédit)*, with its registered office at 16, Boulevard des Italiens, 75009 Paris, France, registered with the Trade and Companies Registry of Paris under number 662 042 449, and acting through its London Branch, located at 10, Harewood Avenue, London NW1 6AA, United Kingdom; FORTIS BANK SA/NV (acting in Belgium under the commercial name BNP Paribas Fortis), a limited liability company (*naamloze vennootschap/société anonyme*) organised under the laws of Belgium and licensed as a

	credit institution (*kredietinstelling/établissement de crédit)*, located at 3, Montagne du Parc, 1000 Brussels, Belgium, registered with the legal entities register under the number 0403.199.702 (judicial district of Brussels) (BNP PARIBAS and FORTIS BANK SA/NV together ***BNP Paribas***); and AXA will together act as the Joint Lead Managers of the transaction (the ***Joint Lead Managers***) pursuant to the Subscription and Listing Agreement to be entered into with the Issuer on or before the Closing Date. See Section 18, below.
Servicer:	AXA 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 Section 15, below.
Security Agent:	STICHTING SECURITY AGENT ROYAL STREET, organised as a foundation (*stichting/fondation*) under Dutch law with its registered office at Fred Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the ***Security Agent***) will represent the interest of the holders of the Notes, hold the security granted under the Pledge Agreement on behalf of the Secured Parties and will be entitled to enforce the security granted in its favour under the Pledge Agreement. See Section 10, below.
Administrator:	AXA will act as administrator of the Issuer pursuant to the Administration Agreement to be entered into on or before the Closing Date (the ***Administrator***). See Section 6, below.
Class A Swap Counterparty:	AXA will act as swap counterparty pursuant to the Class A Swap Agreement to be entered into on or before the Closing Date (the ***Class A Swap Counterparty***). See Section 5.10.4, below.
Class B Swap Counterparty:	AXA will act as swap counterparty pursuant to the Class B Swap Agreement to be entered into on or before the Closing Date (the ***Class B Swap Counterparty***). See Section 5.10.5, below.
Listing Agent:	AXA will act as listing agent in respect of the Class A Notes on Euronext Brussels pursuant to the Subscription and Listing Agreement to be entered into on or before the Closing Date (the ***Listing Agent***). See Section 6, below.
Domiciliary Agent:	AXA will act as domiciliary agent pursuant to the Domiciliary Agency Agreement to be entered into on or

	before the Closing Date (the ***Domiciliary Agent***). See Section 6, below.
Calculation Agent:	AXA will act as calculation agent pursuant to the Administration Agreement to be entered into on or before the Closing Date (the ***Calculation Agent***). See Section 6, below.
Account Bank:	AXA will act as account bank pursuant to the Account Bank Agreement to be entered into on or before the Closing Date (the ***Account Bank*****).** See Section 6, below.
Rating Agencies:	MOODY'S INVESTORS SERVICE LIMITED, with its registered office at One Canada Square, London E14 5FA, United Kingdom (***Moody's)***; and FITCH RATINGS LIMITED S.A., with its registered office at 60 Avenue de Monceau, 75009 Paris, France (***Fitch***), (together the ***Rating Agencies***).
Auditors:	PRICEWATERHOUSECOOPERS *Bedrijfsrevisoren* BCVBA, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium, registered with the legal entities register under number 0429.501.944 (judicial district Brussels) represented by Mr. Luc Discry and Mr. Gregory Joos, has been appointed as statutory auditor of the Issuer (the ***Auditor***). See Section 6.5, below.
Corporate Services Provider:	AXA will provide general services to support the Issuer in terms of the corporate and bookkeeping management of the Issuer, pursuant to the Corporate Services Agreement to be entered into on or before the Closing Date (the ***Corporate Services Provider***). See Section 6, below.
Subordinated Loan Provider:	AXA will act as subordinated loan provider pursuant to the Subordinated Loan Agreement to be entered into on or before the Closing Date (the ***Subordinated Loan Provider***). See Section 5, below.
Expenses Subordinated Loan Provider:	AXA will act as expenses subordinated loan provider pursuant to the Expenses Subordinated Loan Agreement to be entered into on or before the Closing Date (the ***Expenses Subordinated Loan Provider***). See Section 5, below.
Transaction Parties:	The Account Bank, the Administrator, the Auditors, the Corporate Services Provider, the Domiciliary Agent, the Calculation Agent, the Issuer, the Joint Lead Managers, the Listing Agent, the Originator, the Security Agent, the Subordinated Loan Provider, the Expenses Subordinated

Loan Provider, the Seller, the Servicer, the Class A Swap Counterparty and the Class B Swap Counterparty, together the ***Transaction Parties,*** which term, where the context permits, shall include their permitted assigns and successors.

RISK FACTORS

GENERAL

There are certain factors relating to the Notes, the Issuer, the Loans and certain general risk factors, that represent risks inherent in investing in the Notes. These risk factors may affect the ability of the Issuer to fulfil its obligations under the Notes.

Prospective Noteholders should take into account the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Loans and the receipt by it of other funds. Also, the Issuer has a risk that its counterparties will not perform their obligations, which may result in the Issuer not being able to meet its obligations. In addition, there are risks involved in investing in the Notes. Despite certain facilities on the level of the Issuer, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover there are certain structural and legal risks relating to this type of transaction and to the Loans in particular and the purchase thereof.
A summary of certain of these risk factors is set out below. For a more complete and more detailed description of these risk factors and of certain other risk factors, investors should read the detailed information set out in Section 4 below (*Risk Factors*) together with the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decisions. If investors are in any doubt about the contents of this Prospectus, they should consult an appropriate professional adviser.

RISK FACTORS REGARDING THE ISSUER

Limited resources and counterparty risk

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal and interest on the Notes will be dependent on the receipt by it of (i) funds under the Loans, (ii) payments under the Class A Swap Agreement and the Class B Swap Agreement and (iii) interest in respect of the balance

standing to the credit of the Issuer Accounts.

The Issuer has counterparty risk exposures

Counterparties to the Issuer may not perform their obligations under the Transaction Documents (as defined in the Conditions), which may result in the Issuer not being able to meet its obligations.

Issuer's insolvency

Preferred creditors under Belgian law

Belgian law provides that certain preferred rights (*voorrechten/privilèges*) may rank ahead of a mortgage (*hypotheek/hypothèque)* as such term is construed under Belgian law 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 judicial reorganisation with creditors (*gerechtelijke reorganisatie/réorganisation judiciaire*), 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. Similarly, debts incurred by the liquidator of a debtor after such debtor's declaration of bankruptcy may rank ahead of debts secured by a security interest if the incurring of such debts were beneficial to the secured creditor.

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant priority of payments referred to therein. See further Section 5 *(Credit Structure)*, below.

RISK FACTORS REGARDING THE NOTES

Liabilities under the Notes and limited recourse

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.

Subordination

The subordination of the Class B Notes with respect to the Class A Notes ranking higher in point of payment and security is designed to provide credit enhancement to the Class A Notes. If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Loans, Noteholders may receive an amount that is less than what is due and payable by the Issuer in respect of the amounts of principal and/or interest owed in respect of the Notes. Any losses on the Loans will be allocated first to the Class B Notes, see Sections 5.8.1 and 5.9.5. See further Section 5.9 (*Application of cash flow and Priority of Payments*).

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.

Liquidity Risk

There is a risk that interest and/or principal on the underlying Loans is not received on a timely basis thus causing temporary liquidity problems to the Issuer.

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 of 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 adversely affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors. No guarantee can be given as to the level of

voluntary 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 that the Loans may experience, and variation in the rate of prepayments of principal on the Loans may affect each Class of Notes differently.

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 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.

Interest and Interest Rate Risk

The Issuer will enter into the Class A Swap Agreement with the Class A Swap Counterparty and into the Class B Swap Agreement with the Class B 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 or fixed rates subject to reset from time to time while the Notes will bear interest at floating rates.

The payments to be received from either Swap Counterparty or to be made by the Issuer to a Swap Counterparty will depend on the fluctuation of the floating interest rate on the Notes by reference to the fixed interest rates on the Loans.

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 Account and such funds subsequently being swept on a daily basis by the Servicer to the Transaction Account. The Collection Account will only be used for the collection of moneys paid in respect of Loans and to this extent there will not be a risk of commingling of proprietary funds of the Seller and the Issuer. 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.

No Gross-Up for Taxes

If withholding of, or deduction for, or an 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.

Rating of the Notes

The ratings expected to be assigned to the Class A Notes by the Rating Agencies are based on the value and cash flow generating ability of the Loans and other relevant structural features of the Transaction 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 Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Notes.

RISK FACTORS REGARDING THE LOANS AND THE SECURITY

No notification of the Sale and Pledge

Except as described below, the sale of the Loans to the Issuer and the pledge of the Loans, the relevant Loan Security and the Additional Security to the Noteholders and the other Secured Parties will not be notified to the Borrowers nor to the Insurance Companies (other than in respect of the Umbrella Fraud Insurance Policy) or third party providers of Additional Security.

Failure to give notice to the Borrowers, the Insurance Companies and third party providers of collateral may have commercial and legal consequences which may impact the Security until such notice is given.

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 and the other Secured Parties will not be notified to the Borrowers or to third party providers of Loan Security and Additional Security, except in certain circumstances.

Set-off rights may therefore continue to arise in respect of reciprocal claims between a Borrower (or a third party provider of Collateral) and the Seller, potentially reducing amounts receivable by the assignee and the beneficiaries of the Pledge.

Set-off upon or following insolvency of the Seller

Upon insolvency of the Seller, set-off will no longer be permitted under Belgian law save (a) in respect of "closely connected" debts (*verknochtheid/connexité*) or (b) 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) or (c) if such set-off is expressly provided in the Loan Documents.

The exception for *verknochtheid/connexité* is not laid down in any statute but has been developed by case law. Recent case law of the Belgian Supreme Court (*Hof van Cassatie/Cour de cassation*) suggests that the exception of *verknochtheid/connexité* should not apply to the prohibition of set-off after notification of an assignment (Article 1295 of the Belgian Civil Code).

The standard documents and forms used for originating Loans through the network and according to the procedures of the Originator do not contain any express provisions allowing the Borrower to set-off amounts it may owe to the Seller against amounts owing to it at any time by the Seller.

Such 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.

Enforcement of Security for the Notes

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 residential mortgage loans in Belgium. Accordingly, there is a risk that neither the Issuer nor the Security Agent will be able to sell or refinance the Loans on appropriate terms should either of them be required to do so.

Enforcement 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, 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 AXA 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 AXA.

All Sums Mortgages

Most of the Loans relate to loans that are secured by a mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Seller, a so-called all sums mortgage (*alle sommen hypotheek/hypothèque pour toutes sommes*) (an ***All Sums Mortgage***).

Pursuant to Articles 51 and 51bis of the Mortgage Credit Act, a loan secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any debt which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred loan ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage.

Mortgage Mandates

Certain Loans are only partly secured by a Mortgage. Generally, where a Loan is only partly secured by a Mortgage, the Borrower of the relevant Loan or a third

party provider of Loan Security may have granted 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 property, but is an irrevocable power of attorney granted by a Borrower or a third party provider of a Loan Security to certain attorneys enabling them to create a Mortgage as security for the Loan. Such Mortgage will only become enforceable against third parties upon registration of such Mortgage at the Mortgage Registration Office. The ranking of the Mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed pertaining to the creation of the Mortgage and the "registration extracts" (*borderellen/bordereaux*) are registered at the Mortgage Registration Office.

There exist limitations in relation to the conversion of Mortgage Mandates.

Moreover, the Issuer has been advised that the benefit of a Mortgage that will be created upon a conversion of the Mortgage Mandate in the sole name and for the sole benefit of the Seller (which is the case for all the Mortgage Mandates in relation to Loans originated before June 2008) after the assignment of the Loan, can most likely not be conferred upon the Issuer as new beneficiary.

GENERAL RISK FACTORS

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 to the price at which the Notes will be traded after the offering of the Notes. 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.

The secondary market for asset-backed securities is currently experiencing significantly reduced liquidity, which could limit Noteholders' ability to sell the Notes and adversely affect the price of the Notes.

THE NOTES

The Notes:

The aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date will be EUR 1,837,500,000.00.

The aggregate Principal Amount Outstanding of the Class B

Notes on the Closing Date will be EUR 262,500,000.00.

See Section 4 and Section 7, below.

Closing Date: The date on which the Original Notes will be issued, being 5 December 2011, or such date as may be agreed between the Issuer and the Joint Lead Managers. See Section 18.1, below.

Additional Notes The Issuer may after the Closing Date and prior to the Mandatory Amorisation Date, issue Additional Notes under the Optional Tap Issue. Subject to the below, such tranche of Additional Notes shall be issued on identical terms to the Original Notes, and be fungible with the Original Notes of the relevant Class.

In the event that the Issuer issues the Additional Notes, they will be issued in two classes. One class of Additional Notes will have the same terms and conditions as the Class A Notes (the "**Additional Class A Notes**") and the other class of Additional Notes will have the same terms and conditions as the Class B Notes (the "**Additional Class B Notes**") save, in either case, for the length and dates of the first Interest Period applicable to them.

The Issuer has the option, prior to such Optional Tap Issue, to amend the Terms and Conditions of the Original Notes in order to:

(a) extend the existing Mandatory Amortisation Date (until at the latest the Extended Mandatory Amortisation Date) and the Final Redemption Date (until at the latest the Extended Final Redemption Date); and

(b) reset the Margin of the Original Notes to the level of the margin applicable to the Additional Notes,

in each case subject to the approval of the Noteholders for the time being in accordance with the provisions of Condition 14.6.

It will be a condition precedent to the issue of any Additional Notes on any date that:

(a) in the event that the existing Mandatory Amortisation Date and the Final Redemption Date are amended and that the Margin of the Original Notes is reset at the level of the margin applicable to the Additional Notes, the consent of the

Noteholders for the time being is obtained in accordance with Condition 14.6;

(b) the Optional Tap Issue does not occur on or after the Mandatory Amortisation Date;

(c) the aggregate principal amount of all Additional Notes to be issued on that date is not higher than EUR 3,000,000,000;

(d) either an amendment agreement is entered into in connection with the Class A Swap Agreement and the Class B Swap Agreement or new swap agreements are entered into in relation to the Additional Class A Notes and in relation to the Additional Class B Notes;

(e) any Additional Class A Notes are assigned the same ratings as are then applicable to the Class A Notes then outstanding, by Fitch and Moody's; and

(f) Fitch and Moody's confirm that the then current ratings of the Class A Notes then outstanding will not be downgraded, suspended or withdrawn as a result of such issue of Additional Notes,

(together, the "**Additional Note Issuance Conditions**").

Accordingly, each class of Additional Notes issued will form a single, consolidated series with its corresponding Class of Original Notes and, subject to applicable laws, be fungible with the Original Notes of the relevant Class.

The proceeds of the issue of such Additional Notes will be used:

(a) to purchase New Loans; and

(b) to pay certain fees and expenses payable by the Issuer in relation to the issuance of such Additional Notes,

and for no other purpose.

For the Additional Notes, final terms (the "**Final Terms**") will be made available in the form set out in Schedule 3 of the Prospectus. Such Final Terms shall set out in connection with the Additional Notes:

(a) the initial aggregate principal amount;

(b) the issue price;

(c) the Interest Rate (including the Margin);

(d) a description of the portfolio of New Loans to be purchased by the Issuer; and

(e) whether or not an amendment agreement is entered into in connection with the Class A Swap Agreement and the Class B Swap Agreement or new swap agreements are entered into in relation to the Additional Class A Notes and in relation to the Additional Class B Notes.

Status, Ranking and Subordination:	The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. Redemption of and interest payments on the Class B Notes will be subordinated to redemption of and interest payments on the Class A Notes.
Denomination:	The Notes will be issued in denominations of EUR 250,000 each. See Section 7, below.
Issue Price:	The Issue Price of each Original Note shall be one hundred (100) per cent. of the denomination of such 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.

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 25th calendar day of January, April, July and October (or, if such day is not a Business Day, the immediately succeeding Business Day) in each year (each a ***Quarterly Payment Date***) commencing on the first Quarterly Payment Date falling on 25 April 2012. 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. 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 Quarterly Payment Date (or the first Quarterly Payment Date in respect of the First Interest Period) is called an ***Interest Period***.

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

(a) banks are open for business in Brussels; and
(b) the Trans-European Automated Real-Time Gross Settlement Express Transfer System (***TARGET 2 System***) or any successor TARGET 2 System is

operating credit or transfer instructions in respect of payments in Euros.

Interest on the Notes from (and including) the Closing Date up to (but excluding) the Final Redemption Date will accrue at an annual rate equal to the sum of:

(a) the Euro Reference Rate determined in accordance with Condition 5.4(b); plus

(b) a margin (the ***Margin***) on the Notes which will be:

(i) in respect of the Class A Notes: 1.75 % per annum; and

(ii) in respect of the Class B Notes: 2.50 % per annum.

The Margin on each Class of Original Notes may be reset immediately prior to the Optional Tap Issue at the level of the margin applicable to the Additional Notes (the "***Margin Reset***"). Such Margin Reset shall be approved by the Noteholders for the time being in accordance with the provisions of Condition 14.6.

Interest Payments: Interest on the Notes will be paid on each Quarterly Payment Date after certain prior ranking fees, costs and expenses in accordance with the Quarterly Interest Priority of Payments under Section 5.9.6, below or the Post-Enforcement Priority of Payments under Section Part 0:0.0 below, as the case may be.

To the extent that the Quarterly Interest Available Funds are insufficient on any Quarterly Payment Date to pay the interest due on the Class B Notes, the payment of such interest shortfall on the Class B Notes will be deferred and the amount of such shortfall shall be debited to the Class B Interest Deficiency Ledger in order to record the interest deficiency incurred which shall roll-over to the next Quarterly Interest Payment Date and shall not constitute an Event of Default.

Mandatory Amortisation Provisions after the Mandatory Amortisation Date: As from the Mandatory Amortisation Date and on each Quarterly Payment Date thereafter prior to the delivery of an Enforcement Notice, subject to, and in accordance with the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Funds in or towards satisfaction of:

(a) *first*, in or towards satisfaction of any amounts of principal applied to meet Class A Interest Shortfall as referred to in item (i) of the Quarterly Interest Priority of Payments;

(b) *second*, all amounts of principal on the Class A Notes; and

(c) *third*, if, and to the extent the Class A Notes have been fully redeemed, in or towards satisfaction of all amounts of principal on the Class B Notes.

The ***Mandatory Amortisation Date*** shall be the earlier of (i) the Quarterly Payment Date falling in January 2017 (or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than the earlier of (i) the Quarterly Payment Date falling in January 2022, or (ii) an earlier date as may be determined at the time of the Optional Tap Issue or (iii) the immediately succeeding Quarterly Payment Date following the occurrence of a Stop Replenishment Event (the ***Extended Mandatory Amortisation Date***).

Optional Amortisation Provisions: On each Quarterly Payment Date prior to the Mandatory Amortisation Date, the Issuer has the option, but not the obligation, to apply the Principal Available Funds in accordance with the Principal Priority of Payments. The Issuer will be obliged to apply the amount standing to the credit of the Transaction Account on the immediately preceding Calculation Date in excess of an amount in EUR equal to 10 % of the Principal Amount Outstanding of the Notes on the Closing Date in accordance with the Principal Priority of Payments.

Clean-Up Call: The Issuer shall, upon giving not more than ninety (90) calendar days' notice nor less than sixty (60) calendar days' notice, have the right (but not the obligation) to redeem all the Notes (after taking into account the amount to be redeemed on such Quarterly Payment Date), but not some only on, or after the first Quarterly Payment Date on which the aggregate Principal Amount Outstanding of the Notes becomes less than or equal to ten (10) per cent of the aggregate Principal Amount Outstanding of the Notes when issued on the Closing Date (being the ***Clean-Up Date***), after payment of all amounts that are due and payable in priority to such Notes (the ***Clean-Up Call***). See the detailed provisions contained in Conditions 6.17 to (and including) 6.21.

Optional Redemption Unless previously redeemed in full, the Issuer shall, upon

Call	giving not more than ninety (90) calendar days' notice and not less than sixty (60) calendar days' notice in accordance with Condition 15 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, provided that it has sufficient funds available to redeem all the Notes on such date (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, after payment of all amounts that are due and payable in priority to such Notes. See the detailed provisions contained in Condition 6.16.
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 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 or Monthly Payment Date, as the case may be, the Issuer, the Class A Swap Counterparty, the Class B 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 Class A Swap Agreement or the Class B Swap Agreement; or (c) if, the total amount payable in respect of an Interest

Period as interest on any of the Loans ceases to be receivable by the Issuer during such Interest 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) (the ***IIR Tax Regulations***) are changed (or their application is changed in a materially adverse way to the Issuer or in the event that the IIR Tax Regulations would no longer be applicable to the Issuer);

after payment of all amounts that are due and payable in priority to such Notes subject to and in accordance with the Conditions. 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 (an ***Optional Redemption for Tax Reasons***). See the detailed provisions contained in Condition 6.22.

Regulatory Call Option: On each Quarterly Payment Date, the Issuer has the option, but not the obligation, to redeem all of the Notes (but not some only), if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a regulatory change (the ***Optional Redemption in case of Regulatory Change***). See the detailed provisions contained in Condition 6.26.

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 any Class of Notes, as certified by the Security Agent (an ***Optional Redemption in case of Change of Law***). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time. See the detailed provisions contained in Condition 6.24.

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. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 (European Council Directive 2003/48/EC) or any law implementing or complying with, or introduced in order to conform to, such Directive. 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 Sections 11.2.1and 11.3, 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 October 2050 or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than 5 years after the Final Redemption Date (the ***Extended Final Redemption Date***). ***Accrued Interest*** means, in respect of any Quarterly Calculation Date and in respect of Notes then outstanding, the amount obtained by applying the relevant Interest Rate to the Principal Amount Outstanding of the relevant Class of the Notes as of the previous Quarterly Payment Date, multiplied by the actual number of days elapsed in the then current Interest Period (or such other period) divided by 360.

Use of Proceeds:	The Issuer will use the proceeds from the issue of the Original Notes on the Closing Date to pay to the Seller part of the Initial Purchase Price for the Loans transferred to the Issuer by the Seller pursuant to the MLSA. See Section 12, and Section 19, below. The Issuer will use the proceeds from the issue of Additional Notes to pay to the Seller the New Loan Purchase Price for the Loans transferred to the Issuer by the Seller pursuant to the MLSA. See Section 12 and Section 19, below. The proceeds from the Subordinated Loan will be credited to the Reserve Fund Account on the Closing Date. See Section 5.4, below.

TRANSACTION STRUCTURE AND DOCUMENTS

Mortgage Loan Sale Agreement (or the MLSA):	On or before the Closing Date, the Seller, the Security Agent and the Issuer will enter into the Mortgage Loan Sale Agreement (the ***Mortgage Loan Sale Agreement*** or the ***MLSA***) pursuant to which the Issuer purchases Loans from the Seller. The MLSA will also provide the conditions under which the Seller may sell to the Issuer and the Issuer may purchase from the Seller New Loans at any time after the Closing Date and until the Mandatory Amortisation Date. See Section 12, below.
Purchase of New Loans	Under the MLSA, the Issuer will, during the Replenishment Period, be entitled to purchase New Loans on a daily basis and as the case may be pursuant to the Optional Tap Issue to the extent such New Loans are offered to it by the Seller, if and to the extent: (a) no Stop Replenishment Event has occurred; and (b) on the relevant New Loan Purchase Date, the Replenishment Conditions are satisfied. See Section 12, below.
Mandatory Repurchase under the MLSA:	If, at any time after the Closing Date any of the representations and warranties and Eligibility Criteria relating to the Loans as set out in the MLSA proves to be untrue, incorrect or incomplete and the Seller has not remedied this within five (5) Business Days as from written notice thereof or (according to the Servicer) it cannot be remedied within such period, then, the Servicer procures that (at the direction of the Administrator or the Security Agent):

(a) the Issuer will be indemnified by the Seller for all damages, costs, expenses and losses; and

(b) the relevant Loan(s) and Loan Security will be repurchased by and re-assigned to the Seller together with other Loans covered by the same All Sums Mortgage, if any, at the Repurchase Price in case of Breach. See Section 12.5, below.

The indemnification and the closing of any repurchase as referred to herein shall be completed no later than 45 calendar days after (i) the expiry of the five (5) Business Day cure period referred to herein or (ii) the date on which the Servicer has determined that the matter is not capable of being remedied.

Repurchase in case of Non-Permitted Variation

If at any time after the Closing Date a Borrower has requested to the Servicer a variation of the terms or conditions of or in relation to a particular Loan or any rights in relation thereto and the Servicer has determined that such proposed variation is a Non-Permitted Variation, then the Servicer shall:

(a) promptly inform the Seller and the Seller shall be deemed to have accepted such Non-Permitted Variation if he has not opposed thereto within one (1) Business Day after being notified by the Servicer (and hence should the Seller oppose to such Non-Permitted Variation, the Servicer shall not proceed with the relevant Non-Permitted Variation and promptly inform the relevant Borrower thereof);

(b) as part of the immediately subsequent Monthly Servicing Report inform the Issuer, the Administrator and the Security Agent of the Non-Permitted Variation in relation to such Loan thereof as accepted by the Seller; and

(c) no later than 45 calendar days after the date on which the Seller has accepted, or is deemed to have accepted the Non-Permitted Variation, in accordance with (a) above (or, in case such day would not fall on a Business Day, on the immediately succeeding Business Day), arrange for such Loan, together with all other Loans secured by the same All Sums Mortgage, to be repurchased and re-assigned at the Repurchase Price in case of Non-Permitted Variation, and such repurchase and re-assignment of the relevant

Loan(s) shall be deemed to have been agreed and accepted by the Issuer and the Seller at such time.

All costs and expenses resulting from such repurchase and re-assignment shall be borne by the Seller. See Section 12.5, below.

Repurchase Option under the MLSA

The Seller has the option to repurchase certain Loans at the Repurchase Price in case of Optional Repurchase if the following conditions are met:

(a) after the Closing Date, the Seller originates a Further Loan that is secured by an All Sums Mortgage which also secures one or more Loans previously purchased by the Issuer and the aggregate of the Outstanding Balances of such Loans which the Seller proposes to repurchase within a period of twelve (12) consecutive months, may not exceed 1% of the aggregate Outstanding Balances of all the Loans as determined on the Calculation Date relating to the Quarterly Payment Date in respect of which the repurchase in proposed; and

(b) the Issuer records the sale of one or more Loans by way of marginal notation (*mention marginale/kantmelding*) and such marginal notation applies to a substantial portion of the Loans sold to the Issuer.

Further, the Seller has the option to repurchase the Portfolio from the Issuer upon the occurrence of a Regulatory Change and this option to repurchase is conditional upon the Issuer receiving sufficient monies to repay principal and interest outstanding on the Notes. In such case, the Issuer shall have the obligation, provided certain conditions are met, to sell and assign the Loans to the Seller.

All costs relating to any repurchase shall be borne by the Seller. 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 a servicing agreement pursuant to which the Servicer will perform administration and management services for 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 shall be collected by the Servicer during a Collection Period and transferred by the Servicer to the Transaction Account on a daily basis. See Section 5.2, below.

Subordinated Loan On the Closing Date, the Issuer will receive proceeds of a subordinated loan extended by AXA for an amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date (the ***Subordinated Loan***). See Section 5.6, below.

The Subordinated Loan will, on each Quarterly Payment Date, be repaid for an amount up to the Subordinated Loan Redemption Amount from the amount (if any) of the Quarterly Interest Available Funds available to the Issuer after satisfaction of the amounts due in respect of all items listed as items (i) to (and including) (ix) of the Quarterly Interest Priority of Payments and available immediately (except for the Class A Subordinated Swap Amounts and the Class B Subordinated Swap Amounts) prior to the payment of the Deferred Purchase Price in accordance with the Quarterly Interest Priority of Payments set out under Section 5.9.6 below or the Post-Enforcement Priority of Payments under Section Part 0:0.0 below, as the case may be.

Reserve Fund Account: On the Closing Date, the Issuer will use the proceeds of the Subordinated Loan to establish and maintain a reserve fund on an account held at the Account Bank, initially in the amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date. (the ***Reserve Fund Account***). See Section 5.4, below.

Expenses Subordinated Loan: On the Closing Date, the Issuer will receive proceeds from AXA for a principal amount of EUR 950,000.00 to be applied for initial expenses incurred by the Issuer in connection with the issue of the Notes (the ***Expenses Subordinated Loan***).

Class A Swap Agreement: On the Closing Date, the Issuer will enter into a ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder) governed by English law with the Class A Swap Counterparty to hedge the risk between the interest the Issuer will receive under the Loans and the floating rate of interest the Issuer must pay under the Class A Notes (the ***Class A Swap Agreement***). See Section 5.10,

below.

At the occasion of the Optional Tap Issue, the Issuer may either enter into an amendment agreement in connection with the Class A Swap Agreement or enter into a new ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder) in connection with the Addional Class A Notes. See Section 5.10, below.

Class B Swap Agreement: On the Closing Date, the Issuer will enter into a ISDA Master Agreement (including a schedule and a confirmation documenting the transaction entered into thereunder) governed by English law with the Class B Swap Counterparty to hedge the risk between the interest the Issuer will receive under the Loans and the floating rate of interest the Issuer must pay under the Class B Notes (the ***Class B Swap Agreement***). See Section, 5.10 below.

At the occasion of the Optional Tap Issue, the Issuer may either enter into an amendment agreement in connection with the Class A Swap Agreement or enter into a new ISDA Master Agreement (including a schedule and a confirmation documenting the transaction entered into thereunder) in connection with the Addional Class B Notes. See Section 5.10, below.

Transaction Documents: On or before the Closing Date, the following agreements will be entered into: the MLSA, the Account Bank Agreement, the Administration Agreement, the Domiciliary Agency Agreement, the Servicing Agreement, the Pledge Agreement, the Subscription and Listing Agreement, the Class A Swap Agreement, the Class B Swap Agreement, the Clearing Agreement, the Master Definitions Agreement, the Corporate Services Agreement, the Expenses Subordinated Loan Agreement, the Subordinated Loan Agreement and all other agreements, forms and documents executed pursuant to or in relation to such documents (the ***Transaction Documents***).

THE SECURITY

Pledge Agreement: On or before the Closing Date, the Issuer, the Security Agent and the other Secured Parties will enter into a pledge agreement pursuant to which the Issuer will pledge the Collateral to the Secured Parties (the ***Pledge Agreement***).

Collateral: The Notes will be secured by a first ranking commercial pledge granted by the Issuer in favour of the Secured Parties, including the Security Agent acting in its own name

as creditor under the Parallel Debt or otherwise on behalf of the Noteholders and the other Secured Parties 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 the Issuer Accounts with the exclusion of the Class A Swap Collateral Account, 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 and Additional Security in favour of the Secured Parties. Upon the occurrence of certain events (including the service of an Enforcement Notice), the Seller will be required and the Issuer will be entitled to (and, failing which the Security Agent shall be entitled) to notify the Borrowers of such sale and assignment and/or the pledge of the Loans and the relevant Loan Security and Additional Security in favour of the Secured Parties (a ***Notification Event***). See Section 12.6, below.

Limited Recourse and Non-Petition: To the extent that Principal Available Funds and Interest Available Funds are insufficient to repay any principal and Accrued Interest outstanding on any Class of Notes on the 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 RS-3 and recourse for such obligations is limited so that the only assets of Compartment RS-3 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 will cease to be payable by the Issuer. Except as

otherwise provided by Conditions 12 and 13, 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 4.2 and 4.3, below.

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 become due and payable and have been paid by the Issuer since the Closing Date and on or prior to such date.

THE LOANS

The Loans: The Loans to be sold by the Seller to the Issuer under the MLSA including the New Loans are or will be all loans that:

(a) were originated by the Seller (or its legal predecessors) in its capacity as originator (the ***Originator***); and

(b) on the Cut-Off Date, or, in relation to New Loans, on the relevant New Loan Purchase Date, meet the Eligibility Criteria.

Representations, Warranties and Eligibility Criteria: A Loan, including a New Loan, transferred pursuant to the MLSA will satisfy all of the representations, warranties and Eligibility Criteria. See Section 12, below.

CORPORATE AND ADMINISTRATIVE

Administration Agreement: On or before the Closing Date, the Administrator, the Issuer, the Seller, the Corporate Services Provider, the Servicer, the Security Agent, the Calculation Agent and the Domiciliary Agent will enter into the Administration Agreement relating to, *inter alia*, the provision by the Administrator of certain administration and management services to the Issuer and by the Calculation Agent of certain interest rate determinations and interest calculation services to the Issuer (the ***Administration Agreement***).

Corporate Services Agreement: On or before the Closing Date, the Issuer, the Seller and the Security Agent will enter into the Corporate Services Agreement pursuant to which the Seller will perform corporate and bookkeeping services for the account of the Issuer (the ***Corporate Services Agreement***).

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

Agreement:	Master Definitions Agreement (the ***Master Definitions Agreement***).
Domiciliary Agency Agreement:	On or before the Closing Date, the Issuer, the Security 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 and provide certain payment services in respect of the Notes on behalf of the Issuer (the ***Domiciliary Agency Agreement***).
Account Bank Agreement:	On or before the Closing Date, the Account Bank, the Issuer, the Administrator and the Security Agent will enter into the Account Bank Agreement relating to, *inter alia*, the duties of the Account Bank in relation to the Issuer Accounts on the terms and subject to the conditions set out in the Account Bank Agreement (the ***Account Bank 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 NV (***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 A Notes will be assigned a rating of "Aaa (sf)" by Moody's, and of "AAAsf" by Fitch.
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 Class A Swap Agreement and the Class B Swap Agreement that will be governed by, and construed in accordance with, English law.

SECTION 4. RISK FACTORS

The factors described below represent the principal risks for Noteholders inherent to the transaction, 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 Risk Factors regarding the Issuer

4.1.1. Belgian regulatory framework for securitisation vehicles

Royal Street has been established so as to have and maintain the status of an Institutional VBS/SIC. 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 limited liability company (*naamloze vennootschap/société anonyme*) or in the form of a limited liability partnership (*commanditaire vennootschap op aandelen/société en commandite par actions*). The operations of a VBS/SIC are 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/SIC: the "public VBS/SIC" and the "institutional VBS/SIC". If a VBS/SIC wishes to offer its securities and/or attract funding from parties who are not solely institutional or professional investors, it must be licensed by the former CBFA now FSMA as a "public VBS/SIC". A VBS/SIC that attracts its funding exclusively from institutional or professional investors is an Institutional VBS/SIC.

In order to facilitate securitisation transactions, a VBS/SIC benefits from certain special rules for the assignment of mortgage loans (see Section *4.3.2*, below) and from a special tax regime (see Section 11, below). The status of Institutional VBS/SIC is in particular a requirement for the true sale of the Loans, for the absence of corporate tax on the revenues of the Issuer and for an exemption of VAT on certain expenses of the Issuer. The loss of such Institutional VBS/SIC 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/SIC

Under the UCITS Act, the regulatory status of an Institutional VBS/SIC depends *inter alia* 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/SIC

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/SIC by investors that are not Institutional Investors outside the control of the VBS/SIC, would not adversely affect the status of an institutional VBS/SIC, provided that:

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

(b) the VBS/SIC does not contribute to the holding of its securities 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.

A list of Institutional Investors pursuant to the UCITS Act is included herein as *Annex 2*.

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 (*Koninklijk besluit houdende bepaalde uitvoeringsmaatregelen voor de institutionele instellingen voor collectieve belegging in schuldvorderingen/Arrêté royal portant certaines mesures d'exécution relatives aux organismes de placement collectif en créances institutionnels*) sets out the circumstances and conditions under which a VBS/SIC will be deemed to have taken such "adequate measures". The Issuer has been advised that the measures, which the Issuer has taken to prevent that the Notes or any of the shares of the Issuer would be held by investors that are not Institutional Investors acting for their own account should fall within the circumstances and conditions of the Royal Decree.

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 a prospective purchaser is not an Institutional Investor acting for its own account (with the sole exception, of shares which in accordance with Article 103 of 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 are held by a person who is not an Institutional Investor acting for its own account (with the sole exception, 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- *Subscription and Sale*; and

(ii) the Joint Lead Managers will undertake pursuant to the Subscription and Listing 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.

4.1.3. Limited resources and Counterparty risk

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal and interest on the Notes will be dependent on the receipt by it of (i) funds under the Loans, (ii) payments under the Class A Swap Agreement and the Class B Swap Agreement and (iii) interest in respect of the balance standing to the credit of the Issuer Accounts. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Fund Account. See further Section 5 *(Credit Structure)*, below.

The Issuer has counterparty risk exposures

Counterparties to the Issuer may not perform their obligations under the Transaction Documents (as defined in the Conditions), which may result in the Issuer not being able to meet its obligations.

In particular, you should read Section 4.2.8 in relation to the risk that the Class A Swap Counterparty or the Class B Swap Counterparty will not perform its obligations owed to the Issuer under the Class A Swap Agreement or the Class B Swap Agreement. As mitigant, rating triggers relating to all third parties through which funds flow, such as the Class A Swap Counterparty or the Account Bank, are incorporated in the Transaction Documents. Given that the Class B Notes are unrated, the Class B Swap Counterparty will not be subject to any rating triggers.

4.1.4. Parallel debt

Under Belgian law, save in certain cases expressly provided by a statutory basis, no security interest can in principle be validly created in favour of a party which is not the creditor of the claim which the security interest 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 Pledge 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 Articles 27

and 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 validly be 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.

4.1.5. Issuer's insolvency

Issuer's status

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 loans. 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 commercial and financial transactions and may grant security to secure its own obligations or to secure obligations under the Notes or the other relevant 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 the 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.

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, being EUR 500 more than the minimum legal share capital. In addition, the principal 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.

Preferred Creditors under Belgian Law

Belgian law provides that certain preferred rights (*voorrechten/ privilèges*) may rank ahead of a mortgage ((*hypotheek/hypothèque)* 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 judicial reorganisation with creditors (*gerechtelijke reorganisatie/réorganisation judiciaire*), 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. Similarly, debts incurred by the liquidator of a debtor after such debtor's declaration of bankruptcy may rank ahead of debts secured by a security interest if the incurring of such debts were beneficial to the secured creditor.

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant priority of payments referred to therein. See further Section 5 *(Credit Structure)*, below.

4.2 Risk Factors regarding 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 *(Description of the Notes)*, below.

4.2.1. Liabilities under the Notes and limited recourse

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.

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 or availability of (i) funds under the Loans, (ii) the proceeds of the sale of any Loans, (iii) payments under the Class A Swap Agreement and the Class B Swap Agreement, (iv) interest in respect of the balances standing to the credit of the Issuer Accounts and (v) the availability of amounts standing to the credit of the Reserve Fund Account. 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 Security Agent on behalf of the Secured Parties 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 has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the security 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.

4.2.2. Subordination

The subordination of the Class B Notes with respect to the Class A Notes ranking higher in point of payment and security is designed to provide credit enhancement to the Class A Notes. If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Loans, Noteholders may receive an amount that is less than what is due and payable by the Issuer in respect of the amounts of principal and/or interest owed in respect of the Notes. Any losses on the Loans will be allocated first to the Class B Notes, see Sections 5.8.1 and 5.9.5. See further Section 5.9 (*Application of cash flow and Priority of Payments).*

4.2.3. Validity of contractual priorities of payments

The validity of contractual priorities of payments such as those contemplated in this transaction has been challenged recently before the English and U.S. courts. The proceedings have taken place on account of the insolvency of a secured creditor (in that case the swap counterparty). The litigation has considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S insolvency law. This rule prevents a party from agreeing to a provision that deprives that party's creditors of an asset solely on account of the party's insolvency.

It was argued that where a secured creditor subordinates itself to noteholders in the event of the insolvency of that secured creditor, the secured creditor will in consequence have deprived its own creditors of the secured asset.

The Court of Appeal in Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd [2009] EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions. The Supreme Court upheld the decision of the Court of Appeal in its ruling on the Perpetual case in July 2011 ([2011] UKSC 38).

The U.S. Bankruptcy Court for the Southern District of New York has granted Lehman Brothers Special Finance Inc.'s (LBSF) motion for summary judgement to the effect that the provisions in respect of the priorities of payments at issue in the Perpetual litigation do infringe the anti-deprivation principles of the U.S. Bankruptcy Code in a U.S. insolvency. The U.S. courts' ruling on the operation of the anti-deprivation principle is thus, as it acknowledged, "directly at odds with the judgement of the English Courts". This ruling is also subject to a possible appeal. The consequent uncertainty and differences between English and U.S. law in relation to the scope and operation of the anti-deprivation principle means that this issue is likely to be an area of continued judicial scrutiny and debate, especially in the case of cross jurisdictional insolvencies.

There is no case law in Belgium (jurisdiction of incorporation of the Swap Counterparty) where an insolvent creditor or any insolvency official appointed in respect of that creditor has successfully challenged either the validity or enforceability of subordination provisions included in the Belgian law governed transaction documents (such as a provisions relating to the ranking in the priorities of payment of the Class A Swap Counterparty's payment rights or the Class B Swap Counterparty's payment rights under respectively the Class A Swap Agreement and the Class B Swap Agreement).

4.2.4. 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) the subordinated ranking of the Class B Notes vis-à-vis the Class A Notes;

(b) the share capital of the Issuer;

(c) the funds standing to the credit of the Issuer Accounts including the Reserve Fund Account ;

(d) the Guaranteed Excess Margin (as defined below) applied to the relevant Outstanding Portfolio Amount of the Loans;

(e) the fact that the Subordinated Loan may only be redeemed on a Quarterly Payment Date from available Excess Cash (as defined under Section 5 below), which means that such redemption is subordinated to all other liabilities (except for the Class A Subordinated Swap Amounts and the Class B Subordinated Swap Amounts) of the Issuer other than the Deferred Purchase Price;

(f) the application of the Class A Interest Shortfall on the Class A Principal Deficiency Ledger; and

(g) the automatic daily sweep of income received on the Loans from the Seller's Collection Account to the Issuer's Transaction Account.

4.2.5. Liquidity Risk

There is a risk that interest and/or principal on the underlying Loans is not received on a timely basis thus causing temporary liquidity problems to the Issuer. This risk is addressed and mitigated by (a) the Guaranteed Excess Margin, (b) the Reserve Fund Account, (c) the application of an amount of principal equal to the amount of the

Class A Interest Shortfall and (d) the floating leg of the Class A Swap or the Class B Swap. See Sections 5.4 and 5.10, below.

4.2.6. 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 adversely affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors. No guarantee can be given as to the level of voluntary 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 the penalty (each a ***Prepayment Penalty***) payable by the Borrower in case of Prepayment and, in case of prepayment in view of a refinancing by another credit institution, the notarial costs and registration duties related to the origination of a new mortgage loan.

In accordance with Article 26, §1 of the Mortgage Credit Act, the Borrower may at any time prepay the entire outstanding amount of the Loans advanced. In relation to Loans governed by the Mortgage Credit Act, full or partial prepayment is in principle also allowed at any time, unless the loan documentation contains restrictions in this respect. The Seller's general conditions provide that full or partial prepayments are always possible subject to certain conditions or prepayment penalties.

In the case of a prepayment of a Loan a Prepayment Penalty of no more than three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the Loan, is payable (except in case of: (a) the death of a Borrower if the Loan is repaid from the proceeds of the life insurance taken out in relation to the Loan; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a hazard insurance policy relating to the Loan).

This risk is also further mitigated by the fact that until the Mandatory Redemption Date the Seller may sell to the Issuer and the Issuer may purchase from the Seller New Loans.

4.2.7. 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 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.

4.2.8. Risk of early redemption as a result of the Clean-Up Call Option, the Regulatory Call Option, the Optional Redemption in case of Change of Law, and the Optional Redemption for tax reasons

Should the Seller exercise its Clean-up Call Option or Regulatory Call Option on any Quarterly Payment Date, the Issuer will redeem the Notes by applying the proceeds of the sale of the Loans towards redemption of the Notes in accordance with the Conditions on such Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes in case of Change of Law, or for tax reasons on any Quarterly Payment Date in accordance with the Conditions. If the Issuer exercises any of such options, the Notes may be redeemed prior to the first Optional Redemption Date and will be redeemed prior to the Final Maturity Date, as applicable. The Issuer will give notice to the Noteholders in accordance with the Conditions.

4.2.9. Interest and Interest Rate Risk

The Issuer will enter into the Class A Swap Agreement with the Class A Swap Counterparty and into the Class B Swap Agreement with the Class B 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 or fixed rates subject to reset from time to time while the Notes will bear interest at floating rates.

At the occasion of the Optional Tap Issue, the Issuer may either enter into an amendment agreement in connection with the Class A Swap Agreement and the Class B Swap Agreement or enter into a new ISDA Master Agreement (including a schedule, credit support annex (for the Class A Notes) and a confirmation documenting the transaction entered into thereunder) in connection with respectively the Additional Class A Notes and the Additional Class B Notes.

If the floating rate payable by the Class A Swap Counterparty and the Class B Swap Counterparty under respectively the Class A Swap Agreement and the Class B Swap Agreement is substantially greater than the fixed rate payable by the Issuer, the Issuer will be more dependent on receiving payments from the Class A Swap Counterparty and the Class B Swap Counterparty in order to make interest payments on respectively the Class A Notes and Class B Notes.

If the floating rate payable by the Class A Swap Counterparty or the Class B Swap Counterparty under an interest rate swap is less than the fixed rate payable by the Issuer, the Issuer will be obliged to make payments to the relevant Swap Counterparty. The amounts payable to the Class A Swap Counterparty and the Class B Swap Counterparty are ranked higher in priority than payments on the Class A Notes and Class B Notes respectively, except on Quarterly Payment Dates when such amount will rank *pari passu* with interest payable on Class A Notes and Class B Notes respectively.

The Issuer makes payments under the Class A Swap Agreement to the Class A Swap Counterparty and payments under the Class B Swap Agreement to the Class B Swap Counterparty on each Monthly Payment Date whereas the Class A Swap Counterparty and Class B Swap Counterparty only makes payments on Quarterly Payment Dates.

If the Class A Swap Counterparty and/or the Class B Swap Counterparty fails to make payments required under the Class A Swap Agreement or the Class B Swap Agreement, respectively, when due, and payments on the Notes may be reduced or delayed.

The Class A Swap Agreement generally may not be terminated except upon, *inter alia*:

(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) early redemption of the Class A Notes following the exercise of the Clean Up Call, as a result of an Optional Redemption Call or an Optional Redemption in the case of Change of Law or for tax reasons or the Regulatory Call Option;

(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 Class A Swap Counterparty without its consent;

(h) with regards to the Class A Swap, the failure of the Class A Swap Counterparty to post collateral, assign the Class A Swap Agreement to an eligible substitute swap counterparty or take other remedial action if the Class A Swap Counterparty's credit ratings drop below the Minimum Ratings or would result in a downgrade of the then current ratings of the Class A Notes specified in this Prospectus;

(i) if the Class A Swap Counterparty fails to obtain the semi-annual external independent valuations (including an independent verification of the process of obtaining such valuations) with respect to collateral posted by it as referred to above and such failure is not remedied on or before 28 calendar days after notice of such failure is given to the Class A Swap Counterparty by the Issuer; or

(j) if the status of Institutional VBS/SIC of the Issuer has been definitively and effectively lost following a decision of a court, tribunal or any other authority against which no further appeal may be introduced (*in kracht van gewijsde getreden/entré en force de chose jugée*).

The Class B Swap Agreement generally may not be terminated except upon, *inter alia*:

(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) early redemption of the Class B Notes following the exercise of the Clean Up Call, as a result of an Optional Redemption Call or an Optional Redemption in the case of Change of Law or for tax reasons or the Regulatory Call Option;

(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 Class B Swap Counterparty without its consent; or

(h) if the status of Institutional VBS/SIC of the Issuer has been definitively and effectively lost following a decision of a court, tribunal or any other authority against which no further appeal may be introduced (*in kracht van gewijsde getreden/entré en force de chose jugée*).

Upon termination of the Class A Swap Agreement or Class B Swap Agreement, a termination payment may be due to the Issuer or due to the Class A Swap Counterparty or Class B Swap Counterparty, as the case may be. 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 Class A Swap Counterparty or Class B 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 Class A Swap Counterparty or Class B Swap Counterparty, as the case may be, and constitutes a Class A Subordinated Swap Amount or a Class B Subordinated Swap Amount, as the case may be.

If the Class A Swap Counterparty's credit rating falls below certain ratings and a termination event occurs under the Class A Swap Agreement because the Class A Swap Counterparty fails to take one of the possible corrective actions, the Rating Agencies may place its ratings on the Class A Notes on watch or reduce or withdraw its ratings if the Issuer does not replace the Class A Swap Counterparty. In these circumstances, ratings on the Class A Notes could be adversely affected.

Given that the Class B Notes are unrated, the Class B Swap Counterparty will not be subject to any rating triggers.

If the Class A Swap Counterparty and/or the Class B Swap Counterparty, as the case may be, fails to make a termination payment owed to the Issuer, the Issuer may not be able to enter into a replacement Class A Swap Agreement and/or Class B 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 principal and interest on the Notes may be reduced or delayed.

4.2.10. Changes in the Rating Criteria

In entering into the Class A Swap Agreement, the Class A Swap Counterparty has agreed to comply with the rating agencies' public methodologies and criteria which are, as at the date on which they are entered into, commensurate to the then current rating of the Class A Notes and on terms as per rating agencies' public methodologies and criteria to cover the interest rate risk referred to above.

4.2.11. 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 (in particular the Prepayment risk, as referred to in Section 4.2.6, above) and consequently no assurance can be given that the estimates and assumptions in Section 8 will prove in any way to be correct. The estimated Weighted Average Life must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

4.2.12. 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 Account and such funds subsequently being swept on a daily basis by the Servicer to the Transaction Account. The Collection Account will only be used for the collection of moneys paid in respect of Loans and to this extent there will not be a risk of commingling of proprietary funds of the Seller and the Issuer. 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 daily 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 Account to the Transaction Account, (ii) the Collection Account being exclusively reserved for Collections in respect of the Loans, (iii) the existence of the Notification Events, and (iv) the fact that upon the occurrence of certain trigger events (***Risk Mitigation Deposit Trigger Event***) the Seller shall deposit on an account of the Issuer an amount as determined in the Mortgage Loan Sale Agreement.

4.2.13. No Gross-Up for Taxes

If withholding of, or deduction for, or an 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.

4.2.14. Rating of the Notes

The ratings expected to be assigned to the Class A Notes by the Rating Agencies are based on the value and cash flow generating ability of the Loans and other relevant structural features of the Transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the transaction, such as the providers and guarantors of ancillary facilities (including the Class A Swap Agreement) 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 Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the 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 residential mortgage market, in general could have an adverse effect on the rating of the Class A Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

4.2.15. Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Transaction Documents or may terminate such Transaction Documents in accordance with their terms, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) Axa in its capacity as Administrator, Domiciliary Agent, Listing Agent and Reference Agent, Seller, Subordinated Loan Provider, Servicer and Corporate Services Provider will not perform its obligations under the relevant Transaction Documents, (b) the Issuer Directors and/or the Shareholder Director will not perform their obligations under the relevant Management Agreements, and (c) AXA as Class A Swap Counterparty and Class B Swap Counterparty will not perform its obligations under the Class A Swap Agreement or the Class B Swap Agreement.

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

Pursuant to the terms of the Pledge Agreement, the Security Agent may without the consent of the Noteholders and the other Secured Parties authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any covenants or provisions contained in or arising pursuant to the Notes or any of the Transaction Documents, but only in so far as in its opinion the interest of the Noteholders will not be materially prejudiced thereby. Any such authorisation or waiver will be binding on the Noteholders and the other Secured Parties.

Furthermore, the Security Agent may without the consent of the Noteholders and the other Secured Parties at any time and from time to time, concur with the Issuer or any other person in making any modification:

(a) 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; or

(b) to the Transaction Documents which in the opinion of the Security Agent is not materially prejudicial to the interests of the Noteholders, provided that teh Scurity Agent has obtained confirmation that the then current ratings of the Notes will not be adversely affected by any such modification (it being understood that the fact that the then current rating of the Notes will not be adversely affected does not address whether such modification is in the best interest of, or prejudicial to, some or all of the Noteholders);

it being understood that any modification of a Transaction Document must be approved by each party thereto. Any such modification shall be binding on the Noteholders and the other Secured Parties.

4.3 Risks factors regarding the Loans and the Security

4.3.1. True Sale

Pursuant to the MLSA, the Seller has transferred and, in respect of the New Loans, will 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 12.5 below.

The sale shall have the following characteristics:

(a) the Issuer shall have no recourse against the Seller except that (i) the Seller may be required to repurchase Loans in relation to which there is a breach of warranty at the time of the transfer of the Loans or in the case of a Non-Permitted Variation, and/or (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 Outstanding Balance of the Loans including inter alia accrued interests on the Loans in accordance with the Mortgage Loan Sale Agreement.

For further details on the MLSA, see Section 12, below.

4.3.2. True sale of mortgage loans generally

The enforceability of a transfer or pledge of mortgage loans 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 Mortgage Credit Act grant an exemption from Article 5 of the Mortgage Act in relation to a transfer and pledge of mortgage loans by or to a (public or institutional) VBS/SIC, so that a transfer or pledge of mortgage loans to or by a VBS/SIC 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 VBS/SIC, see Section 4.1.2, above. A loss of the status as an Institutional VBS/SIC would result in the exemption set out in Article 50 of the Mortgage Credit Act not being available and therefore in an absence of an effective sale of the Loans.

4.3.3. Effectiveness of the pledge over the Loans

The effectiveness of a pledge over mortgage loans 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 a (public or institutional) VBS/SIC. The effectiveness of the Pledge Agreement to the extent it relates to the Loans requires that the Issuer maintains its status as an Institutional VBS/SIC. A loss of status of the Issuer as an Institutional VBS/SIC would make the Pledge, and consequently, the Security over the Loans ineffective. As to the status of the Issuer as an Institutional VBS/SIC, see Section 4.1.2, above.

4.3.4. No notification of the Sale and Pledge

Except as described below, the sale of the Loans to the Issuer and the pledge of the Loans, the relevant Loan Security and the Additional Security to the Noteholders and the other Secured Parties will not be notified to the Borrowers nor to the Insurance Companies (other than in respect of the Umbrella Fraud Insurance Policy) or third party providers of Additional Security.

Failure to give notice to the Borrowers, the Insurance Companies and third party providers of collateral will have the following commercial and legal consequences until such notice is given:

(a) the liabilities of the Borrowers under the Loans (and the liabilities of the Insurance Companies or, as the case may be, the third party providers of Loan Security and Additional Security) 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, the Insurance Companies or the other collateral providers to vary the terms and conditions of the Loans, the Mortgages, the Insurance Policies or the other collateral and that the Seller in such capacity may waive any rights under the Loans, the Loan Security and the 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 Mortgages, the Insurance Policies or the other collateral other than in accordance with the relevant MLSA and the Servicing Agreement;

(b) if the Seller were to transfer or pledge the same Loans, Insurance Policies or other collateral to a party other than the Issuer either before or after the Closing Date (or if the Issuer were to transfer or pledge the same to a party other than the Security Agent) the assignee who first notifies the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and acts in good faith would have the first claim to the relevant Loan, Insurance Policies or the additional collateral. The Seller will, however, represent to the Issuer and the Security Agent that it has not made any such transfer or pledge on or prior to the Closing Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the Closing Date and the Issuer will make a similar undertaking to the Security Agent;

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

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

(ii) not to give any instructions to the Borrowers, Insurance Companies or other Collateral providers to make any such payments; and

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

(d) Borrowers, Insurance Companies or other Collateral providers may raise against the Issuer (or the Security Agent) all rights and defences which existed against the Seller prior to notification of the transfer or pledge. Under the MLSA, the Seller will warrant in relation to each Loan and the Insurance Policies and the other Collateral relating thereto that no such rights and defences have arisen in favour of the Borrower, an Insurance Company or another Collateral provider up to the Closing Date. If a Borrower, an Insurance Company or another 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, Insurance Policy or other

Collateral are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrower's, Insurance Company's or other Collateral provider's claim at the time it gave the warranty described above).

The MLSA provides that upon the occurrence of certain Notification Events, including the giving of a notice by the Security Agent under Condition 10 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, the Insurance Companies or any other debtor of any assigned right or Collateral (as described in Section 12.5, 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).

4.3.5. No Searches and Investigations

None of the Issuer, the Security Agent or the Administrator have made or caused to be made nor will any of them 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 MLSA. These representations and warranties will be given in relation to the Loans, Loan Security, Additional Security and all rights related thereto.

If there is an unremedied material breach of any representation and/or warranty in relation to any Loan, Loan Security or Additional Security relating thereto and the Seller has not remedied this within five (5) Business Days as from written notice thereof from the Issuer or (according to the Servicer) it cannot be remedied, the Servicer shall procure (at the direction of the Administrator or the Security Agent) that on the last Business Day of the calendar month following (i) the expiry of the five (5) Business Day period mentioned above or (ii) earlier, the date on which the Servicer has determined that the matter is not capable of being remedied, the Issuer shall be indemnified for all damages, losses and costs caused by the breach of representation or warranty and the Loans, together with all other Loans secured by the All Sums Mortgage, will be repurchased by and re-assigned to the Seller together with the Loan Security and Additional Security. The Loans, Loan Security and Additional Security will be repurchased for an aggregate amount equal to the Outstanding Balance of the repurchased Loan plus accrued interest thereon and *pro rata* costs up to (but excluding) the date of completion of the repurchase. Such repurchase will be subject to the conditions set out below under Section 12.5, below.

4.3.6. 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 and the other Secured Parties will not be notified to the Borrowers or to third party providers of Loan Security and Additional Security, except in certain circumstances.

Set-off rights may therefore continue to arise in respect of reciprocal claims between a Borrower (or a third party provider of Collateral) and the Seller, potentially reducing amounts receivable by the assignee and the beneficiaries of the Pledge. To mitigate this risk under the MLSA and the Servicing Agreement the Seller will agree to indemnify the Issuer if a Borrower, Insurance Company or provider of Loan Security and Additional Security, claims a right to set-off against the Issuer. The rights to payment of such indemnity will be pledged in favour of the Secured Parties.

In respect of the mortgage loans originated by and sold by the Seller to the Issuer pursuant to the MLSA, as from the date on which the Borrower is notified of the assignment, the Issuer will no longer be subject to the rights of set-off which arise in relation to transactions between the Seller and a Borrower after such notice has been given (Article 1295 of the Belgian Civil Code). Rights of set-off existing prior to such notice may be available to the Borrower in respect of his obligation to make repayment under the Loan and while such pre-existing rights continue to exist and the Borrower successfully claims such right of set-off, the amounts received by the Seller, in its capacity as Servicer, will be less than the scheduled amounts. To mitigate this risk pursuant to the MLSA, the Seller will agree to indemnify the Issuer fully for any such shortfall. Similar rules and arrangements will apply *mutatis mutandis* as to the relationships between the Seller and the Insurance Companies and other Collateral providers.

The Seller has undertaken to indemnify the Issuer for all amounts set-off by any Borrower and such indemnification amounts shall be deemed to constitute interest or principal amounts collected by the Seller and that are due and payable to the Issuer under the Transaction Documents (depending on whether the set-off relates to principal or interest due in respect of a Loan, as applicable).

Set-off upon or following insolvency of the Seller

Upon insolvency of the Seller, set-off will no longer be permitted under Belgian law save (a) in respect of "closely connected" debts (*verknochtheid/connexité*) or (b) 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) or (c) if such set-off is expressly provided in the Loan Documents.

The exception for *verknochtheid/connexité* is not laid down in any statute but has been developed by case law. Recent case law of the Belgian Supreme Court (*Hof van Cassatie/Cour de cassation*) suggests that the exception of *verknochtheid/connexité* should not apply to the prohibition of set-off after notification of an assignment (Article 1295 of the Belgian Civil Code).

Under the exception of *verknochtheid/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.

The standard documents and forms used for originating Loans through the network and according to the procedures of the Originator (***Standard Loan Documentation***) do not contain any express provisions allowing the Borrower to set-off amounts it may owe to the Seller against amounts owing to it at any time by the Seller.

One legal author has recently argued that clauses of unicity of accounts (*eenheid van rekeningen/unicité de comptes*) and set-off clauses contained in the terms and conditions of the bank or other contractual documents may constitute a close connection (*verknochtheid/connexité*) between the mutual debts of a bank and its borrower. 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 construed as characterising the relationship between the bank and a borrower as such and such characterisation should not be different when looked from the point of view of the bank or from the point of view of the borrower. The general rules of operations of the Seller contain a set-off clause stipulated to the benefit of the Seller and confirms that (i) any loans or facilities granted to clients are done so taking into account such client's deposits with the Seller and that (ii) the client and the Seller consider "their reciprocal receivables as being closely connected".

The Issuer has been advised that to date it is not the prevailing position under Belgian law that a contractual extension of connection between debts (i.e. by way of general provisions of unicity of accounts or a unilateral set-off clause as such, without the confirmation of the existence of more inherent links between the debts involved) would in itself constitute a close connection (*verknochtheid/connexité*).

The same legal author has stated that, upon insolvency of the Seller and based on the defence of "non-performance" (*exceptio non adimpleti contractus*) (see below), a Borrower would have the right to withhold payment of its debts to the Seller and ultimately set-off its debts against any claims it may hold against the Seller, as and when its debts owed to the Seller fall due.

Such 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.

Defense of non-performance

Under Belgian law a party to a reciprocal agreement may, in certain circumstances, in case of default of its counterparty invoke the defence of non-performance, pursuant to which it would be entitled to suspend payment under its obligations towards this counterparty until such counterparty has duly discharged its obligations due and payable to the debtor. The defence 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; and (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 agreement or otherwise are so closely interrelated that they are part of

a single and indivisible transaction. If and to the extent all such conditions are met, the defence of non-performance may be invoked by a Borrower in respect of a Loan.

If a court would accept that the conditions of the defence of non-performance are satisfied (amongst others that both debts are so closely interrelated that they are part of a single and indivisible transaction) with respect to any debt owing by the Seller and a Loan, such defence may still be enforceable against the Issuer following notification of the transfer of the Loans and is not addressed by Article 1295 of the Belgian Civil Code and the Supreme Court (*Hof van Cassatie/Cour de cassation*) case law referred to above.

This risk is mitigated by the following elements:

(a) first, the Belgian Supreme Court has stated that ENAC is subject to the general principle of good faith (*goede trouw/bonne foi*). According to the jurisprudence this could be construed as the obligation to have a certain proportionality between the default and the suspended obligation. Therefore, should the borrower have an amount to the credit of his bank account which is disproportionally low compared to the amount he owes to the Seller, there would be good arguments to defend that the ENAC would be abusive;

(b) second, the deposit accounts benefit from the deposit protection scheme provided by the Deposit and Financial Instrument Protection Fund (the ***Fund***) created by the law of 17 December 1998. Pursuant to the Royal Decree dated 14 November 2008, this scheme guarantees the reimbursement up to a maximum of EUR 100,000 of deposits that could not be returned to private individual clients of a defaulting credit institution. If a borrower chooses to call under the deposit protection scheme, he must expressly agree to subrogate the Fund into his claim and into any repayment rights towards the Seller. Moreover, once, upon the occurrence of an insolvency of the credit institution, the intervention of the Fund has been published in the Belgian Official Journal (*Belgische Staatsblad/Moniteur belge*), the borrower needs to apply for the compensation within a short period (which is normally two months but may be extended in certain circumstances). It is therefore most likely and in full accordance with the *ratio legis* of the statutory regime that a borrower shall in practice opt to make a call under the deposit protection scheme rather than taking the risk of invoking the ENAC (which ultimately, after a protracted procedure of which the outcome remains uncertain, would in the best case only allow the borrower to offset the amounts due under his loan with the amounts to the credit of his bank account) and taking the risk of being in default under his payment obligations towards the relevant credit institution;

(c) third, there are good arguments to defend that the conditions for the ENAC are not met since:

  (i) the obligations of the borrower under the loan agreement and the obligations of the bank under the bank account do not result from the same agreement; the contractual documentation governing the opening of accounts by a Borrower is document named *Opening*

Product Zichtrekening and the contractual documentation governing the Loans are documents defined as the Standard Loan Documentation;

(ii) there is no obligation for the Borrower under the Loans to hold their deposits, bank accounts or saving accounts with the Seller; in this respect, we refer to the Standard Loan Documentation which do not contain such an obligation;

(iii) the close connection between the two obligations which is required for ENAC should not be construed in the same manner as the close connection *verknochtheid/connexité* requirement of the set-off; the ENAC requirement is more stringent and an extension of the interpretation given to the *verknochtheid/connexité* under set-off is not consistent with the use of ENAC because the ENAC traditionally requires an inherent reciprocity of debts; there are good arguments to defend that under the current state of the jurisprudence and legal doctrine such "close connection" irrespective of any specific contractual arrangement in this respect, is not present, based on a sample review of the contractual documentation governing the Loans and Axa's understanding; and

(iv) to date, it is not established nor confirmed neither by case law or by a majority of the legal doctrine that the reciprocity requirement for the ENAC would be met; as a result of which, taking into account the arguments set out above, it is well defendable that the conditions for ENAC to apply may in the case of hand not be met.

The Set-off risk is mitigated by the fact that upon the occurrence of certain trigger events (***Risk Mitigation Deposit Trigger Event***) the Seller shall deposit on an account of the Issuer an amount as determined in the Mortgage Loan Sale Agreement.

4.3.7. 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 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 (with the exception of the Class A Swap Collateral Account) and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement.

As the Loans qualify under the law of 15 December 2004 on financial collateral (the "***Financial Collateral Act***" as amended by the law of 26 September 2011 (*Official Gazette*, 10 November 2011), the Security Agent will also be permitted to sell or to appropriate the pledged assets. The Secured Parties will have a first ranking claim over the proceeds of any such sale. Other than claims under the MLSA in relation to a material breach of a warranty and a right to be indemnified for all damages, losses 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.

Any proceeds from such sale of the pledged assets will be applied in accordance with the Post-Enforcement Priority of Payments.

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 Account Bank, the Class A Swap Counterparty, the Class B Swap Counterparty and the Administrator by way of fees, costs and expenses) will be made in priority to payments of interest and principal on the Notes, and in respect of amounts payable to the Class B Swap Counterparty in priority to payment of interest and Principal on the Class B Notes, in accordance with the Priority of Payments. 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 MLSA.

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 residential mortgage loans in Belgium. Accordingly, there is a risk that neither the Issuer nor the Security Agent will be able to sell or refinance the Loans on appropriate terms should either of them be required to do so.

The enforcement rights of creditors are stayed during bankruptcy proceedings. The Secured Parties will be entitled to enforce their security, but only after the verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a stay of enforcement of about two (2) months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of 17 months from the date of the bankruptcy judgement, during which he can sell the secured asset himself if this is in the interest of the bankrupt estate and if this is not detrimental to the secured creditors (for example if individual enforcement by a secured creditor would prejudice the possibility of the bankruptcy trustee to transfer the business to a third party). This extension would however not be granted if the secured creditors (such as the Security Agent) are able to demonstrate that the delayed realisation of their security interest would jeopardize their position.

Moreover, the Financial Collateral Act allows the Security Agent to enforce its pledge on the Loans notwithstanding any bankruptcy proceedings relating to the Issuer, provided there has been a default of payment under the Notes.

The question whether or not a notification to the debtors of the pledged receivables (the Borrowers), the account banks or the insurance companies upon a Notification Event (stating that any amounts due under the pledged receivables or standing to the credit of the pledged accounts should only be paid to the Security Agent) is an enforcement measure is not settled under Belgian law. To the extent that such notification is not considered to be an enforcement measure then the pledge created

pursuant to the Pledge Agreement will be able to be enforced at any time after the declaration of bankruptcy of the Issuer.

4.3.8. Enforcement 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 AXA 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 AXA.

4.3.9. Swap agreement – absence of deed of charge

The Class A Swap Agreement and the Class B Swap Agreement are both based on the ISDA Documentation and in relation to the Class A Swap Agreement only, the 1995 Credit Support Annex, as amended, which are each governed by English law. The Class A Swap Counterparty and the Class B Swap Counterparty's interests are secured under the Pledge Agreement which is governed by Belgian law and not under an English law deed of charge. The Issuer has been advised that the contractual rights of the Class A Swap Counterparty and the Class B Swap Counterparty respectively under English law are not secured by an English law but a Belgian law governed security interest and there is no certainty that the Belgian law governed Pledge Agreement would be recognised under English law or any other law. Nevertheless, in application of the Belgian conflict of law rules and the EU Insolvency Regulation Council Regulation (EC) no. 1346/2000 of 29 May 2001 on Insolvency Procedures and based on the fact that the Issuer is established in Belgium and no assets (other than the rights and interests in and under the Class A Swap Agreement and the Class B Swap Agreement governed by English Law) are located outside Belgium, it is considered that the validity and effectiveness of the Pledge Agreement vis-à-vis all third parties is determined by Belgian law which provides that no formalities are required other than the conclusion of the contract pursuant to Article 2075 of the Belgian Civil Code.

4.3.10. All Sums Mortgages

Most of the Loans relate to loans that are secured by a mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Seller, a so-called all sums mortgage (*alle sommen hypotheek/hypothèque pour toutes sommes*) (an ***All Sums Mortgage***).

Pursuant to Articles 51 and 51bis of the Mortgage Credit Act, a loan secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any debt which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred loan ranks in

priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage.

To mitigate any competing claims in respect of loans secured by All Sums Mortgages, the MLSA provides that all loans or other debts existing at the time of the transfer of the Loans and which are secured by the same All Sums Mortgage are subordinated to the Loans in relation to all sums received out of the enforcement of the All Sums Mortgage and any Additional Security.

This subordination could possibly be considered as an intercreditor arrangement which, if so, 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 intercreditor arrangement in the local mortgage register. The subordination provided for in the Mortgage Loan Sale Agreement 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.

See also Section 12.2, below and the representations and warranties given pursuant to the MLSA to this effect. See Section 12.4, below.

In order to further mitigate this risk, the other Loans that are secured by an All Sums Mortgage are taken into account for valuation purposes.

In addition, the MLSA provides that if at the time of transfer of a Loan, any other advance is outstanding under such credit facility, such advance shall also be transferred to the Issuer.

4.3.11. Mortgage Mandates

Certain Loans are only partly secured by a Mortgage. Generally, where a Loan is only partly secured by a Mortgage, the Borrower of the relevant Loan or a third party provider of Loan Security may have granted 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 property, but is an irrevocable power of attorney granted by a Borrower or a third party provider of a Loan Security to certain attorneys enabling them to create a Mortgage as security for the Loan (a ***Mortgage Mandate***). Such Mortgage will only become enforceable against third parties upon registration of such Mortgage at the Mortgage Registration Office. The ranking of the Mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed pertaining to the creation of the Mortgage and the "registration extracts" (*borderellen/bordereaux*) are registered at the Mortgage Registration Office. When a Mortgage Mandate is converted into a Mortgage, stamp duties (*registratierechten/droits d'enregistrement*) and other costs will be payable.

The following limitations, amongst others, exist in relation to the conversion of Mortgage Mandates:

(a) a Borrower or a third party provider of Loan Security that has granted a Mortgage Mandate, may grant a Mortgage to a third party that will rank in priority to the Mortgage to be created pursuant to the conversion of the Mortgage Mandate, although this would generally constitute a breach of the contractual obligations of such Borrower or such third party provider of Loan Security;

(b) if a conservatory attachment (*bewarend beslag/saisie conservatoire*) or an executory attachment (*uitvoerend beslag/saisie execution*) on the mortgaged asset has been made by a third party creditor of the Borrower, or, as the case may be, of the third party provider of Loan Security, a Mortgage registered pursuant to the exercise of the Mortgage Mandate after the writ of attachment has been recorded at the Mortgage Registration Office, will not be enforceable against such creditor;

(c) if a Borrower or a third party provider of Loan Security is a merchant or commercial entity:

(i) the Mortgage Mandate can no longer be converted following the bankruptcy of such Borrower or, as the case may be, such third party provider of Loan Security and any Mortgage registered at the Mortgage Registration Office after the bankruptcy judgement is void; and

(ii) a Mortgage registered at the Mortgage Registration Office pursuant to the exercise of a Mortgage Mandate during the "suspect period" for a pre-existing Loan will not be enforceable against the bankrupt estate. Under certain circumstances, the claw back rules are not limited in time, for example where a Mortgage has been granted pursuant to a Mortgage Mandate and in order to "fraudulently prejudice" creditors; and

(iii) Mortgages registered after the day of cessation of payments can be declared void by the bankruptcy court, if the registration was made more than fifteen days after the creation of the Mortgage; and

(iv) the effect of a judicial reorganisation (*gerechtelijke reorganisatie/reorganisation judiciaire*) of a Borrower or of a third party provider of Loan security on the Mortgage Mandate is uncertain;

(d) if the Borrower or the third party provider of Loan Security, as the case may be, is a private person, and started collective debt settlement proceedings, a Mortgage registered at the Mortgage register after the judge has declared the request admissible, is not enforceable against the other creditors;

(e) besides the possibility that the Borrower or the third party provider of Loan Security may grant a Mortgage to another lender as referred to above, the Mortgage to be created pursuant to a Mortgage Mandate may also rank after certain legal Mortgages (such as e.g. the legal Mortgage of the Treasury) to

the extent these Mortgages are recorder with the Mortgage Registration Office before the exercise of the Mortgage Mandate. In this respect, it should be noted that the notary will need to notify the tax administration before passing the mortgage deed pertaining to the creation of the Mortgage; and

(f) if a Borrower or a third party provider of Loan Security, as the case may be, is a private person, certain limitations apply to the conversion of the Mortgage Mandate into a Mortgage if the Borrower or third party provider of Loan Security dies before the conversion.

Moreover, the Issuer has been advised that the benefit of a Mortgage that will be created upon a conversion of the Mortgage Mandate in the sole name and for the sole benefit of the Seller (which is the case for all the Mortgage Mandates in relation to Loans originated before June 2008) after the assignment of the Loan, can most likely not be conferred upon the Issuer as new beneficiary. However, in respect of Loans originated after June 2008, the terms of the template used for Mortgage Mandates have been amended and expressly provide that such Mortgage Mandate are granted in the name and for the benefit of the Seller and of the UCITS which may have taken the place of the Seller. This amendment explicitly allows the conversion of a Mortgage Mandate into a Mortgage in favour of the Issuer in respect of Loans originated after June 2008.

The Security Agent will also be appointed as an additional attorney pursuant to a substitution deed on or about the Closing Date wich will enable it to act as attorney under the Mortgage Mandates.

4.3.12. Insurance Policies

General

Article 22,§ 4 of the UCITS Act provides that, in case of an assignment of a receivable to a VBS/SIC, the assignment of all rights in the insurance policies which have been conferred to an originator as collateral for the assigned receivable is governed by the general principles applying to all receivables (i.e. Article 1690, Belgian Civil Code). The specific formalities and approvals required by the Belgian law of 25 June 1992 on terrestrial insurance contracts (*Wet van 25 Juni 1992 op de Landverzekeringovereenkomst/Loi du 25 juin 1992 sur le contrat d'assurance terrestre*) (the ***Insurance Act***) need therefore not be complied with or be obtained for the effectiveness of the assignment to the Issuer.

Because the exemption provided by Article 22, § 4 of the Insurance Act only expressly refers to an assignment of the receivables it could be argued that it does not apply to a pledge of the receivables. If so, the creation of a pledge over the policy to the benefit of the Noteholders would still require compliance with the Insurance Act. The Issuer has been advised that the view could be taken that if the exemption applies to a full transfer of the benefit it should apply to the granting of a more limited interest therein, such as a pledge.

Hazard Insurance

The same consideration also applies to the hazard insurance policies. The Issuer as mortgagee enjoys statutory protection under Article 10 of the general law on mortgages and Article 58 of the Insurance Act pursuant to which any indemnity which third parties (including Insurance Companies) owe for the reason of the destruction of or damage to the mortgaged property will be allocated to the mortgagee-creditors to the extent these indemnities are not used for the reconstruction of the mortgaged property.

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

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

Pursuant to Article 66 §2 of the Insurance Act:

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

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

Insurance Company means any insurance company granting a Hazard Insurance, Umbrella Fraud Insurance (in respect of a mortgaged property) or a Life Insurance (in respect of a Loan);

Insurance Policy/ies means any and all Hazard Insurance(s), Life Insurance(s) or Umbrella Fraud Insurance; and

Umbrella Fraud Insurance Policy means an umbrella fraud insurance covering fraud in respect of the Sellers operations affecting, inter alia, one or more Loans.

Life Insurance Policies

In respect of most Loans, the Seller has been conferred rights in various types of Life Insurance Policies.

Such Life Insurance Policies are typically death insurance policies, in respect of which rights to the proceeds are conferred to the Seller by way of assignment, pledge or appointment as beneficiary. Article 22 of the UCITS Act will apply to the rights thus conferred on the Seller.

4.3.13. Assignment of salary

The assignment by a Borrower (who is an employee) of its salary is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees (*Wet betreffende de bescherming van het loon der werknemers/Loi concernant la protection de la remuneration des travailleurs*). In the absence of reported precedents, it is not certain to which extent the Seller can validly assign the benefit of an assignment of salary by a Borrower to the Issuer. Therefore, there is the risk that the Issuer may not have the benefit of such arrangement in case of insolvency of the Seller, which may adversely impact on the ability of the Issuer to meet its obligations in full to pay interest and principal in respect of the Notes.

Moreover:

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

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

4.3.14. EU Directive on the taxation and Savings Income

Under European Council Directive 2003/48/EC on the taxation of savings income (the ***Savings Directive***), Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State.

4.3.15. Data Protection

To the extent the transfer of Loans entails the transfer of personal data in relation to the Borrowers of the underlying Loans, 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 ***1992 Privacy Act***).

The 1992 Privacy Act allows the processing of personal data under several grounds, including (a) the prior consent of the data subject, (b) the necessity to process the

personal data in order to execute an agreement to which a data subject is a party, and (c) the necessity to process the personal data for legitimate interests of the controller of the processing (insofar as these interests are not outweighed by the legitimate interests of the data subject).

The more recent general conditions applicable to the Loans explicitly include in the different objectives of the data processing the aim to provide credit and mortgage credit, including specifically of securitised loans, a transfer of the Loans to the Issuer will hence not result in a new processing and should therefore be allowed under the 1992 Privacy Act.

4.4 General Risk factors

4.4.1.

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:

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

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

(c) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;

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

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

4.4.2. Change in Law or Tax

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 6.22 on Optional Redemption in Full for Tax Reasons and Condition 6.24 on Optional Redemption in Full in case of Change of Law.

4.4.3. Force Majeure

Belgian law recognises the doctrine of *overmacht/force majeure*, permitting a party to a 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 Relevant Documents will not be subject to a *overmacht/force majeure* event leading them to be freed from their obligations under the Relevant Documents to which they are a party. This could prejudice the ability of the Issuer to meet its obligations.

4.4.4. 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 to the price at which the Notes will be traded after the offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell the Notes.

There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. The Joint Lead Managers have not entered into an obligation to establish and/or maintain a secondary market in the Notes.

The secondary market for asset-backed securities is experiencing significantly reduced liquidity, which could limit Noteholders' ability to sell the Notes and adversely affect the price of the Notes.

4.4.5. Portfolio Information

An agreed-upon procedures audit (the ***AUP Audit***) has been performed by PriceWaterhouseCoopers on a statistically significant sample (the ***Selected Sample***) randomly selected out of the Seller's pool of eligible residential mortgage loans, as extracted by applying the Eligibility Criteria to the Seller's entire Belgian residential mortgage loan pool as existed at 31 July 2011 (the ***Extraction Pool***). For the purpose of the AUP Audit, the loan-level information relating to the Extraction Pool was recorded in a loan-by-loan computerised extraction mortgage file (the ***Extraction File***). The size of the Selected Sample has been determined on the basis of a confidence interval of 95%, a 0% expected error rate and a 1% maximum error rate. The pool AUP Audit aimed to check the consistency of certain data contained in the Extraction File with data as registered in the Seller's source systems or contained in

the relevant mortgage documents. The outcome of the audit showed that not in all cases a full consistency could be found or that not in all cases, the required documents were available to perform the AUP Audit.

4.4.6. Replenishment of the portfolio

During the Replenishment Period, the Issuer is entitled to purchase New Loans, including pursuant to an Optional Tap Issue, which has as a consequence that the composition of the loan pool will evolve over time and may evolve significantly. However, the overall quality of the pool will be maintained as the MLSA provides that (i) the purchase of the New Loans is only possible if certain conditions in respect of the loan pool are met (i.e. the Replenishment Conditions) and (ii) that upon the occurrence of certain events, such as the occurrence of a Notification Event, (i.e. the Stop Replenishment Events), no New Loans may be purchased anymore. See below Section 12.2.

4.4.7. ECB Regulation 24

Pursuant to Regulation 24/2009 of the European Central Bank concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (*Official Journal of the European Union, 20 January 2009*), certain data regarding the portfolio of the Issuer shall have to be reported to the Belgian National Bank as from December 2009. Pursuant to the Administration Agreement, such reporting shall be made by the Administrator on behalf of the Issuer, unless the Issuer or the Security Agent otherwise decide, or unless otherwise statutorily imposed.

4.4.8. Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity of the Notes.

In 1988, the Basel Committee on Banking Supervision (the "***Basel Committee***") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines ("***Basel II***"). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

The International Convergence of Capital Measurement and Capital Standards of the Basel Committee on Banking Supervision (the "***Basel II Framework***") has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the Capital Requirements Directive. Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called "***CRD III***"), which is required to be implemented by Member States by the end of 2011 and

which introduces (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as "Basel III") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "***CRD IV***") to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

4.4.9. Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a draft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Joint Lead Managers nor any other party to the

Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

In particular, investors should be aware of Article 122a of the CRD 2 (and any implementing rules in relation to a relevant jurisdiction) which applies, in general, to newly issued securitisations after 31 December 2010.

Article 122a restricts an EEA regulated credit institution (including its consolidated entities) from investing in a securitisation unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the EEA regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in that securitisation as contemplated by Article 122a. Article 122a also requires an EEA regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the note position it has acquired and the underlying exposures and that procedures have been established for such due diligence to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor.

Article 122a applies in respect of the Notes so investors which are EEA regulated credit institutions should therefore make themselves aware of the requirements of Article 122a (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described in this Prospectus and in any servicer's report and/or investor reports made available and/or provided in relation to the Securitisation for the purpose of complying with Article 122a and none of the Issuer, the Arrangers, the Joint Lead Managers nor any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

Article 122a was implemented in Belgium by the regulation of 27 July 2010 amending the article VII.35 of the regulation of 27 October 2006 of the Banking, Finance and Insurance Commission (CBFA) as further interpreted by the communication of the National Bank of Belgium of 4 July 2011.

There remains considerable uncertainty with respect to Article 122a and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Article 122a and any implementing rules in a relevant jurisdiction should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EEA regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a of the CRD 2 and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory

position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

4.4.10. Eligible collateral

The relevant central bank will ultimately assess and confirm whether the Notes issued pursuant to the Transaction qualify as eligible collateral for liquidity and/or open market operations. In accordance with its policies, the relevant central bank will not confirm the eligibility of such Notes for such purposes prior to the issuance of such Notes pursuant to the Transaction. If any Notes are accepted for such purposes, the relevant central bank may amend or withdraw any such approval in relation to such Notes at any time. None of the Issuer and the Joint Lead Managers nor any affiliated entity of the Issuer and the Joint Lead Managers give any representation or warranty as to whether the relevant central bank will ultimately confirm the eligibility of such Notes for such purpose and none of the Issuer and the Joint Lead Managers nor any affiliated entity of the Issuer and the Joint Lead Managers will have any liability or obligation in relation thereto if the Notes are at any time deemed ineligible for such purposes.

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

SECTION 5. CREDIT STRUCTURE

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

5.1 Interest and interest rates on the Loans

5.1.1. Interest and interest rates

The Loans sold and assigned to the Issuer bear a fixed rate interest whereby the rate can be:

(a) fixed for the entire term of the Loan; or

(b) fixed subject to a reset from time to time, with the period between two reset dates being no less than one (1) year.

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, repayments and prepayments in respect of the Loans.

Similarly, the actual amounts payable under the applicable Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in EURIBOR and possible variations in certain other costs and expenses of the Issuer. The possible effect of such variations could lead to drawings under the Reserve Fund and non-payment of certain items under such Interest Priority of Payments.

5.1.2. Prepayment Penalties

In accordance with applicable law, the Loan Documents allow for Prepayment Penalties as set out below.

In case of a Prepayment of a Loan, a Prepayment Penalty equal to three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the prepaid Loan, is due except in case of: (a) the death of a Borrower if the Loan is repaid from the proceeds of the Life Insurance Policy taken out in relation to the Loan; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a Hazard Insurance Policy relating to the prepaid Loan.

5.1.3. Default interest

In respect of arrears on the Loans, default interest (*nalatigheidsinterest/intérêt moratoire*) at a rate of up to 0.50% per annum is charged/applied in addition to the interest rate then applicable to the Loan (***Default Interest***).

5.2 Cash Collection

5.2.1. Cash Collection

Until a Notification Event, all payments made by the Borrowers in connection with the Loans will be credited to an internal account in the name of the Seller held with AXA, and any account replacing such account in accordance with the Transaction Documents (the ***Collection Account***).

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

5.2.2. Collection Period

In respect of any relevant Quarterly Payment Date, the period from (and including) the first (1st) calendar day of the month immediately preceding the month in which the immediately preceding Quarterly Payment Date falls to (but excluding) the first (1st) calendar day of the month immediately preceding the month in which such relevant Quarterly Payment Date falls shall be the ***Quarterly Collection Period*** except for the first Quarterly Collection Period which shall be the period from (and including) the Initial Loan Flagging Date to (but excluding) 1st April 2012.

In respect of any Monthly Payment Date, the period from (and including) the first (1st) calendar day of the month immediately preceding the month in which the immediately preceding Monthly Payment Date falls to (but excluding) the first (1st) calendar day of the month immediately preceding the month in which such relevant Monthly Payment Date falls shall be the ***Monthly Collection Period*** except for the first Monthly Collection Period which shall be the period from (and including) the Initial Loan Flagging Date to (but excluding) 1st January 2012.

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

If at any time the short-term or the long-term unsecured and unsubordinated debt obligations of the Account Bank are assigned a rating less than the Minimum Ratings or if the Account Bank ceases to be rated or ceases to be authorised to conduct business in Belgium, then:

(a) forthwith upon such downgrade or such event the Account Bank shall notify the Issuer, the Administrator and the Security Agent in writing of the occurrence of such downgrade; and

(b) the Account Bank and the Issuer will within 30 calendar days from such downgrade or such event, transfer 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 in

Belgium, unless the Rating Agencies confirm that not transferring the Issuer Accounts will not have a negative impact on the rating of the Class A Notes.

Minimum Ratings means, in respect of any entity, the Fitch Minimum Rating and the Moody's Minimum Rating.

Fitch Minimum Rating means in respect of any entity:

(a) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity being assigned a rating of or a credit view of "F-1" by Fitch and the long-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity being assigned a rating or a credit view of "A" by Fitch (if rating or credit view is "A", such rating or credit view is not being put on Rating Watch Negative); or

(b) another rating which does not adversely affect the then current ratings on the Notes assigned by Fitch.

Moody's Minimum Rating means in respect of any entity:

(a) the short-term, unsecured and unguaranteed debt obligations of such entity being assigned a rating (or a credit view or credit assessment) of at least "P-1" by Moody's; or

(b) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of such entity being assigned a rating (or a credit view or credit assessment) of at least "A2" by Moody's; or

(c) such other ratings as may be notified by Moody's and whereby the notification will be sufficient for ratings to be deemed applicable in respect of the Account Bank; or

(d) another rating which is otherwise acceptable to Moody's under (a), (b) or (c) or according to their most recent public rating agency counterparty minimum rating criteria.

5.3 The Transaction Account

5.3.1. Funds to be credited to the Transaction Account

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

(a) in respect of the Loans;

(b) from any of the other parties to the Transaction Documents (unless specified otherwise);

(c) as retained interest relating to the Notes that have been acquired by Noteholders which are not Eligible Holders and hence in respect of which payment of interests has been suspended; and

(d) as accrued interest on the Reserve Fund Account or any amount standing to the credit of the Reserve Fund Account exceeding the amount of the Reserve Fund Required Amount.

Any and all amounts that have been reserved as Dividend Reserve in accordance with the Monthly Interest Priority of Payments and have not been applied by the annual general shareholders meeting of Royal Street towards dividend distribution in connection with the immediately preceding financial year of Royal Street will be transferred from the Share Capital Account and credited to the Transaction Account prior to the first Monthly Calculation Date following the date on which the annual general shareholders meeting of Royal Street is held and form part of the Monthly Interest Available Funds at the immediately following Monthly Payment Date.

Payments will be made from the Transaction Account on each Monthly Payment Date in accordance with the Monthly Interest Priority of Payments and on each Quarterly Payment Date in accordance with the Quarterly Interest Priority of Payments and the Principal Priority of Payments or during any Monthly Interest Period in accordance with Section 5.9.1.

5.4 Reserve Fund Account

5.4.1. Reserve Fund Account

On the Closing Date, the Issuer will establish and maintain a reserve fund account (the ***Reserve Fund Account***), and the proceeds of the Subordinated Loan, i.e. an amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date (the ***Reserve Fund***) shall be credited to the Reserve Fund and held in the Reserve Fund Account.

Amounts will thereafter be credited to the Reserve Fund as funds become available for such purpose in accordance with the Quarterly Interest Priority of Payments until the balance standing to the credit of the Reserve Fund Account equals the Reserve Fund Required Amount.

5.4.2. Utilising the Reserve Fund Account

Provided no Enforcement Notice is given, the Reserve Fund shall be applied in accordance with items (i) and (ii) of the Monthly Interest Priority of Payments and items (i) up to (and including) (ii) of the Quarterly Interest Priority of Payments as long as the Class A Notes have not been redeemed in full and items (i) up to (and including) (v) of the Quarterly Interest Priority of Payments if the Class A Notes have been redeemed in full.

In case at any subsequent Quarterly Payment Date the Reserve Fund drops below the Reserve Fund Required Amount as a result of its application, it shall be replenished in accordance with item (iii) of the Quarterly Interest Priority of Payments as long as the

Class A Notes have not been redeemed in full and in accordance with item (vi) of the Quarterly Interest Priority of Payments if the Class A Notes have been redeemed in full.

5.4.3. Reserve Fund Required Amount

The ***Reserve Fund Required Amount*** shall:

(a) be equal to zero, on the date where the Notes stand to be redeemed in full; and

(b) on each Quarterly Calculation Date, for as long as:

(i) the Outstanding Balance of all Delinquent Loans as of 90 days or more in arrears (but for the avoidance of doubt excluding Defaulted Loans), as of the end of the Quarterly Collection Period, does not exceed 2.5% of the Outstanding Portfolio Amount (as of the end of the Quarterly Collection Period and including for the avoidance of doubt all Delinquent Loans and Defaulted Loans); and

(ii) the cumulative sum of the Balances of all Defaulted Loans from the Closing Date to the end of the Quarterly Collection Period does not exceed 2% of the Initial Outstanding Portfolio Amount;

be equal to the higher amount of:

(i) 0.25% of the Principal Amount Outstanding of the Notes as of the Closing Date; and

(ii) the lower of:

(A) 1% of the Principal Amount Outstanding of the Notes as of the Closing Date; and

(B) 1.67% of the Principal Amount Outstanding of the Notes as of the preceding Quarterly Payment Date; and

(d) otherwise be equal on all future Quarterly Calculation Dates until the Final Redemption Date (or such other date where the notes are to be redeemed in full) to the Reserve Fund Required Amount as of the preceding Quarterly Calculation Date (for the avoidance of doubt, even if the ratio referred to in (b) above were to drop at a future date below the stated threshold, the Reserved Fund Required Amount will no longer amortise).

In respect of (b) above, the Reserve Fund may only amortise if and when:

(a) 50% of the Class A Notes have been repaid in principal;

(b) no amounts are recorded on the Principal Deficiency Ledgers on such Quarterly Calculation Date; and

(c) the balance standing to the credit of the Reserve Fund Account on the immediately preceding Quarterly Payment Date is equal to or exceeds the Reserve Fund Required Amount.

Initial Outstanding Portfolio Amount means an amount equal to EUR 2,496,577,838.50.

5.4.4. Excess funds in the Reserve Fund

If the balance standing to the credit of the Reserve Fund Account on any Quarterly Calculation Date, exceeds the Reserve Fund Required Amount, such excess amount shall be debited from the Reserve Fund Account on the next following Quarterly Payment Date, credited to the Transaction Account, and form part of the Quarterly Interest Available Funds, to be applied in accordance with the Quarterly Interest Priority of Payments.

5.4.5. Release of the Reserve Fund

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

5.5 Expenses Subordinated Loan

On the Closing Date, the Issuer will enter into an expenses subordinated loan agreement (the ***Expenses Subordinated Loan Agreement***) pursuant to which it will have received proceeds from the Expenses Subordinated Loan Provider for a principal amount of EUR 950,000.00 to be applied for initial costs and expenses incurred by the Issuer in connection with the issue of the Notes. Interest shall accrue on the outstanding principal at a rate equal to the aggregate of (a) a margin of 250 basis points and (b) 3 Months EURIBOR (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). Interest and principal payments shall be made in accordance with the Quarterly Interest Priority of Payments.

The Issuer must repay the Expenses Subordinated Loan in instalments of EUR 47,500.00 due on each Quarterly Payment Date, in accordance with the Quarterly Interest Priority of Payments.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of principal due at such time under the Expenses Subordinated Loan, such amount of principal (the ***Expenses***

Subordinated Loan Principal Deferral) shall be recorded in the Expenses Subordinated Loan Principal Deferral Register (as defined below). The balance of the Expenses Subordinated Loan Principal Deferral Register existing on any Quarterly Calculation Date shall roll-over and be due on the immediately succeeding Quarterly Payment Date.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of interest due at such time under the Expenses Subordinated Loan, the amount of such interest shortfall (the ***Expenses Subordinated Loan Interest Deferral***) shall be recorded in the Expenses Subordinated Loan Interest Deferral Register (as defined below). The balance of the Expenses Subordinated Loan Interest Deferral Register existing on any Quarterly Calculation Date shall roll over and be due on the immediately succeeding Quarterly Payment Date.

5.6 Subordinated Loan

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the ***Subordinated Loan Agreement***) pursuant to which it will have received proceeds from the Subordinated Loan Provider for a principal amount of an amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date to be applied for funding the Reserve Fund. Interest shall accrue on the outstanding principal at a rate equal to the aggregate of (a) a margin of 250 basis points and (b) 3 Months EURIBOR (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). Interest and principal payments shall be made in accordance with the Quarterly Interest Priority of Payments and on terms set out in the Subordinated Loan.

The Subordinated Loan shall be subject to mandatory redemption in whole or in part on each Quarterly Payment Date for an amount up to the Subordinated Loan Redemption Amount to the extent that on the Quarterly Calculation Date relating thereto there are sufficient Quarterly Interest Available Funds available for such purpose after providing for all payments to be made that rank in priority, subject to and in accordance with the Quarterly Interest Priority of Payments.

The principal amount so redeemable on any Quarterly Payment Date in respect of the Subordinated Loan shall be an amount which is equal to the lower of (a) the amount (if any) of the Quarterly Interest Available Funds available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at items (i) to (ix) (inclusive) of the Quarterly Interest Priority of Payments (the ***Excess Cash*)** (rounded down to the nearest Euro cent) and (b) the Subordinated Loan Redemption Amount.

Subordinated Loan Redemption Amount means, in respect of any Quarterly Calculation Date, an amount equal to the positive difference, if any, between the principal outstanding amount of the Subordinated Loan on such date and the Reserve Fund Required Amount for such date.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of interest due at such time under the Subordinated Loan, the amount of such interest shortfall (the ***Subordinated Loan Interest Deferral***) shall be recorded in the Subordinated Loan Interest Deferral Register (as defined below). The balance of the Subordinated Loan Interest Deferral Register existing on any Quarterly Calculation Date shall roll over and be due on the immediately succeeding Quarterly Payment Date.

5.7 Subordination

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

5.7.1. 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 become due and payable whilst any Class A Note remains outstanding;

(b) interest on the Class B Notes will only be paid in accordance with the Quarterly Interest Priority of Payments prior to enforcement; 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.

5.7.2. General Subordination

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

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

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

5.7.3. Limited Recourse - Compartments

To the extent that Principal Available Funds and Monthly or Quarterly Interest Available Funds are insufficient to repay any principal or pay any 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 limited in recourse such that only the assets of Compartment RS-3 of the Issuer 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 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 Compartment RS-3 of the Issuer will cease to be payable by the Issuer. Except as otherwise provided by Conditions 12 and 13, 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 Section 4.3 above and Condition 12.

5.8 Principal Deficiency

5.8.1. Principal Deficiency Ledgers

Principal deficiency ledgers will be established on behalf of the Issuer by the Calculation Agent in respect of the Class A Notes (***Class A Principal Deficiency Ledger***) and the Class B Notes (***Class B Principal Deficiency Ledger***), (and together the ***Principal Deficiency Ledgers***) in order to record:

(a) the Outstanding Balance of the Defaulted Loans;

(b) any amounts of Principal Available Funds which, in accordance with item (a) of the Principal Priority of Payments are used to cover any Class A Interest Shortfall; and

(c) in case of a repurchase of a Delinquent Loan as from ninety (90) days in arrears: the positive difference, if any, between (i) the Outstanding Balance of such Loan; and (ii) an amount equal to the market value of the mortgaged property or, if no valuation report of less than twelve (12) months is available, the indexed value thereof (based on indexes determined by Stadim).

The Principal Deficiency Ledgers shall be credited thereafter if there are sufficient Quarterly Interest Available Funds in accordance with the Quarterly Interest Priority of Payments.

Class A Interest Shortfall means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amounts under items (a) to and including (i) of the Quarterly Interest Available Funds to pay in full item (i) of the Quarterly Interest Priority of Payments on the relevant Quarterly Payment Date.

5.8.2. Allocation

Recordings on Principal Deficiency Ledgers referred to under (a) to (c) above will, on the relevant Quarterly Calculation Date, be debited to the Principal Deficiency Ledgers sequentially as follows:

(a) first, to the Class B Principal Deficiency Ledger up to an amount equal to the aggregate Principal Amount Outstanding of the Class B Notes, and if there are sufficient Quarterly Interest Available Funds then any debit balance on

the Class B Principal Deficiency Ledger shall be reduced by crediting such funds at item (v) of the Quarterly Interest Priority of Payments; and

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

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

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 Quarterly Collection Period relating to such Quarterly Calculation Date, including any amount of repayment (other than a Prepayment) paid during a previous Quarterly Collection Period but which was scheduled for payment during such Quarterly Collection Period but excluding any amount of repayment of principal (other than a Prepayment) paid during such Quarterly Collection Period but which was scheduled for payment during the next Quarterly Collection Period.

5.8.3. Calculation of Principal Available Funds and Quarterly Interest Available Funds

The Quarterly Calculation Date shall be, in relation to any Quarterly Payment Date, the third (3rd) Business Day preceding the relevant Quarterly Payment Date (the ***Quarterly Calculation Date***). On each Quarterly Calculation Date the Calculation Agent will calculate the amount of the Quarterly Interest Available Funds and the Principal Available Funds available or to be made available to the Issuer in the Transaction Account to satisfy its obligations under the Notes or, prior to the Mandatory Redemption Date to purchase New Loans, as the case may be.

5.9 Application of cash flows and Priority of Payments

5.9.1. Payments during any Monthly Interest Period

Provided no Enforcement Notice has been given, the following payments from the Transaction Account may be made at any time during the period between two Monthly Payment Dates as follows:

(a) payment to the Servicer of any amounts previously credited to an Issuer Account in error;

(b) payment of any Senior Expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments that become due and payable at such time; and

(c) to the extent the Issuer has purchased (a) New Loan(s), payment to the Seller of the New Loan Purchase Price of such New Loan(s) as at the relevant New Loan Purchase Date.

To the extent there are insufficient funds standing to the credit of the Transaction Account to satisfy any such payments, the corresponding missing amount for (a) and (b) only may be paid from the Reserve Fund Account.

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

5.9.2. Monthly Interest Available Funds

On each Monthly Calculation Date, the Calculation Agent shall calculate the amount of interest funds available to the Issuer in the Transaction Account to be applied on the immediately succeeding Monthly Payment Date by reference to the applicable Monthly Collection Period. Such interest funds (the ***Monthly Interest Available Funds***) shall be the lower of the monies standing on the credit of the Transaction Account and the sum of the following:

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

(b) any Prepayment Penalties and Default Interest received under the Loans;

(c) any amounts to be applied from the Reserve Fund on the immediately following Monthly Payment Date to cover Senior Expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments and to be transferred from the Reserve Fund Account into the Transaction Account;

Senior Expenses means the expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments;

(d) the aggregate of any amounts received:

(i) in respect of a repurchase by the Seller under the MLSA; and

(ii) in respect of any other amounts received by the Issuer under the MLSA in connection with the Loans;

in each case, to the extent such amounts do not relate to principal amounts or recoveries on Defaulted Loans; and

(e) any and all amounts that have been reserved as Dividend Reserve in accordance with the Monthly Interest Priority of Payment and have not been applied by the annual general shareholders meeting of Royal Street for dividend distribution in connection with the immediately preceding financial year of Royal Street and which have been transferred from the Share Capital Account to the Transaction Account.

Monthly Calculation Date means, in relation to any Monthly Payment Date, the third (3rd) Business Day (as defined below) preceding the relevant Monthly Payment Date.

Monthly Payment Date means the 25th calendar day of each calendar month (or, if such day is not a Business Day, the immediately next succeeding Business Day) in each year except for the first Monthly Payment Date which will be the 25 January 2012.

5.9.3. Monthly Interest Priority of Payments

On each Monthly Payment Date prior to the issuance of an Enforcement Notice, the Calculation Agent, on behalf of the Issuer, shall apply the Monthly Interest Available Funds in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full and that the transaction Account will not have a negative balance) (the ***Monthly Interest Priority of Payments***):

(i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable to:

(A) the Security Agent;

(B) the Administrator;

(C) the Calculation Agent;

(D) the Servicer;

(E) the Corporate Services Provider;

(F) the Account Bank;

(G) the Domiciliary Agent;

(H) the directors of the Issuer;

(I) the National Bank of Belgium in relation to the use of X/N Clearing System;

(J) the FSMA;

(K) Euronext Brussels;

(L) the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(M) the Auditor;

(N) the *Fonds ter bestrijding van Overmatige Schuldenlast/Fonds de Traitement du Surendettement*;

(O) the Rating Agencies;

(P) the *Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen/Institut national d'Assurances sociales pour travailleurs indépendants;*

(Q) third parties for any payment of the Issuer's liability, if any, for taxes;

(R) any amounts up to EUR 20,000 reserved in the Share Capital Account that may be applied for dividend distribution annually by the shareholders of Royal Street (the ***Dividend Reserve***); and

(S) federal, regional or local authorities for payment of taxes;

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

(iii) *third* to the extent the Issuer has purchased (a) New Loan(s) during the Monthly Collection Period, in or towards satisfaction of the amounts due by the Issuer to the Seller for the portion of the New Loan Purchase Price corresponding to the accrued interests on such New Loan(s) up to (but excluding) the relevant New Loan Purchase Date;

(iv) *fourth*, in or towards satisfaction of an amount to be reserved on the Transaction Account by the Issuer and corresponding to an excess margin of 0.35 per cent. per annum, calculated on a 30/360 day period (save for the first Monthly Collection Period which shall be calculated based on an actual number of days during such period) and applied to the relevant Outstanding Portfolio Amount of the Loans (less the aggregate Outstanding Balance of the Delinquent Loans and the Defaulted Loans) on the last day of the relevant Monthly Collection Period (the ***Guaranteed Excess Margin***);

(v) *fifth*, in or towards satisfaction of all amounts due or overdue to the Class A Swap Counterparty, except for:

(A) any Class A Swap Termination Amounts as referred to under item (i)(B) of the Quarterly Interest Priority of Payments;

(B) any Class A Subordinated Swap Amounts as referred to under item (xi) of the Quarterly Interest Priority of Payments;

(C) any Excess Class A Swap Collateral which will be paid directly and only to the Class A Swap Counterparty under the terms of the Class A Swap Agreement; and

(D) any replacement swap premium which would be paid directly to any replacement swap counterparty;

(vi) *sixth*, in or towards satisfaction of all amounts due or overdue to the Class B Swap Counterparty, except for:

(A) any Class B Swap Termination Amounts referred to under item (iv)(C) of the Quarterly Interest Priority of Payments;

(B) any Class B Subordinated Swap Amounts as referred to under item (xii) of the Quarterly Interest Priority of Payments; and

(C) any replacement swap premium which would be paid directly to any replacement swap counterparty.

Outstanding Portfolio Amount means in respect of any Quarterly Calculation Date or any Monthly Calculation Date, as the case may be, the aggregate amount of all Outstanding Balances of all Loans at the end of the related Monthly or Quarterly Collection Period.

Defaulted Loan means a Loan which is either (i) in arrears for more than 180 days or (ii) which has been accelerated by the Servicer and in relation to which the Servicer has commenced the Foreclosure Procedures.

Delinquent Loan means a Loan in arrears and for as long as it has not become a Defaulted Loan.

Share Capital Account means the bank account by the Issuer in which is held:

(a) the share capital portion allocated to Compartment RS-3; plus

(b) the amount reserved as Dividend Reserve on the first Monthly Payment Date of each year following the date on which the annual general meeting of the shareholders of Royal Street is held (as referred to under article 27 of the articles of association of Royal Street) (and for the first time on the first Monthly Payment Date after Closing) and which may be applied, together with the interests accrued on the Share Capital Account for dividend distribution; and

(c) any interest accrued on the Share Capital Account.

Excess Class A Swap Collateral means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by any Class A Swap Counterparty to the Issuer in respect of the Class A Swap Counterparty's obligations to transfer collateral to the Issuer under a Class A Swap Agreement (as a result of the ratings

downgrade provisions in that Class A Swap Agreement), which is in excess of the Class A Swap Counterparty's liability to the Issuer under a Class A Swap Agreement as at the date of termination of the transaction under a Class A Swap Agreement, or which the Class A Swap Counterparty is otherwise entitled to have returned to it under the terms of the Class A Swap Agreement.

5.9.4. Quarterly Interest Available Funds

On each Quarterly Calculation Date, the Calculation Agent shall calculate the amount of interest funds available to the Issuer in the Transaction Account to be applied on the immediately succeeding Quarterly Payment Date by reference to the applicable Quarterly Collection Period and such interest funds (the ***Quarterly Interest Available Funds***) shall be shall be the lower of the monies standing on the credit of the Transaction Account and the sum of the following:

(a) any amounts to be received from the Class A Swap Counterparty under the Class A Swap Agreement on the immediately following Quarterly Payment Date, save for any Excess Class A Swap Collateral and any replacement swap premium which would be paid directly to any replacement swap counterparty;

(b) any amounts to be received from the Class B Swap Counterparty under the Class B Swap Agreement on the immediately following Quarterly Payment Date, save for any replacement swap premium which would be paid directly to any replacement swap counterparty;

(c) any amounts of Guaranteed Excess Margin as received on each of the previous two Monthly Payment Dates and as to be received at such Quarterly Payment Date and due at such time;

(d) any interests accrued on sums standing to the credit of the Issuer Accounts (other than any interests accrued on the Share Capital Account);

(e) any amounts to be applied from the Reserve Fund (to the extent available), and to be transferred to the Transaction Account, on the immediately following Quarterly Payment Date to cover any shortfalls that would otherwise exist on item (i) up to (and including) (ii) of the Quarterly Interest Priority of Payments for as long as the Class A notes have not been redeemed in full and on item (i) up to (and including) (v) of the Quarterly Interest Priority of Payments provided that the Class A Notes have been redeemed in full;

(f) any amounts received in respect of Defaulted Loans (the ***Recoveries***), including the release of the Valuation Loss Provision;

(g) any remaining amounts standing to the credit of the Transaction Account, other than (i) any funds which are Principal Available Funds, (ii) any amounts collected in the period between the last day of the immediately preceding Quarterly Collection Period until the Quarterly Payment Date (in respect of the new period), (iii) any amounts of interest that have been

collected in the Transaction Account that relate to Notes that have been acquired by Noteholders that are not Eligible Holders on which the payment of interest is suspended;

(h) any amounts of interest resulting from rounding down as referred to in Condition 5.8(c) at the immediately preceding Quarterly Payment Date;

(i) the excess balance standing to the credit of the Reserve Fund which exceeds the Reserve Fund Required Amount and which is credited to the Transaction Account; and

(j) to the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds consisting of the funds referred to under (a) to (and including) (i) above, is not sufficient to pay the Class A Interest Shortfall at such time, any amounts of principal applied to meet such Class A Interest Shortfall in application of the Principal Priority of Payments.

Quarterly Calculation Date means, in relation to any Quarterly Payment Date, the third (3rd) Business Day preceding the relevant Quarterly Payment Date.

5.9.5. Interest Deficiency Allocation

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

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds consisting of the funds referred to under items (a) to (and including) (i) of the Quarterly Interest Available Funds is not sufficient to pay the Accrued Interests in respect of the Class A Notes at such time, an amount of principal equal to the Class A Interest Shortfall shall be applied to meet such Class A Interest Shortfall in application of item (a) of the Principal Priority of Payments. Such amount of principal applied to cover the Class A Interest Shortfall shall be recorded on the Class B Principal Deficiency Ledger (or, if and to the extent the Class B Principal Deficiency Ledger has been entirely drawn-up, on the Class A Principal Deficiency Ledger).

It shall be an Event of Default if on any Quarterly Payment Date, the interest amounts in respect of the Class A Notes have not been paid in full.

Interest Deficiency Ledgers and interest roll-over

To the extent that on any Quarterly Calculation Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the Accrued Interests in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B interest deficiency ledger (the ***Class B Interest Deficiency Ledger***). The balance of the Class B Interest Deficiency Ledger existing on any Quarterly Calculation Date shall be aggregated with the amount of interest otherwise due on the Class B Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 6.4 and to the extent sufficient Quarterly Interest Available Funds are available on such date, an additional amount of interest will be paid and deducted from the Class B Interest Deficiency Ledger.

5.9.6. Pre-enforcement Quarterly Interest Priority of Payments

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice, the Calculation Agent, on behalf of the Issuer, shall apply the Quarterly Interest Available Funds in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full) and the Transaction Account will not have a negative balance (the ***Quarterly Interest Priority of Payments***):

(i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Class A Notes; and

(B) all amounts in respect of any termination sum due and payable under the Class A Swap Agreement to the Class A Swap Counterparty as a result of the termination of the Class A Swap Agreement except where the Class A Swap Counterparty is the Defaulting Party or the sole Affected Party (other than resulting from a Tax Event or Illegality) (each as defined in the Class A Swap Agreement) and except for any Excess Class A Swap Collateral and except for any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class A Swap Termination Amounts***);

(ii) *second*, in or towards satisfaction of (A) 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 and (B) the replenishment of the Risk Mitigation Deposit, if applicable, in case the Seller has not complied with its obligation to maintain it at the required level;

(iii) *third*, and as long as the Class A Notes have not been fully redeemed, in or towards replenishing the Reserve Fund up to the Reserve Fund Required Amount (as defined in Condition 6.8);

(iv) *fourth*, 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;

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

(A) all amounts of interest due in respect of the Class B Notes; and

(B) all amounts overdue and debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero (the ***Class B Interest Surplus)***;

(C) all amounts in respect of any termination sum due and payable under the Class B Swap Agreement to the Class B Swap Counterparty as a result of the termination of the Class B Swap Agreement except where the Class B Swap Counterparty is the Defaulting Party or the sole Affected Party (each as defined in the Class B Swap Agreement) and except for any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class B Swap Termination Amounts***);

(vi) *sixth*, to the extent the Class A Notes have been redeemed in full, in or towards replenishing the Reserve Fund up to the Reserve Fund Required Amount (as defined in Condition 6.8);

(vii) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Expenses Subordinated Loan; and

(B) all amounts overdue and debited to the Expenses Subordinated Loan Interest Deferral Register, until any debit balance on such register is reduced to zero (the ***Expenses Subordinated Interest Surplus***);

(viii) *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Subordinated Loan; and

(B) all amounts of interest overdue and debited to the Subordinated Loan Interest Deferral Register, until any debit balance on such register is reduced to zero (the ***Subordinated Interest Surplus***);

(ix) *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of principal due in respect of the Expenses Subordinated Loan; and

(B) all amounts overdue and debited to the Expenses Subordinated Loan Principal Deferral Register, until any debit balance on such register is reduced to zero;

(x) *tenth*, in or towards satisfaction, of amounts of principal due and unpaid in respect of the Subordinated Loan;

(xi) *eleventh*, in or towards satisfaction of all amounts in respect of any termination sum due and payable under the Class A Swap Agreement to the Class A Swap Counterparty as a result of the termination of the Class A Swap Agreement where the Class A

Swap Counterparty is the Defaulting Party or sole Affected Party (other than resulting from a Tax Event or Illegality) but excluding any Excess Class A Swap Collateral and replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class A Subordinated Swap Amounts***);

(xii) *twelfth*, in or towards satisfaction of all amounts in respect of any termination sum due and payable under the Class B Swap Agreement to the Class B Swap Counterparty as a result of the termination of the Class B Swap Agreement where the Class B Swap Counterparty is the Defaulting Party or sole Affected Party but excluding any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class B Subordinated Swap Amounts***); and

(xiii) *thirteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

Expenses Subordinated Loan Interest Deferral Register means the register established by the Calculation Agent on behalf of the Issuer in which any interest shortfalls in respect of the Expenses Subordinated Loan are recorded.

Subordinated Loan Interest Deferral Register means the register established by the Calculation Agent on behalf of the Issuer, in which any interest shortfalls in respect of the Subordinated Loan are recorded.

Expenses Subordinated Loan Principal Deferral Register means the register established by the Calculation Agent on behalf of the Issuer in which any principal shortfalls in respect of the Expenses Subordinated Loan are recorded.

5.9.7. Principal Priority of Payments

5.9.7.1. Principal Available Funds

On each Quarterly Calculation Date, in respect of each Quarterly Collection Period, the Calculation Agent will calculate the amount of principal funds available to the Issuer in the Transaction Account to satisfy its obligations under the Notes. Such principal funds (the ***Principal Available Funds***) shall be equal to:

(A) 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 way of payment or by way of set-off in favour of the Issuer or otherwise (but excluding Prepayment Penalties, if any, and amounts relating to Defaulted Loans);

(b) the aggregate of any amounts received:

(i) in respect of a repurchase of Loans by the Seller under the MLSA (save for the amounts received for a repurchase of a Defaulted Loan which shall be Recoveries); and

(ii) in respect of any other amounts received by the Issuer under clause 5 of the MLSA in connection with the Loans;

in each case, to the extent such amounts relate to principal amounts;

(c) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (ii) and (v) of the Quarterly Interest Priority of Payments;

(d) any amounts corresponding to the sum of the amounts referred under items (a) to and including (e) as calculated on the immediately preceding Quarterly Calculation Date which have not been applied (i) towards the purchase of New Loans or (ii) towards redemption of the Notes in accordance with the Principal Priority of Payments on the immediately preceding Quarterly Payment Date (including, for the avoidance of doubt, any amounts of principal resulting from rounding down in accordance with Condition 5.8 (c) at the immediately preceding Quarterly Payment Date; and

(e) only as for the first Quarterly Payment Date falling in April 2012, the amount corresponding to the positive difference, if any, between:

(i) the aggregate amount of the proceeds of the Notes; and

(ii) the Outstanding Balance of the Loans on Closing;

(B) **minus**, prior to the Mandatory Amortisation Date, the amount applied by the Issuer during such Quarterly Collection Period to either (i) purchase New Loans and pay to the Seller the portion of the New Loan Purchase Price corresponding to the Outstanding Balance of such New Loans as at the relevant New Loan Purchase Date, or (ii) which the Issuer decides to keep on the Transaction Account with a view to purchase New Loans after such Quarterly Collection Period.

5.9.7.2. Principal Priority of Payments

Prior to the Mandatory Amortisation Date

As from the first Quarterly Payment Date falling in April 2012 and on each Quarterly Payment Date thereafter until the Mandatory Amortisation Date and, in any event, prior to the issuance of an Enforcement Notice, the Issuer may, but is not obliged to, apply the Principal Available Funds (if any) in whole or in part in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

However, the Issuer will be obliged to apply :

(a) the Principal Available Funds (if any) in whole or in part in case of a Class A Interest Shortfall; and

(b) the amount of part A of the Principal Available Funds in excess of an amount in EUR equal to 10% of the Principal Amount Outstanding of the Notes on the Closing Date standing to the credit of the Transaction Account as at the immediately preceding Calculation Date;

in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

Following the Mandatory Amortisation Date

As from the first Quarterly Payment Date falling on or, as the case may be, immediately following 25 January 2017 (the ***Mandatory Amortisation Date***), or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than the earlier of (i) the Quarterly Payment Date falling in January 2022, or (ii) an earlier date as may be determined at the time of the Optional Tap Issue or (iii) the immediately succeeding Quarterly Payment Date following the occurrence of a Stop Replenishment Event (the ***Extended Mandatory Amortisation Date***) and on each Quarterly Payment Date thereafter prior to the issuance of an Enforcement Notice, the Issuer will be obliged to apply the Principal Available Funds (if any) in making the payments or provisions in the order of priority set out in, subject to and in accordance with the Principal Priority of Payments.

Principal Priority of Payments

If applied in accordance with Conditions 3.13 or 3.14, the Principal Available Funds will be applied in making the following payments and provisions in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full and provided that the Transaction Account will not have a negative balance) (the ***Principal Priority of Payments***):

(a) *first*, in or towards satisfaction of any amounts of principal applied to meet a Class A Interest Shortfall;

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

(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.

5.9.8. Post-enforcement Priority of Payments

Following the issue of an Enforcement Notice, all monies standing to the credit of the Issuer Accounts (other than the portion of the share capital of the Issuer on the Share Capital Account) and if applicable any other account in the name of the Issuer (to the extent the monies on these accounts can be applied in accordance with the Transaction Documents) and received by the Issuer (or the ***Security Agent*** or the ***Calculation Agent***) will be applied in the following priority (the ***Post-enforcement Priority of Payments*** and, together with the Monthly Interest Priority of Payments and the Quarterly 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 the Transaction Account will not have a negative balance):

(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, *pari passu*, and *pro rata*, of all amounts due and payable to:

(A) the Administrator;

(B) the Calculation Agent;

(C) the Servicer;

(D) the Corporate Services Provider; and

(E) the Account Bank;

(F) the Domiciliary Agent;

(G) the directors of the Issuer;

(H) the National Bank of Belgium in relation to the use of X/N Clearing System;

(I) the FSMA;

(J) Euronext Brussels;

(K) the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(L) the Auditor;

(M) the *Fonds voor bestrijding van de overmatige schuldenlast*;

(N) the Rating Agencies;

(O) the *Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen/Institut national d'Assurances sociales pour travailleurs indépendants*;

(P) third parties for any payment of the Issuer's liability, if any, for taxes;

(Q) federal, regional or local authorities for the payment of taxes;

(R) 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 (Q) 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, *pari passu* and *pro rata*, of:

(A) all amounts due to the Class A Swap Counterparty including any Class A Swap Termination Amounts at such time but excluding any Class A Subordinated Swap Amounts as referred to in item (xii) below, but excluding any Excess Class A Swap Collateral and except for replacement swap premium which would be paid directly to any replacement swap counterparty; and

(B) all amounts of interest due or overdue in respect of the Class A Notes;

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

(vi) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts due to the Class B Swap Counterparty including any Class B Swap Termination Amounts at such time but excluding any Class B Subordinated Swap Amounts as referred to in item (xiii) below but excluding any replacement swap premium which would be paid directly to any replacement swap counterparty; and

(B) all amounts of interest due or overdue in respect of the Class B Notes;

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

(viii) *eighth*, in or towards satisfaction of all amounts of interest due or overdue in respect of the Expenses Subordinated Loan;

(ix) *ninth*, in or towards redemption, *pari passu* and *pro rata*, of all amounts of principal outstanding in respect of the Expenses Subordinated Loan;

(x) *tenth*, in or towards satisfaction of all amounts of interest due or overdue in respect of the Subordinated Loan;

(xi) *eleventh*, in or towards redemption, *pari passu* and *pro rata*, of all amounts of principal outstanding in respect of the Subordinated Loan;

(xii) *twelfth*, in or towards satisfaction of any Class A Subordinated Swap Amounts;

(xiii) *thirteenth*, in or towards satisfaction of any Class B Subordinated Swap Amounts; and

(xiv) *fourteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

5.10 Interest Rate Hedging

5.10.1. 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). With respect to interest payable on the outstanding Notes, the Issuer will pay the Euro Reference Rate plus a fixed margin. To hedge the mismatch related to the difference in interest rates and also to cover part of the Initial Purchase Price corresponding to the accrued interest on the Loans, the Issuer shall on or before the Closing Date enter into a Class A Swap Agreement and a Class B Swap Agreement.

5.10.2. The Class A Swap Ratio

The Class A Swap Ratio on each Monthly Calculation Date will be equal to the ratio between:

(a) the Principal Amount Outstanding of the Class A Notes less any amounts recorded on the Principal Deficiency Ledger of the Class A Notes; and

(b) the sum of the Principal Amount Outstanding of the Class A Notes and the Principal Amount Outstanding of the Class B Notes less the sum of any amounts recorded on the Principal Deficiency Ledger of the Class A Notes

and any amounts recorded on the Principal Deficiency Ledger of the Class B Notes

as determined on the preceding Quarterly Calculation Date.

5.10.3. The Class B Swap Ratio

The Class B Swap Ratio on each Monthly Calculation Date will be equal to one (1) less the Class A Swap Ratio.

5.10.4. The Class A Swap Agreement

5.10.4.1. General

As at the Closing Date, the Issuer and Axa as Class A Swap Counterparty will enter into the Original Class A Swap Agreement. At the occasion of the Optional Tap Issue, the Issuer may either enter into an amendment agreement in connection with the Class A Swap Agreement or enter into a new ISDA Master Agreement (including a schedule, credit support annex and a confirmation documenting the transaction entered into thereunder) in connection with the Additional Class A Notes. In such a case, any reference in this Prospectus to the Class A Swap Counterparty shall be construed as including reference to any additional swap counterparty under an additional ISDA Master Agreement which may be entered into in connection with such Addional Class A Notes.

On the Closing Date, the Class A Swap Counterparty will pay to the Issuer an amount equal to the product of the Class A Swap Ratio and the accrued but unpaid interest on the Initial Loans as from (and including) their last payment date up to (but excluding) the Initial Loan Flagging Date and any Default Interest accrued but unpaid in respect of Delinquent Loans.

The Issuer will pay to the Class A Swap Counterparty, in accordance with item (v) of the Monthly Interest Priority of Payments, on each Monthly Payment Date an amount in Euros equal to the product of the Class A Swap Ratio and all interest, prepayment penalties and default interest actually received by it under the Loans during the relevant Monthly Collection Period, less Senior Expenses, Guaranteed Excess Margin and the portion of the New Loan Purchase Price corresponding to the accrued interests up to (but excluding) the relevant New Loan Purchase Date and the Class A Swap Counterparty will pay to the Issuer on each Quarterly Payment Date an amount in Euros calculated by reference to the relevant EURIBOR plus the Class A Margin, calculated on an aggregate notional amount equal to the Principal Amount Outstanding of the Class A Notes during the relevant Interest Period less any amounts recorded on the Principal Deficiency Ledger of the Class A Notes on the previous Quarterly Payment Date.

The Class A Swap Agreement will terminate on the Final Redemption Date of the Class A Notes or when the Class A Notes are paid in full prior to maturity, unless terminated in whole or in part earlier.

5.10.4.2. Early termination

The Class A Swap Agreement may be terminated early in the following circumstances:

5.10.4.2.1 Downgrade of the Class A Swap Counterparty by Fitch

Initial Fitch Rating Event

If (i) the Class A Notes are assigned a rating of "AA-" or above by Fitch and if Fitch assigns a short-term senior debt rating or a credit view equivalent to a rating lower than "F1" or a long-term rating or a credit view lower than "A" (or, if rated "A", this rating or credit view is being put on Rating Watch Negative) to the Class A Swap Counterparty and its credit support provider; or (ii) the Class A Notes are assigned a rating of "A+" or below by Fitch and Fitch assigns a short-term senior debt rating or a credit view equivalent to a rating lower than "F2" or a long-term rating or a credit view lower than " BBB+" (or, if rated "BBB+", this rating or credit view is being put on Rating Watch Negative) to the Class A Swap Counterparty and its credit support provider, an initial Fitch rating event will occur (an ***Initial Fitch Rating Event***) and the Class A Swap Counterparty will, so long as such Initial Fitch Rating Event is continuing, at its own cost, within 14 calendar days of the occurrence of such Initial Fitch Rating Event, post collateral in such amount as is set out in the credit support annex forming part of the Class A Swap Agreement.

Subsequent Fitch Rating Event

If (i) the Class A Notes are assigned a rating of "AA-" or above by Fitch and if Fitch assigns a short-term senior debt rating or a credit view equivalent to a rating lower than "F2" or a long-term rating or a credit view equivalent to a rating of lower than "BBB+" (or, if rated "BBB+", this rating or credit view is being put on rating Watch Negative) to the Class A Swap Counterparty and its credit support provider; or (ii) the Class A Notes are assigned a rating of "A+" or below by Fitch and Fitch assigns a short-term senior debt rating or a credit view equivalent to a rating lower than "F3" or a long-term rating or a credit view lower than " BBB-" (or, if rated "BBB-", this rating or credit view is being put on Rating Watch Negative) to the Class A Swap Counterparty and its credit support provider, a subsequent Fitch rating event will occur (a ***Subsequent Fitch Rating Event***) and the Class A Swap Counterparty will, so long as such Subsequent Fitch Rating Event is, at its own cost, within 14 calendar days of the occurrence of such Subsequent Fitch Rating Event, transfer additional collateral in accordance with the provisions of the credit support annex.

In addition, following an Initial Fitch Rating Event or a Subsequent Fitch Rating Event, the Class A Swap Counterparty may at any time, at its own cost:

(a) assign its rights and obligations under the Class A Swap Agreement to a replacement Class A Swap Counterparty with the required ratings; or

(b) procure a guarantee from an institution with the requisite ratings and prior to the issuance of such guarantee, the Class A Swap Counterparty will notify

Fitch of the identity of such guarantor and provide Fitch with a copy of such guarantee and the related legal opinion; or

(c) take such other action as the Class A Swap Counterparty determines is necessary to maintain the ratings on the Notes.

If, following the occurrence of an Initial Fitch Rating Event, the Class A Swap Counterparty assigns its rights and obligations to a replacement Class A Swap Counterparty or procures a guarantee or takes such other action to maintain the rating on the Class A Notes, provided that no Subsequent Fitch Rating Event or final Fitch Rating Event has occurred and is continuing any collateral that it may have previously posted will be returned to it. If the Class A Swap Counterparty takes any such remedial action following the occurrence of a Subsequent Fitch Rating Event, provided that no Final Fitch Rating Event (as defined below) has occurred and is continuing, the Class A Swap Counterparty will not be required to transfer any additional collateral in respect of such Subsequent Fitch Rating Event and provided that no Initial Fitch Rating Event has occurred and is continuing, any collateral that it may have previously posted will be returned to it.

Final Fitch Rating Event

If Fitch assigns a short-term senior debt rating or a credit view equivalent to a rating lower than "F3" or a long-term rating or a credit view equivalent to a rating of lower than "BBB-" (or, if rated "BBB-", this rating or credit view is being put on rating Watch Negative) to the Class A Swap Counterparty and its credit support provider or such rating or credit view is withdrawn, a final Fitch rating event will occur (a ***Final Fitch Rating Event***) and the Class A Swap Counterparty will, so long as such Final Fitch Rating Event is continuing, at its own cost:

(a) in the event that the Class A Swap Counterparty has already transferred collateral under the credit support annex following the occurrence of an Initial Fitch Rating Event or a Subsequent Fitch Rating Event, continue to post such collateral or within 14 calendar days of such reduction or withdrawal of any such rating or credit view, transfer collateral under the provisions of the credit support annex; and

(b) within 30 calendar days of the occurrence of such Final Fitch Rating Event, use commercially reasonable efforts:

(i) to assign its rights and obligations under the Class A Swap Agreement to a replacement Class A Swap Counterparty with the required ratings; or

(ii) to procure a guarantee from an institution with the requisite ratings and prior to the issuance of such guarantee, the Class A Swap Counterparty will notify Fitch of the identity of such guarantor and provide Fitch with a copy of such guarantee and the related legal opinion; or

(iii) to take such other action as the Class A Swap Counterparty determines is necessary to maintain the ratings on the Notes.

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

If such actions are not completed within the relevant time frames, subject to any applicable grace periods or notification requirements, an Additional Termination Event will occur, with the Class A Swap Counterparty being the sole Affected Party (as defined in the Class A Swap Agreement).

5.10.4.2.2 Downgrade of the Class A Swap Counterparty by Moody's

If neither the Class A Swap Counterparty nor, if applicable, its guarantor has a Moody's rating (or a credit view or credit assessment) in respect of its short-term, unsecured and unguaranteed debt obligations of "Prime-1" and a Moody's rating (or a credit view or credit assessment) in respect of its long-term unsecured and unguaranteed debt obligations of "A2" or above (or if such entity is not the subject of a Moody's short-term rating, a Moody's rating (or a credit view or credit assessment) in respect of its long-term unsecured and unguaranteed debt obligations of "A1" or above) (such rating requirements, the "First Moody's Trigger Required Ratings"), the Class A Swap Counterparty will be required to post collateral in the amount and manner set out in the Credit Support Annex. Failure by the Class A Swap Counterparty to post collateral following such an initial Moody's rating event will, if not cured within the specified time frame, constitute an Additional Termination Event with the Class A Swap Counterparty being the sole Affected Party (as defined in the Class A Swap Agreement).

If neither the Class A Swap Counterparty nor, if applicable, its guarantor has a Moody's rating (or a credit view or credit assessment) in respect of its short-term, unsecured and unguaranteed debt obligations of "Prime-2" and a Moody's rating (or a credit view or credit assessment) in respect of its long-term unsecured and unguaranteed debt obligations of "A3" or above (or if such entity is not the subject of a Moody's short-term rating, a Moody's rating (or a credit view or credit assessment) in respect of its long-term unsecured and unguaranteed debt obligations of "A3" or above) (such rating requirements, the "Second Moody's Trigger Required Ratings") then the Class A Swap Counterparty will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, either:

(a) procure a guarantee from an institution with the First Moody's Trigger Required Ratings and/or the Second Moody's Trigger Required Ratings; or

(b) transfer its interests and obligations under the Class A Swap Agreement to a replacement counterparty that, amongst other things, has the First Moody's Trigger Required Ratings or whose guarantor under an eligible guarantee has the First Moody's Trigger Required Ratings and/or the Second Moody's Trigger Required Ratings.

If such actions above at (a) and (b) are not completed within 30 Business Days and the Issuer has received at least one firm offer (which is capable of becoming legally binding on acceptance) to replace the Class A Swap Counterparty, this will constitute an Additional Termination Event, with the Class A Swap Counterparty being the sole Affected Party (as defined in the Class A Swap Agreement).

5.10.4.2.3 Other Termination Events

The Class A Swap Agreement may also be terminated early *inter alia* 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 Class A Notes;

(c) early redemption of the Class A Notes following the exercise of the Optional Redemption Call or the Clean Up Call or as a result of an Optional Redemption in the case of Change of Law or for tax reasons or an Optional Redemption in case of Regulatory Change;

(d) the insolvency of either party;

(e) illegality;

(f) certain tax events;

(g) the making of an amendment to the Transaction Documents that materially and adversely affects the Class A Swap Counterparty without its consent;

(h) the failure by the Class A Swap Counterparty to obtain semi-annual external independent valuations of the collateral posted by it following the occurrence of an initial Moody's rating event, if such failure is not remedied on or before 28 calendar days after notice of such failure is given to the Class A Swap Counterparty by the Issuer; and

(i) if the status of Institutional VBS/SIC of the Issuer has been definitively and effectively lost following a decision of a court, tribunal or any other authority against which no further appeal may be introduced (*in kracht van gewijsde getreden/entré en force de chose jugée*).

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

Any such amount payable by the Issuer other than a Class A Subordinated Swap Amount (a ***Class A Swap Termination Amount***) will be payable as item (i)(B) of the Quarterly Interest Priority of Payments and as item (iv)(A) of the Post-enforcement Priority of Payments. A ***Class A Subordinated Swap Amount*** is any amount due and

payable by the Issuer to the Class A Swap Counterparty under the Class A Swap Agreement where:

(a) the Defaulting Party (as defined in the Class A Swap Agreement) is the Class A Swap Counterparty under the Class A Swap Agreement; and/or

(b) a Termination Event (as defined in the Class A Swap Agreement) has occurred and the Class A Swap Counterparty is the sole Affected Party (as defined in the Class A Swap Agreement),

other than resulting from a Tax Event or Illegality.

Such Class A Subordinated Swap Amount will be payable as item (xi) of the Quarterly Interest Priority of Payments and as item (xii) of the Post-enforcement Priority of Payments.

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

5.10.4.3. Class A Swap Collateral

Class A Swap Collateral Account means the 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 Class A Swap Agreement are deposited.

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

5.10.4.4. Taxation

All payments by the Issuer or the Class A Swap Counterparty under the Class A 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 Class A Swap Agreement.

If any withholding or deduction is required by law, the Class A 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 Class A Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Class A 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 Class A Swap Agreement, the Class A 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 Class A Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Class A Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

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

5.10.4.5. Novation

Except as expressly permitted in the Class A Swap Agreement, neither the Issuer nor the Class A Swap Counterparty is permitted to assign, novate or transfer as a whole or in part any of its rights, obligations or interests under the Class A Swap Agreement. The Class A Swap Agreement will provide that the Class A Swap Counterparty may novate or transfer the Class A Swap Agreement to another Class A Swap Counterparty with the minimum Class A Swap Counterparty rating, provided (amongst other things) that:

(a) such replacement counterparty meets the relevant eligibility criteria set out in the Class A Swap Agreement,

(b) a termination event or an event of default under the Class A Swap Agreement would not occur as a result of such transfer; and

(c) such replacement counterparty will contract with the Issuer on terms that have the same effect as the Class A Swap Agreement or, insofar as such terms do not relate to payment or delivery obligations, are no less beneficial for the Issuer.

For further discussion of termination payments under the Class A Swap Agreement, please see "*Risk factors - Risks associated with the Swap Agreements*".

5.10.5. The Class B Swap Agreement

5.10.5.1. General

As at the Closing Date, the Issuer and AXA as Class B Swap Counterparty will enter into the Original Class B Swap Agreement. At the occasion of the Optional Tap Issue, the Issuer may either enter into an amendment agreement in connection with the Class B Swap Agreement or enter into a new ISDA Master Agreement (including a schedule and a confirmation documenting the transaction entered into thereunder) in connection with the Additional Class B Notes. In such a case, any reference in this Prospectus to the Class B Swap Counterparty shall be construed as including reference to any additional swap counterparty under an additional ISDA Master Agreement which may be entered into in connection with such Addional Class A Notes.

On the Closing Date, the Class B Swap Counterparty will pay to the Issuer an amount equal to the product of Class B Swap Ratio and the accrued but unpaid interest on the Initial Loans as from (and including) their last payment date up to (but excluding) the Initial Loan Flagging Date and any Default Interest accrued but unpaid in respect of Delinquent Loans.

The Issuer will pay to the Class B Swap Counterparty, in accordance with item (vi) of the Monthly Interest Priority of Payments, on each Monthly Payment Date an amount in Euros equal to the product of the Class B Swap Ratio and all interest, prepayment penalties and default interest actually received by it under the Loans during the relevant Monthly Collection Period, less Senior Expenses, Guaranteed Excess Margin and the portion of the New Loan Purchase Price corresponding to the accrued interests up to (but excluding) the relevant New Loan Purchase Date and the Class B Swap Counterparty will pay to the Issuer on each Quarterly Payment Date an amount in Euros calculated by reference to the relevant EURIBOR plus the Class B Margin, calculated on an aggregate notional amount equal to the Principal Amount Outstanding of the Class B Notes during the relevant Interest Period less any amounts recorded on the Principal Deficiency Ledger of the Class B Notes on the previous Quarterly Payment Date.

The Class B Swap Agreement will terminate on the Final Redemption Date of the Class B Notes or when the Class B Notes are paid in full prior to maturity, unless terminated in whole or in part earlier.

5.10.5.2. Early termination

The Class B Swap Agreement may be terminated early in, *inter alia*, 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 Class B Notes;

(c) early redemption of the Class B Notes following the exercise of the Optional Redemption Call or the Clean Up Call or as a result of an Optional Redemption in the case of Change of Law or 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 Class B Swap Counterparty without its consent; and

(h) if the status of Institutional VBS/SIC of the Issuer has been definitively and effectively lost following a decision of a court, tribunal or any other authority

against which no further appeal may be introduced (*in kracht van gewijsde getreden/entré en force de chose jugée*).

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

Any such amount payable by the Issuer other than a Class B Subordinated Swap Amount (a ***Class B Swap Termination Amount***) will be payable as item (iv)(C) of the Quarterly Interest Priority of Payments and as item (vi)(A) of the Post-enforcement Priority of Payments. A ***Class B Subordinated Swap Amount*** is any amount due and payable by the Issuer to the Class B Swap Counterparty under a Class B Swap Agreement where:

(a) the Defaulting Party (as defined in the Class B Swap Agreement) is the Class B Swap Counterparty under the Class B Swap Agreement; and/or

(b) a Termination Event (as defined in the Class B Swap Agreement) has occurred and the Class B Swap Counterparty is the sole Affected Party (as defined in the Class B Swap Agreement),

other than resulting from a Tax Event or Illegality.

Such Class B Subordinated Swap Amount will be payable as item (xii) of the Quarterly Interest Priority of Payments and as item (xiii) of the Post-enforcement Priority of Payments.

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

5.10.5.3. Taxation

All payments by the Issuer or the Class B Swap Counterparty under the Class B 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 Class B Swap Agreement.

If any withholding or deduction is required by law, the Class B 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 Class B Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Class B 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 Class B Swap Agreement, the Class B 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 Class B Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Class B Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, such Class B Swap Agreement may be terminated**.**

5.10.5.4. Novation

Except as expressly permitted in the Class B Swap Agreement, neither the Issuer nor the Class B Swap Counterparty is permitted to assign, novate or transfer as a whole or in part any of its rights, obligations or interests under the Class B Swap Agreement. The Class B Swap Agreement will provide that the Class B Swap Counterparty may novate or transfer the Class B Swap Agreement to another Class B Swap Counterparty.

For further discussion of termination payments under the Class B Swap Agreement, please see "*Risk factors - Risks associated with the Swap Agreements*".

SECTION 6. THE ISSUER

6.1 Name and status

Royal Street and its Compartment RS-3 are duly registered by the Belgian Federal Public Service Finance (the *Federale Overheidsdienst Financiën/Service public federal des 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 Royal Street or the Issuer. Royal Street is duly incorporated since 30 June 2008 as a 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 and is registered as such with the former CBFA now FSMA since 23 September 2008.

Royal Street's registered office is at Boulevard du Souverain 25, 1170 Brussels, Belgium and it is registered with the legal entities register under number 899.167.135.

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

Royal Street is duly licensed by the former CBFA now FSMA on 23 September 2008 as a mortgage institution in accordance with Article 43 of the Mortgage Credit Act and complies with the relevant corporate governance requirements of the Belgian Company Code.

6.2 Incorporation

Royal Street was incorporated on 30 June 2008 for an unlimited period of time.

A copy of the by-laws of Royal Street is 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.

6.3 Share Capital and Dividend

6.3.1. Share Capital

Royal Street 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 Royal Street are owned as follows:

(a) Fondation Bachelier, a private foundation (*private stichting/fondation privée*) incorporated under the laws of Belgium, having its registered office at 25

Boulevard du Souverain, 1170 Brussels, registered with the legal entities register under number 0898.831.593, holding 55,800 shares; and

(b) AXA Bank Europe organised as a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law with its registered office at Boulevard du Souverain 25, 1170 Brussels, Belgium holding 6,200 shares.

The by-laws of Royal Street provide that all shares have equal voting rights.

The capital of Royal Street consists of a fixed and a variable part. The fixed part of the capital amounts to EUR 62,000 and is completely paid up. It is represented by 62,000 registered shares, without face value, including 1,000 shares of class A, 1,000 shares of class B, 1,000 shares of class C, 1,000 shares of class D and 58,000 shares of class E. Each class of shares corresponds to a separate asset compartment of the Issuer as follows:

(a) class A – RS-1;

(b) class B – RS-2;

(c) class C – RS-3;

(d) class D – RS-4; and

(e) class E – RS-5.

The shares are not divisible. The rights and obligations remain with the shares, regardless of the person or entity to which the share is transferred. The shares can only be held by Institutional Investors. Newly issued shares following a capital increase in cash will first be offered to the existing shareholders. However, the general meeting of shareholders can unanimously decide that any newly issued shares or part of it will not be offered by preference to the existing shareholders. The general meeting of shareholders decides upon the conditions and in particular upon the price of the offering outside of the pre-emption right. The shareholders may diverge from the minimum required period for the execution of a pre-emption right, such as provided by law. In the event that the pre-emption right is limited or suspended, a priority right can be granted to the existing shareholders.

In order to transfer shares, the board of directors should be notified by registered mail of the following information: (i) the number of shares proposed to be transferred, (ii) the reason for the transfer, (iii) the party to which the shares are proposed to be transferred, (iv) the price suggested in good faith. Mechanisms are provided to ensure that the shareholders having a pre-emption right can claim the shares offered for sale. Each transfer made in violation of the by-laws shall not be recognised by Royal Street and cannot be registered.

6.3.2. Dividend

As from the first Monthly Payment Date following the date on which the annual general meeting of the shareholders of Royal Street is held (as referred to under article

27 of the articles of association of Royal Street) (and for the first time on the first Monthly Payment Date after Closing), the Issuer will, in accordance with the Monthly Interest Priority of Payments, reserve as Dividend Reserve an amount of Monthly Interest Available Funds of no more than EUR 20,000 that may be applied for dividend distribution by the shareholders of Royal Street annually in accordance the articles of association of Royal Street and the Belgian Company Code.

6.4 Capitalisation

The following table shows the capitalisation of Royal Street as adjusted to give effect to the issue of the Notes:

Share Capital as at 29 November 2011

Issued Share Capital:	EUR 62,000
of which	EUR 1,000 allocated to RS-1; EUR 1,000 allocated to RS-2; EUR 1,000 allocated to RS-3; EUR 1,000 allocated to RS-4; and EUR 58,000 allocated to RS-5.

Borrowings-Compartment RS-1 as at 1 October 2008:

Class A Notes:	EUR 2,850,000,000;
Class B Notes:	EUR 60,000,000;
Class C Notes:	EUR 45,000,000; and
Class D Notes:	EUR 45,000,000.

Borrowings – Compartment RS-2 as at 5 November 2010

Class A Notes:	EUR 1,500,000,000; and
Class B Notes:	EUR 300,000,000.

Borrowings – RS-3 adjusted after the issue of the Notes

Class A Notes:	EUR 1,837,500,000; and
Class B Notes:	EUR 262,500,000.

6.5 Auditors' Report

PRICEWATERHOUSECOOPERS *Bedrijfsrevisoren* BCVBA, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium, represented by Mr. Luc Discry and Mr. Gregory Joos and member of the *Instituut der Bedrijfsrevisoren* has been appointed as statutory auditor of the Issuer.

6.6 Principal activities

Under clause 6 of the Issuer's Articles of association, it may not engage in any activity other than securitisation transaction(s) involving the issue of securities backed by receivables assigned to it and may not hold assets nor incur liabilities for any other purpose.

Royal Street may not hire employees.

The Issuer may not incur any borrowing liabilities other than under the Notes, the Expenses Subordinated Loan and the Subordinated Loan.

6.7 Compartments

The articles of association of Royal Street authorise Royal Street 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 Royal Street is internally divided between 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 five Compartments have been created, Compartment RS-1, Compartment RS-2, Compartment RS-3, Compartment RS-4 and Compartment RS-5 each for the purpose of collective investment of funds collected in accordance with the articles of association of Royal Street in a portfolio of selected loans.

To date only the first three Compartments have effectively started their activities (as to which reference is made to the transactions described (i) in the Prospectus for admission of EUR 2,850,000,000 Class A Floating Rate Mortgage Backed Notes; EUR 60,000,000 Class B Floating Rate Mortgage Backed Notes; EUR 45,000,000 Class C Floating Rate Mortgage Backed Notes; and EUR 45,000,000 Class D Floating Rate Mortgage Backed Notes to trading on Euronext Brussels dated 1 October 2008 (the ***RS-1 Securitisation***) as far as Compartment RS-1 is concerned, (ii) in the Prospectus for admission to trading on Euronext Brussels of EUR 1,500,000,000 Class A Floating Rate Mortgage Backed Notes due 2049; EUR 300,000,000 Class B Floating Rate Mortgage Backed Notes due 2049 dated 12 October 2010 as supplemented on 30 March 2011 (the ***RS-2 Securitisation***) and (iii) in this Prospectus, dated 29 November 2011, as far as Compartment RS-3 is concerned).

The Collateral and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment RS-3. 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 RS-3 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 RS-3 under the Transaction

Documents. The Issuer will enter into other securitisation transactions only through other Compartments and on such terms that the debts, liabilities or obligations relating to such transactions will be allocated to such other Compartments and that parties to such transactions will only have recourse to such other Compartments of the Issuer and not to the Collateral or to Compartment RS-3.

The New Loans that will be purchased by Compartment RS-3 with the proceeds of the issuance of the Additional Notes are fungible with the Loans that have been purchased at Closing or thereafter and form the assets of Compartment RS-3 which consists of the collateral for all Notes issued by and all liabilities of such Compartment.

6.8 Financials

Since the date of incorporation or establishment of compartment RS-3, the Issuer acting on behalf of such compartment has not commenced operations and no financial statements have been made up as at the date of this Prospectus. Pursuant to section 27§2(c) of the Prospectus Act, the FSMA has agreed to exempt the Issuer to provide the historical financial information referred to under item 3 of Annex I of Regulation (EC) 809/2004.

6.9 Belgian Tax Position of the Issuer

6.9.1. Withholding tax on moneys collected by the Issuer

All interest payments made by Borrowers to the Issuer are exempt from Belgian withholding tax.

6.9.2. Corporate income tax

The Issuer is subject to corporate income tax at the current ordinary rate of 33.99 per cent as at the date of this Prospectus. 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.

6.9.3. 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 VAT rate is 21 per cent as at the date of this Prospectus.

Services supplied to the Issuer by the Servicer, the Seller, the directors, the Joint Lead Managers, the Originator, the Administrator, the Account Bank, the Class A Swap Counterparty, the Class B Swap Counterparty; the Domiciliary Agent, the Calculation Agent, the Rating Agencies, the Auditors are, in general, subject to Belgian VAT provided that the services are located for VAT purposes in Belgium. However, fees paid in respect of the financial and administrative management of the Issuer and its assets (including fees paid for the receipt of payments on behalf of the Issuer and the

forced collection of receivables) as well as transactions with respect to receivables, securities and liquid assets are exempt from Belgian VAT.

6.10 Board of Directors

The board of directors of Royal Street consists of three (3) directors (without there being a president of the board). The by-laws of Royal Street state that there should be a minimum of three and a maximum of five directors. The current directors are appointed until and including the date of the annual meeting of shareholders of the Issuer in 2014. The names and details of the directors are listed below:

1. Mr. **Patrick Vaneeckhout**, holder of the Belgian national number 56.01.01.357 20, living De Cassinastraat 18, 8540 Deerlijk, Belgium;

2. Mr. **Dirk Stolp**, holder of the Dutch passport nr. NUCB11LC7, living Meester Sixlaan 32, 1181 PK Amstelveen (the Netherlands); and

3. Mr. **Johan Dejans**, holder of the Belgian passport nr. EG624228, living 58, rue de la Victoire; L-8047 Strassen, Grand-Duchy of Luxemburg.

Companies of which Patrick Vaneeckhout has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: AXA, AXA Private Management, permanent representative of AXA in her quality as director in Bachelier and Motor Finance Company.

Companies of which Dirk Stolp has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Adaltis (Holding) B.V.; B.V. Administratiekantoor van het Amsterdamsch Trustee's Kantoor; Advanced World Transport B.V.; AGFA FinCo NV SA; Alandes B.V.; Algemeen Kantoor van Administratie te Amsterdam B.V.; Alkmaar Export B.V.; Amsterdamsch Trustee's Kantoor B.V.; Andarton B.V.; Stichting Bewaarder Vastgoed Maatschap APF II ; Stichting Bewaarder Vastgoed CV APF III; Stichting Bewaarder APF International Vastgoedfondsen; Stichting Administratiekantoor Vastgoedbeleggingsmaatschappij APF IV; Stichting Administratiekantoor Vastgoedfonds APF V; Stichting Bewaarder Vastgoed Maatschap APF VI; Stichting Bewaarder Vastgoed CV APF VII; Stichting Bewaarder APF VIII; Argenta Nederland N.V.; 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.; Stichting ATK; Atruka B.V.; Stichting Bachelier; Stichting Bakery Finance ; Barclays (Netherlands) N.V. ; Barclays Investments (Netherlands) N.V. (liquidated); B-Arena N.V.; BASS Master Issuer NV/SA; Stichting Holding BASS; BCR Finance B.V.; Stichting Beleggersgiro DBnl (liquidated); Belgelectric Philippines B.V.; Stichting Holding Belgian Lion; Stichting Bewaarder Vastgoed Maatschap APF I ; BioChem Vaccines B.V. (liquidated); Stichting BLT Depot ; Bulgari Holding Europe B.V.; Bulgari International Corporation (BIC) N.V.; BXR Green B.V.; BXR Logistics B.V.; BXR Mining B.V.; BXR Partners B.V.; BXR Real Estate B.V.; BXR Real Estate Investments B.V.; BXR Tower B.V.; 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.;

Stichting Cresta (liquidated); Dalradian European CLO V B.V. (in liquidation); Danel Medical B.V.; DC Japan Holdings B.V.; DC Metals Holdings B.V.; DC MIT Holdings B.V.; DC Netherlands Holding B.V.; Deepwater B.V. (liquidated); Stichting Derdengelden ATC; Dexia Secured Funding Belgium NV/SA; Dow Corning Korea Holdings B.V.; Dow Corning Netherlands B.V.; DP Acquisitions B.V.; DP Coinvest B.V.; Dresser - Rand International B.V.; Stichting Edo Properties; EGS Dutchco B.V.; Electrabel Invest B.V. ; Enova International; EPL Acquisitions (Sub) N.V.; EPL Acquisitions B.V.; Beheer- en Beleggingsmaatschappij Erjaco B.V.; Erste GCIB Finance I B.V.; Euro-Galaxy CLO B.V.; Euro-Galaxy II CLO B.V.; Euro-Galaxy III CLO B.V. (in liquidation); Euromedic Diagnostics B.V.; Euromedic International Holdings B.V. ; Euromedic Management Holding B.V.; Felding Finance B.V.; FinanCell B.V.; FN Cable Coöperatief U.A.; FN Cable Holdings B.V.; Friction Netherlands I B.V. (in liquidation); Friction Netherlands II B.V.; Stichting GAAF; GC Machinery Holdings N.V.; GDF Suez Energy Asia; Turkey and Southern Africa B.V.; Gisofin B.V.; Global Connexion B.V.; Gordon Holdings (Netherlands) B.V.; GPM Finance B.V. (liquidated); 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. (in liquidation); GTS Dutchco B.V.; HCK Structured Finance B.V.; HEMA B.V.; Home Credit Finance 1 B.V.; Home Credit Finance 2 B.V.; Hypolan N.V.; Immorent Aktiengesellschaft; International Dialysis Centers B.V.; International Dialysis Centers Russia Holding B.V.; Stichting Inven; Invesco Coniston B.V.; Invesco Garda B.V.; Invesco Mezzano B.V.; John Laing and Son B.V.; JP Morgan Commodities Holdings IV B.V.; Kazak Energo Invest B.V.; Laing Projects B.V. (in liquidation); Leciva CZ a.s.; Beheer- en Beleggingsmaatschappij Ledima B.V.; Leoforos B.V. ; Leveraged Finance Europe Capital V B.V.; Lion / Mustard B.V.; Lion Adventure B.V.; Lion Adventure Coöperatief U.A.; Lion Adventure Holding B.V.; Lion/Hotel Dutch 1 B.V.; Loan Invest NV/SA; Mexelectric Cooperatieve U.A. (in liquidation); MFO Strategic Global Investment B.V.; MGIC Capital Funding B.V. (liquidated); MGIC International Investment B.V. (liquidated); Montequity B.V.; MopBert B.V. (liquidated); Nederlandsche Trust-Maatschappij B.V.; New World Resources N.V.; Stichting Holding Noor Funding; North Westerly CLO I B.V.; North Westerly CLO II B.V.; North Westerly CLO III B.V.; Stichting Optimix Beleggersgiro; Orchid Netherlands (No.1) B.V.; ParBert B.V. (liquidated); Parker Drilling Dutch B.V.; Parker Drilling International B.V.; Parker Drilling Kazakhstan B.V.; Parker Drilling Netherlands B.V.; Parker Drilling Offshore B.V.; Parker Drilling Overseas B.V.; Parker Drilling Russia B.V.; Petreven B.V.; Plinius Investments B.V.; Primerofin B.V.; Purple Narcis Finance B.V.; Quantesse Fondation Privee; Stichting Administratiekantoor Quares Retail Fund; RBS Sempra Commodities Cooperatief W.A.; RBS Sempra Commodities Holdings I B.V.; Stichting Holding Record Lion; Coöperatieve RECP III Properties Dutch U.A.; Renoir CDO B.V.; Rokin Corporate Services B.V.; Roman 12 Offshore Fund B.V. (liquidated); Royal Street NV/SA; RPG Property B.V.; RPGT (Netherlands) B.V. (liquidated); Scooter Holding 3 B.V. (in liquidation); Scooter Holding 4 B.V. (in liquidation); 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 B.V.; 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 N.V.; Sepago Nederland B.V. (liquidated); Serpering Investments B.V.; Beheer- en Beleggingsmaatschappij Sodibo B.V.; Soilmec International B.V.; South Pacific Investments B.V.; 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.; TMG Holdings Coöperatief U.A; Torenspits B.V.; Tornier N.V.; Torquill Holding B.V. (in liquidation); 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.; Stichting Vesta; Warburg Pincus B.V.; Windermere III CMBS B.V. (in liquidation); 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.; WP X Holdings B.V.; Yarmoland B.V.; and Zesko Holding B.V.

Companies of which Johan Dejans has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are 6922767 Holding S.à r.l.; 9REN Holding; Abbott Healthcare Luxembourg S.à r.l.; Abbott Holdings Luxembourg S.à r.l.; Abbott International Luxembourg S.à r.l.; Abbott Investments Luxembourg S.à r.l.; Abbott Overseas Luxembourg S.à r.l.; Abbott Products Luxembourg S.à r.l.; Adecoagro S.A.; Agritec S.A.; AIR 2007 S.A.; Altima Africa Luxco S.à r.l.; AMCI Worldwide Holdings S.à r.l.; AMCI Worldwide S.à r.l.; Amorim Alternative Investments S.A.; Amromco Lux II S.à r.l.; AQUA HOLDINGS S.A.R.L.; AQUARIUS INVESTMENTS S.A.; Aquiline Baron S.à r.l.; Aquiline C2P Holdings S.à r.l.; Askana S.à r.l.; AURUM INVESTMENTS S.A.; B Investments S.à r.l.; b.a.s. investment S.A.; BAIE PLACEMENTS S.A.R.L.; BIKBERGEN HOLDING S.A. SPF; Blade Luxembourg 2 S.à r.l.; Blade Luxembourg S.à r.l.; Blue Gem Luxembourg 1 S.à r.l.; Blue Gem Luxembourg 1A S.à r.l.; Blue Gem Luxembourg 1B S.à r.l.; Blue Gem Luxembourg 1C S.à r.l.; Blue Gem Luxembourg 1D S.à r.l.; BMC Vignoble S.A.; BOMINVEST S.à r.l.; BRAZILHOLD S.A.R.L.; Bruin I S.à r.l.; Brysam - AE (Lux) S.à r.l.; Brysam Lux (Colombia) S.à r.l.; Bumble Bee Foods S.à r.l.; Bumble Bee GP S.à r.l.; CADENT ENERGY PARTNERS S.à r.l.; Cadent Logan S.à r.l.; Cairngorm Oil and Gas Luxembourg S.à.r.l.; CAREL S.A.; CDO MASTER INVESTMENTS 3 S.A.; Cedarville S.à r.l.; Celanese Holdings Luxembourg S.à r.l.; Celanese International Holdings Luxembourg S.à r.l.; Central Europe Private Investments S.A.; Chambertin S.à r.l.; CHC Helicopter Holdings S.à r.l.; CHC Helicopter S.A.; Cheval Luxembourg S.à r.l.; Clover Leaf Seafood S.à r.l.; Column Investments S.à r.l.; Comoros Investments S.à r.l.; Constantia S.à r. l.; CPC Lux 1; CPC Lux 2; Crown Westfalen Investments S.à r.l.; CRYSTAL PARTNERS LUX HOLDING COMPANY LIMITED S.A.R.L.; CV LUXCO S.à r.l.; D-R Luxembourg Holding 1 S.à r.l.; D-R Luxembourg Holding 2 S.à r.l.; DRUMMOND MOORE INVESTMENTS S.A.; Ecolab Holdings B.V./S.à r.l.; Ecolab Lux 1 S.à r.l.; Ecolab Lux 3 S.à r.l.; Ecolab Lux 4 S.à r.l.; Ecolab Lux 5 S.à r.l.; ECP Galaxy Holdings S.à r.l.; EDEPT I S.à r.l.; EDEPT II S.à r.l.; EDEPT III S.à r.l.; EDEPT IV S.à r.l.; EDEPT V S.à r.l.; EDEPT VI S.à r.l.; EKO-Park International S.à r.l.; ELDERBERRY PROPERTIES S.A. SPF; Elektron Investments 1 S.A.; ELMONT S.A.R.L.; ENNE INTERNATIONAL S.A.; EURASIA CREDIT CARD FUNDING I S.A.; Eurocredit Value Opportunities I S.à

r.l.; Eurocredit Value opportunities II S.à r.l.; European Explorers Consolidated B.V.; EWACO PROPERTIES S.à R.L.; Expert Petroleum Holdings S.à r.l.; Expert Petroleum Holdings S.à r.l.; F.D.C. S.A.; FABRICOLA S.A.; FCWI S.à r.l.; FFS 2 S.à r.l.; Filling Station S.A.; Findus Equity Co S.A.; Firmament Capital Investissement S.A.; Firmament Capital S.A.; Flex-N-Gate Luxembourg S.à r.l.; FORSETE INVESTMENTS S.A.; Forum European Realty Income S.à r.l.; FR Barra 1 S.à r.l.; FR Barra 10 S.à r.l.; FR Barra 2 S.à r.l.; FR Barra 3 S.à r.l.; FR Barra 4 S.à r.l.; FR Barra 5 S.à r.l.; FR Barra 6 S.à r.l.; FR Barra 7 S.à r.l.; FR Barra 8 S.à r.l.; FR Barra 9 S.à r.l.; FR Galaxy Holdings S.à r.l.; FR Horizon Holding S.à r.l.; FR Horizon Topco S.à r.l.; FR Luxco Canada S.à r.l.; FR Plasco Holdings S.à r. l.; FR Solar Luxco; FR Solar Luxco JVCo; G&W INTERNATIONAL S.A.; GALLEON LUXEMBOURG FUNDING SARL; GALLEON LUXEMBOURG INVESTMENTS S.A.R.L.; GBR Partners S.A.; Glencove S.à r.l.; Goo Goos S.à r.l.; GS TELE I S.à r.l.; GS TELE II S.à r.l.; GS TELE III S.à r.l.; GS TELE IV S.à r.l.; GS TELE V S.à r.l.; GS TELE VI S.à r.l.; HIMAMIA S.A.; Horizon Newco S.à r.l.; HTV Invest; INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP S.A.; INTERNATIONAL RADIO NETWORKS HOLDING S.A.; ITL Holdings II S.à r.l.; ITL Holdings S.à r.l.; Izzie S.à r.l.; Jawhara S.A.; JN S.A.; JOCONDE INVESTMENTS S.A.; KDI Luxembourg S.à r.l.; KI Energy S.à r.l.; Kompass Wohnen Hellersdorf S.à r.l.; Kompass Wohnen S.à r.l.; Kulczyk Investments S.A.; LA FINANCIERE D`INTEGRATION EUROPEENNE S.A.; Laila S.à r.l.; LANDMARK CHEMICALS INTERNATIONAL S.A.; LES ECURIES MELINOISES S.A.; Liblac Limited S.à r.l.; Lion/Gem Lux 1 S.A.; Lion/Gem Luxembourg 2 S.à r.l.; Lion/Gem Luxembourg 3 S.à r.l.; Lion/Heaven Lux 1 S.à r.l.; Lion/Heaven Lux 2 S.à r.l.; Lion/Hotel Lux 1 S.à r. l.; Lion/Katsu Investments S.à r.l.; Lion/Niagara Luxembourg I; Lion/Niagara Luxembourg II; Lion/Polaris Lux 1 S.à r.l.; Lion/Polaris Lux 3 S.A.; Lion/Polaris Lux 4 S.A.; Lion/Polaris Lux Topco S.à r.l.; Lion/Rally Cayman 4; Lion/Rally Cayman 5; Lion/Rally Lux 1 S.A.; Lion/Rally Lux 2 S.à r.l.; Lion/Rally Lux 3 S.à r.l.; Lion/Rally Lux 4 S.à r.l.; Lion/Silk Funding Lux 1 S.à r.l.; Lion/Silk Funding Lux 2 S.à r.l.; Lion/Stove Luxembourg Investment 2 S.à r.l.; Lion/Stove Luxembourg Investment S.à r.l.; Lion/Visor Lux 1 S.à r.l.; Lion/Visor Lux 2 S.à r.l.; Longbow (Investment No1) S.à r.l.; Longbow Capital S.à r.l.; LRP III LUXEMBOURG HOLDINGS S.A.R.L.; LRP IV LUXEMBOURG HOLDINGS S.A.R.L.; LRP LUXEMBOURG HOLDINGS S.A.R.L.; LRP V Luxembourg Holdings S.à r.l.; Lux Cem International S.A.; M2010 Luxembourg S.A.; Mahkota S.A.; MAKELAND TRADING AND INVESTMENTS S.A.; Malpas Investments S.à r.l.; Matrix Absolute SICAV-FIS; MAVY S.A.; MC CAR LOANS FINANCE I S.à r.l.; Meridiana Holdings S.à r.l.; MICROFINANCE EUROPEAN ROLLING LOANS FUND S.A.; MidOcean Finco (Bezier) S.à r.l.; MidOcean Finco (LAF) S.à r.l.; MidOcean Holdco (Bezier) S.à r.l.; MidOcean Holdco (EPL) S.à r.l.; MidOcean Holdco (LAF) S.à r.l.; MISTRAL INVESTMENTS S.A.; Mongoose Holdings 1 S.à r.l.; Mongoose Holdings 2 S.à r.l.; Montalcino S.à r. l.; MOYNESQUE VIGNOBLE S.A.; Munawwar S.A.; N.R.C. Investor Protection S.à r.l.; Nautilus Dongara Investment S.à.r.l.; Neidpath Investments S.à r.l.; New CV Luxco S.à r.l.; New CV Luxco S.à r.l.; Nexcentrica Investments S.à r.l.; Next Energy Capital S.à r.l.; NGP IX CanEra S.à r.l.; NGP IX Holdings I S.à r.l.; NGP IX Northern Blizzard S.à r.l.; NGP Quatro S.à r.l.; Noir I S.à r.l.; NORBEL S.A.R.L.; Noveldel S.à r.l.; Oceanic Real Estate Investments S.A.; OLIVANT INVESTMENTS SWITZERLAND S.A.; OMNIA REAL ESTATE S.A.; Overview Investments S.à r.l.; PACT FINANCE

S.A.R.L.; Panthera/Funding Lux 1 S.à r.l.; Panthera/Funding Lux 2 S.à r.l.; PATAGONIA FINANCE S.A.; Pear (Luxembourg) Investment S.à r.l.; PeeBeeLux S.à r.l.; Picard Bondco; Picard PIKco S.A.; Pil S.à r.l.; Pinto Basto International S.à r.l.; Placer S.A.; Plock S.à r.l.; PROMOGROUP S.A.; Prospero (Luxembourg) S.à r.l.; QMC Luxco S.à r.l.; Raglan German Property S.A.; RCS Management (Luxembourg) S.à r.l; RCS Secretarial Services (Luxembourg) S.à r.l.; REAL WEB S.A.; RivCore Amstel 1 S.à r.l.; RivCore Amstel 2 S.à r.l.; RivCore Amstel 3 S.à r.l.; ROLLY REAL ESTATE S.A.; RUSSIAN CREDIT CARDS NO. 2 S.A.; Rzesow S.à r.l.; S.A.C. PEI Asia Investments Holdings I S.à r.l.; S.A.C. PEI Asia Investments Holdings II S.à r.l.; S.L.E.G. S.A.; S.L.Y.F. S.A.; S.M.J. (Société Meubles Jardin) S.A.; S.V.R. S.A.; S.V.R. S.A.; SACAP S.A.; Santa Margherita Investment Company S.A.; Saxon Energy Services Holdings S.à r.l.; SCIROCCO INVESTMENTS S.A.; SEGESTA 2 FINANCE S.A.; Sigma Partners Luxembourg Investments S.à r.l.; SIGNO INTERNATIONAL S.A.; Silver Wheaton Luxembourg S.à r.l.; Silverstein CEE Holdings S.à r.l.; Sinalux S.A.; SIRIUS FINANCE S.A.; SISKIN S.A.; SODEVEST S.A.; SODI INTERNATIONAL HOLDING S.A.; Solaica Power Holding S.à r.l.; SOLE S.A.; SOLUTION FOR INTERNATIONAL COMMERCE S.A. (Liquidée); SPINRITE LUXCO S.A.R.L.; Svenningson Invest S.à r.l.; SWAP ENHANCED ASSET LINKED SECURITIES (SEALS) S.A.; Synergy Investments S.à r.l.; T.C.I. TECHNOLOGY COMMUNICATION INITIATIVE S.A.; Terra Industries International Holdings Luxembourg S.à r.l.; Terra Industries Luxembourg S.à r.l.; TipTop Luxembourg S.à r.l.; TN DIGITAL S.A.; TN ESPO S.A.; Treveria C S.à r.l.; Treveria D S.à r.l.; Treveria E S.à r.l.; Treveria F S.à r.l.; Treveria G S.à r.l.; Treveria H S.à r.l.; Treveria Holdings Limited; Treveria J S.à r.l.; Treveria K S.à r.l.; Treveria L S.à r.l.; Treveria M S.à r.l.; Treveria Properties Limited; TRIPLAS SYNTHETIC CDO S.A.; Verde I S.à r.l.; Verdoso Investment S.A.; Winfirst International Petroleum S.à r.l.; Wodzislaw Slaski S.à r.l.; WP Roaming Holdings S.A.; WREV Holdings I S.à r.l.; WREV Holdings II S.à r.l.; and YVR Airport Services (Luxembourg) S.à r.l.

None of the directors listed above:

(a) has any family relationships with another director;

(b) has any convictions for fraud during the last five years;

(c) has been involved in any bankruptcy, receivership or liquidation in their capacity as director or member of the management or supervisory body;

(d) has been subject to any official public incrimination or sanction from an official body;

(e) has been disqualified by a court within the last five years from acting as a member of a board, management or supervisory body of an issuer or to be engaged in management functions or to trade for an issuer;

(f) has any conflict of interests regarding their duties to the Issuer and their personal interests or other duties; or

(g) has any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which they were selected as a director of the Issuer or has a service contract which provides for benefits upon termination of employment.

6.11 General Meeting of the Shareholders

The general annual meeting of shareholders is held on the last business day of the month of June at 1 pm at the registered office of the Issuer. The meeting can be convened by the board of directors, the auditor or the liquidator if the case may be. A special or extra-ordinary shareholders' meeting can be convened whenever this is in the interest of the Issuer. It shall be convened whenever the shareholders representing one fifth of the Issuer's capital request such a meeting.

6.12 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.

6.13 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.

6.14 Valuation rules

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

6.14.1. 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.

6.14.2. 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.

6.14.3. Specific valuation rules

Cost of first establishment

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

Amounts to be received over more than one year

The Loans are sold by the Seller to the Issuer at market value and are booked at such purchase price (which equals the nominal value of the loans outstanding at such date (including the swaps)). 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 balance sheet within one year are booked in the item "Amounts receivable within one year".

Short term investments and cash at bank

Cash and short term deposits are recorded at nominal value.

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

Deferred charges and accrued income

Under the item "Accrued income" are booked: the accrued interest on the purchased Loans and the interest rate swaps 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 Derivatives

The notional amounts of the derivatives 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 where expended, under the item "amortised intangible fixed assets". All costs, arising from the exercise of the previous accounting year, from which the amount on closing date can reliable be measured, but the time of the settlement is uncertain will

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

The servicing fees are equal to:

(a) EUR 135.52 (exclusive of VAT) per month for a Delinquent Loan in arrears for 90 days or more;

(b) EUR 252.55 (exclusive of VAT) per month for Defaulted Loan until such loan is outsourced for recovery to a collection agent or written off; and

(c) EUR 4.84 (exclusive of VAT) per month for any performing Loan or for any Delinquent Loan in arrears for less than 90 days.

The servicing fees are booked in the profit and loss account in the year they were expended.

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.

6.15 The Administrator

Pursuant to the Administration Agreement, the Administrator will have the responsibility of, among others, assisting the board of directors in managing the affairs of the Issuer.

6.16 The Account Bank

The duties of the Account Bank will mainly consist of setting up accounts in respect of the Issuer and to operate such accounts in accordance therewith.

6.17 Servicing

The Issuer will either continue existing servicing arrangements in respect of the Loans or replace these with new arrangements. See Section 15, below.

6.18 Accounting Year

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

6.19 Main Transaction 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. Certain fees may be subject to indexation.

6.19.1. The Security Agent

Royal Street NV/SA will pay the Security Agent a set-up fee of EUR 3,500 excluding VAT, an annual fee of EUR 5,000 (exclusive of VAT), to be allocated equally between its Compartments, plus expenses, if any. In case of unforeseen circumstances such as an Event of Default the Security Agent shall be remunerated on time spent basis at the then current rate (2011: EUR 175 – 220 exclusive of VAT) per hour.

6.19.2. The Servicer

The Issuer shall pay to the Servicer for its Services (including IT maintenance) a servicing fee equal to:

(d) EUR 135.52 (exclusive of VAT) per month for a Delinquent Loan in arrears for 90 days or more;

(e) EUR 252.55 (exclusive of VAT) per month for Defaulted Loan until such loan is outsourced for recovery to a collection agent or written off; and

(f) EUR 4.84 (exclusive of VAT) per month for any performing Loan or for any Delinquent Loan in arrears for less than 90 days.

6.19.3. The Administrator

The Issuer shall pay to the Administrator an annual fee of EUR 36,000 (exclusive of VAT) payable in arrears and in instalments on each Monthly Payment Date for the services rendered as Administrator and as Calculation Agent.

6.19.4. The Class A Swap Counterparty

The Issuer will pay to the Class A Swap Counterparty costs, fees, expenses and premia, as more particularly described in the Class A Swap Agreement.

6.19.5. The Class B Swap Counterparty

The Issuer will pay to the Class B Swap Counterparty costs, fees, expenses and premia, as more particularly described in the Class B Swap Agreement.

6.19.6. The Domiciliary Agent

The Issuer shall pay to the Domiciliary Agent an annual fee of EUR 40,000 (exclusive of VAT), payable in instalments on each Monthly Payment Date for its services as Domiciliary Agent and Paying Agent;

6.19.7. The Corporate Services Provider

The Issuer shall pay to the Corporate Services Provider an annual fee of EUR 15,000 (exclusive of VAT) in arrears and in instalments on each Monthly Payment Date for the services rendered as Corporate Services Provider.

6.19.8. The Subordinated Loan Provider and the Expenses Subordinated Loan Provider

The Issuer shall redeem principal and pay interest under the Expenses Subordinated Loan and the Subordinated Loan in accordance with their respective terms.

6.19.9. The Account Bank

The Account Bank Agreement provides that interest shall accrue on the Issuer Accounts from day to day at the annual rate of interest equal to the standard interest rate that is applicable on the commercial accounts (*handelsrekening/compte commercial*) of the Account Bank and on an "actual" basis.

6.19.10. Other Expenses

The Issuer shall in addition pay certain third party fees and expenses to, amongst others, the National Bank of Belgium, the FSMA and, the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du surendettement*.

6.19.11. The Rating Agencies

Moody's and Fitch have been requested to rate the Class A Notes.

SECTION 7. DESCRIPTION OF THE NOTES

7.1 Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer to be passed on or about 24 November 2011.

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 assumptions that:

(a) the Issuer will exercise its Optional Redemption Call on the First Optional Redemption Date;

(b) there has been no repayment of Principal under the Notes; and

(c) the Issuer has not issued Additional Notes under the Optional Tap Issue, or, if the Issuer has issued Additional Notes under such Optional Tap Issuer, the Issuer has not extended the Mandatory Amortisation Date.

Under these assumptions, the Weighted Average Life of the Notes will be 5.1 years.

SECTION 9. ISSUER SECURITY

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 under the Parallel Debt or otherwise on behalf of the Secured Parties, (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, with the exclusion of the Class A Swap Collateral Account, 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 and the Loan Security (i) any guarantee *borg/caution* provided for such Loan, if any, and (ii) 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, including amounts payable to (a) the Noteholders; (b) the Security Agent under the Pledge Agreement; (c) the Servicer under the Servicing Agreement; (d) the Administrator and the Calculation Agent under the Administration Agreement; (e) the Seller under the MLSA, (f) the Account Bank under the Account Bank Agreement; (g) the Domiciliary Agent under the Domiciliary Agency Agreement; (h) the Class A Swap Counterparty under the Class A Swap Agreement and the Class B Swap Counterparty under the Class B Swap Agreement; (i) the Corporate Services Provider under the Corporate Services Agreement; (j) the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement and (k) the Subordinated Loan Provider under the Subordinated Loan Agreement (all such beneficiaries of such security shall be referred to as the ***Secured Parties***), in accordance with the applicable Priority of Payments set out in Section 5.9, above.

The Issuer will, under the Pledge Agreement, irrevocably and unconditionally undertake to pay to the Security Agent as a separate and independent obligation (the ***Parallel Debt***) the amounts which will be equal to the aggregate amounts due by the Issuer to the other 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-a-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 assets.

The Noteholders will be entitled to the benefit of the Pledge Agreement, and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept, and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to 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.

See also Section 4.3*(Risks factors regarding the Loans and the Security)*, above.

Loan Security means in respect of any Loan, any Mortgage(s) and all rights, title, interest and benefit relating to any payments under Insurance Policies, any guarantee provided for such Loan, any assignment of salaries (*loonsoverdracht/délégation de salaire*) that the Borrower may earn and any other type of security interest granted in respect of the Loan.

Mortgage means a mortgage ((*hypotheek/hypothèque)* as such term is construed under Belgian law.

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 mortgaged property or 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.

SECTION 10. SECURITY AGENT

Stichting Security Agent Royal Street, represented by Amsterdamsch Trustee's kantoor BV is a foundation (*stichting/fondation*) incorporated under the laws of The Netherlands on 29 September 2008. It has its registered office at 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 Security Agent will also act as representative of the Noteholders in connection with the Transaction within the meaning of Article 27 of the UCITS Act in accordance with the terms and conditions set out in the Pledge Agreement and in the Conditions. The Security Agent will also be appointed as agent (*lasthebber/mandataire*) of the other Secured Parties to administer the Security on their behalf.

SECTION 11. TAX

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

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, 2º of the Royal Decree of 27 August 1993 implementing ITC 1992;

(d) non-resident investors provided for in Article 105, 5º 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, 2º 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) 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 Quarterly 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 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 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, 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.

11.3 European Withholding Tax

Under European Council Directive 2003/48/EC on the taxation of savings income (the ***Savings Directive***), Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State.

SECTION 12. MORTGAGE LOAN SALE AGREEMENT

12.1 Sale – Purchase Price

Sale

Pursuant to the terms of the Mortgage Loan Sale Agreement, the Seller will sell mortgage loans originated by the Seller to the Issuer on the Closing Date (the ***Initial Loans***). Title to the Initial Loans shall be deemed to have passed from the Seller to the Issuer as from 1st December 2011 (the ***Initial Loan Flagging Date***).

The Mortgage Loan Sale Agreement also provides the conditions under which, during the Replenishment Period, the Seller may sell to the Issuer and the Issuer may purchase from the Seller mortgage loans originated by the Seller (the ***New Loans***) at any time, or, as the case may be, at the time of the Optional Tap Issue (such date being the ***New Loan Purchase Date***).

The sale of the Loans shall include:

(a) the balance of the Loans outstanding (the ***Outstanding Balance***) as at the Initial Loan Flagging Date or, in relation to a New Loan, as at the relevant New Loan Purchase Date;

(b) all amounts of interest accrued (but not yet due) up to (but excluding) the Initial Loan Flagging Date or, in relation to a New Loan, up to (but excluding) the relevant New Loan Purchase Date;

(c) all rights, title, interest and benefit 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);

(d) all rights, title, interest and benefit of the Seller to the Loan Security;

(e) all rights, title, interest and benefit of the Seller to Additional Security;

(f) all rights, title, interest and benefit of the Seller in any hazard insurance and life insurance in so far as it relates to the Loans including but without limitation the right to receive the proceeds of any claim thereunder;

(g) all rights, title, interest and benefit of the Seller in the Umbrella Fraud Insurance in so far as it relates to the Loans including without limitation the right to receive the proceeds of any claims thereunder;

(h) 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;

(i) 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, Loan Security, Additional Security or otherwise affecting the decision of the Seller to offer to make or to accept any Loan;

(j) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any property, any researches, opinions, certificates or confirmations in relation to any Loan, Loan Security, Additional Security or otherwise affecting the decision of the Seller to offer to make or to accept any Loan or Loan Security relating thereto; and

(k) 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.

Any amount of payment, repayment or prepayment of principal, interests or any other amount in respect of the Initial Loans collected by the Seller between the Initial Loan Flagging Date and the Closing Date for the account of the Issuer will be held on a bank account of the Seller (opened in the name of the Seller but for the account of the Issuer) and will, in its entirety and without any deduction for costs, expenses and others, on the Closing Date be transferred by the Seller to the Issuer by crediting the Transaction Account.

For the avoidance of doubt, the sale of the Loans shall exclude any amounts of interest and principal paid in advance (i.e. paid when not yet due, without being a Prepayment) as received up to the Initial Loan Flagging Date (but excluding such day) or, in relation to a New Loan, the relevant New Loan Purchase Date (but excluding such day).

Purchase Price - General

The purchase price for the Loans (including the related Loan Security) shall consist of:

(a) in respect of the Initial Loans, the Initial Purchase Price (as defined below) payable by the Issuer to the Seller on the Closing Date; or

(b) in respect of any and all New Loans including the New Loans purchased with the proceeds of the Optional Tap Issue, the relevant New Loan Purchase Price (as defined under Section 12.2 below) payable by the Issuer to the Seller on the relevant New Loan Purchase Date;

plus an entitlement to a deferred purchase price payable by the Issuer in respect of the Loans pursuant to the MLSA (the ***Deferred Purchase Price***) on each Quarterly Payment Date thereafter as set out below.

The amount of Deferred Purchase Price payable on any Quarterly Payment Date shall be equal to the amount of Quarterly Interest Available Funds available after satisfaction of all liabilities ranking higher in the Quarterly Interest Priority of Payments (see Section 5.9, above) and will be calculated in accordance with the terms of the MLSA. No interest shall be payable by the Issuer in respect of the Deferred Purchase Price.

Purchase Price – Initial Loans

The purchase price for the Initial Loans shall consist of (i) the Initial Purchase Price and (ii) the Deferred Purchase Price.

The initial purchase price (the ***Initial Purchase Price***) shall be equal to the sum of:

(a) an amount which represents the portion of the purchase price for the Outstanding Balance of the Initial Loans as at the Initial Loan Flagging Date; and

(b) an amount which represents the portion of the purchase price for the accrued interests on the Initial Loans up to (but excluding) the Initial Loan Flagging Date.

12.2 Purchase of New Loans

The Issuer will, during the Replenishment Period, be entitled to purchase New Loans on a daily basis and, as the case may be, pursuant to the Optional Tap Issue (each such date being a ***New Loan Purchase Date***), to the extent such New Loans are offered to it by the Seller, if and for as long as:

(a) no Stop Replenishment Event has occurred; and

(b) on the relevant New Loan Purchase Date, the Replenishment Conditions are satisfied.

Replenishment Period means the period starting as from the Closing Date until (but excluding) the earlier of (i) the Mandatory Amortisation Date and (ii) the occurrence of a Stop Replenishment Event.

Stop Replenishment Event means any of the following events:

(a) the Outstanding Balance of all Delinquent Loans that are in arrears for more than 90 days (as of the end of the Quarterly Collection Period (excluding, for the avoidance of doubt, Defaulted Loans) exceeds 2.5 % of the Outstanding Portfolio Amount as of the end of the Quarterly Collection Period (including, for the avoidance of doubt, all Delinquent and Defaulted Loans); or

(b) the sum of the Outstanding Balance of all Defaulted Loans since the Closing Date until the end of the relevant Quarterly Collection Period exceeds 2% of the Initial Outstanding Portfolio Amount; or

(c) a Notification Event has occurred and is continuing.

Replenishment Conditions means that, on the relevant New Loan Purchase Date:

(a) the New Loans added to the Portfolio will meet the Eligibility Criteria as applied to the relevant New Loan Purchase Date;

(b) the sum over all clients of the minimum of: (a) the Outstanding Balance of the Loans and (b) 80% of the Current Property Values times the ratio of the Outstanding Balance of the Loans divided by the Outstanding Balance of the Loans plus the outstanding balance of *pari passu* loans and (c) the mortgage inscriptions times the ratio of the Outstanding Balance of the Loans divided by the Outstanding Balance of all Loans plus the outstanding balance of the *pari passu* loans, divided by the sum of the Outstanding Balance of the Loans will be higher than 90% at all times;

(c) no more than 5% of the Outstanding Balance of the Loans can be in arrears for more than 30 days;

(d) no more than 2% of the Outstanding Portfolio Amount relates to Loans initially granted to unemployed borrowers;

(e) the weighted average ILTIV is at maximum 80%;

(f) the weighted average CLTCV is at maximum 60%;

(g) the weighted average CLTCV for each pool of New Loans purchased on any given New Loan Purchase Date is at maximum 60%;

(h) the weighted average CLTM is at maximum 100%;

(i) the weighted average ratio expressing the relation of the monthly debt (mortgage and non-financial debt, consumer loans etc) burden to the monthly income, in both cases after taxes (***DTI***) (where the DTI is available) is at maximum 42%;

(j) maximum 6% of the Outstanding Portfolio Amount can have an unknown DTI;

(k) the DTI of any New Loan can not be higher than 60 %;

(l) no more than 27% of the of the Outstanding Portfolio Amount have a DTI which is higher than 50 %;

(m) the sum of all *pari passu* Loans (i.e. ranking *pari passu* with the Loans but not transferred to the Issuer) and all other debts owed by the Borrowers to AXA existing on the relevant New Loan Purchase Date does not exceed 7% of the Outstanding Portfolio Amount;

(n) the weighted average remaining maturity of the Loans shall not be less than 10 years and not more than 25 years;

(o) the minimum weighted average interest rate of the Portfolio is 2.5%;

(p) the maximum concentration per Belgian Region is limited to 65% for Flanders, 45% for the Walloon Region and 20% for the Brussels-Capital Region;

(q) the aggregate of the Outstanding Balances of the 10 Loans with the highest Outstanding Balance per Loan shall not represent more than 0.5% of the Outstanding Portfolio Amount;

(r) New Loans have a maturity date falling at the latest four years before the Final Redemption Date;

(s) no more than 1.5% of the Outstanding Portfolio Amount relates to loans initially granted to retired borrowers;

(t) no more than 1% of the Outstanding Portfolio Amount relates to loans initially granted to student borrowers;

(u) no more than 2% of the Outstanding Portfolio Amount relates to property with mixed usage;

(v) no New Loan will have been granted to a borrower with an unknown profession;

(w) the Seller has not previously failed to repurchase any Loan to the extent required pursuant to the Transaction Documents;

(x) the Issuer has sufficient funds available to pay the New Loan Purchase Price on such date;

(y) no more than 25% of the Outstanding Portfolio Amount relates to loans initially granted to self-employed borrowers or borrowers with a liberal profession (*vrij beroep*/*profession libérale*);

(z) no more than 25% of the Outstanding Portfolio Amount relates to loans initially granted for refinancing purposes;

(aa) no more than 10% of the Outstanding Portfolio Amount relates to Loans initially granted on the basis of buy-to-let; and

(bb) the remaining Weighted Average Life of the Portfolio, calculated at a CPR of 0%, will be below 11 years.

New Loan Purchase Price

The purchase price for (a) New Loan(s) shall consist of:

(a) the ***New Loan Purchase Price*** which shall be equal to:

(i) the Outstanding Balance of such New Loan(s) as at (but excluding) the relevant New Loan Purchase Date; and

(ii) the accrued interests on such New Loan(s) up to (but excluding) the relevant New Loan Purchase Date;

(b) plus the Deferred Purchase Price.

The Deferred Purchase Price will be equal to the sum of all Deferred Purchase Price Instalments. A Deferred Purchase Price Instalment shall be equal to the following, in each case as applicable:

(a) prior to the delivery of an Enforcement Notice, any amount remaining after all payments as set out under items listed up to and including (xii) of the Quarterly Interest Priority of Payments have been satisfied in full;

(b) following the delivery of an Enforcement Notice, any amount remaining after payment as set out under items listed up to and including (xiii) of the Post-Enforcement Priority of Payments, have been satisfied in full.

The New Loan Purchase Price shall be paid as soon as possible after the New Loan Purchase Date and at the latest on the immediately following Monthly Interest Payment Date (the ***New Loan Payment Date***)

Purchase of New Loans at the time of the Optional Tap Issue

The proceeds of the Optional Tap Issue shall be used to pay the New Loan Purchase Price for the New Loans purchased at such time.

Purchase of New Loans at any time (excluding at the time of the Optional Tap Issue)

The portion of the New Loan Purchase Price corresponding to the accrued interests on the New Loan up to (but excluding) the corresponding New Loan Purchase Date, shall be paid in accordance with item (iv) of the Monthly Interest Priority of Payments.

The portion of the New Loan Purchase Price corresponding to the Outstanding Balance of the New Loans as at the relevant New Loan Purchase Date shall be paid out of the Replenishment Available Amount.

Replenishment Available Amount means:

(a) Prior to the Mandatory Amortisation Date and on any Business Day the amount standing to the credit of the Transaction Account referring to:

(i) principal received from the Loans, including the principal part of the Repurchase Price related to Loans that have been repurchased by the Seller, but excluding any principal related to Defaulted Loans;

(ii) amounts credited to the Principal Deficiency Ledgers;

(iii) the positive difference, if any, between the aggregate proceeds of the Notes and the Outstanding Balance of the Loans at Closing Date;

(b) Following a Mandatory Amortisation Date, an amount equal to zero.

12.3 All Sums Mortgages

12.3.1. Subordination

The MLSA provides that all loans or other debts existing at the time of the transfer of the Loans and which are secured by the same All Sums Mortgage are subordinated to the Loans in relation to all sums received out of the enforcement of the All Sums Mortgage and any Additional Security.

This subordination could possibly 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 intercreditor arrangement in the local mortgage register. The subordination provided for in the Mortgage Loan Sale Agreement will not be notarised and will not be registered in the local mortgage register.

As a consequence it can not be excluded that such subordination is not enforceable against third parties, including third party creditors of the Seller.

12.3.2. Further Loans

The Seller shall be entitled to grant further loans to a Borrower, which will be secured by the same All Sums Mortgage as the Loan previously transferred to the Issuer (a ***Further Loan***). If there are Further Loans granted which are secured by the same All Sums Mortgage, the proceeds of such All Sums Mortgage shall be distributed pursuant to the rules set out in clause 51, §2 of the Mortgage Credit Law and the MLSA, i.e. the Issuer shall rank in priority to the Seller.

12.4 Representations, Warranties and Eligibility Criteria

12.4.1. Representations and Warranties relating to the Seller

Pursuant to the MLSA, the Seller will represent and warrant to the Issuer on the Closing Date that:

(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 MLSA 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 MLSA and to perform the transactions contemplated herein;

(c) the Seller is duly licensed as a mortgage institution by the former CBFA now FSMA under the Mortgage Credit Act;

(d) the Seller is duly licensed as a consumer credit lender by the Ministry of Economic Affairs under the Belgian Act of 12 June 1991 on consumer credit (*wet op het consumentenkrediet/loi relative au crédit de consommation*), as amended from time to time (the ***Consumer Credit Act***);

(e) the Seller:

  (i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws;

  (ii) is not in liquidation (*vereffening/liquidation*);

  (iii) has not filed for bankruptcy or judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire)* or for a moratorium (*uitstel van betaling/sursis de paiement*);

  (iv) has not been adjudicated bankrupt or annulled as legal entity; and

  (v) has not taken any corporate action nor is any corporate action pending in relation to any of the matters specified in this paragraph (e);

(f) the MLSA constitutes the Seller's valid and binding obligations enforceable in accordance with its terms subject to the provisions of any applicable bankruptcy, insolvency, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally, including statutes of limitation;

(g) the information provided by the Seller in the Prospectus is true, accurate and complete in all material respects and contains no material omission;

(h) the Seller has entered into appropriate Umbrella Fraud Insurance Polic(y)(ies) covering fraud risk in respect of the Seller's operations in respect of the Loans;

(i) the Seller has not received any written notice and has not been otherwise informed of the suspension, cancellation or other material breach of the terms of the Umbrella Fraud Insurance Policy;

(j) the information relating to:

(i) the residential mortgage loans listed on a CD-Rom delivered to notary Jean-François Poelman pursuant to Clause 2.12 of the MLSA (the ***Initial Portfolio***);

(ii) 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 MLSA (*Credit Policies*); and

(iii) 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 (provided that if the Seller no longer acts as the Servicer, any collection and administration procedures and policies to be agreed between the Issuer and the Servicer) ((ii) and (iii) together being the Credit Policies)

provided by the Seller to the Issuer, Joint Lead Managers or Security Agent or otherwise is complete, true and accurate in all material respects as of the Cut-Off Date; and

(k) no Notification Event has occurred and is continuing or will occur as a result of the entering into or performance of the MLSA, to the extent the Notification Event relates to the Seller.

12.4.2. Representations and Warranties relating to each Loan, Loan Security, Additional Security and All Sums Mortgages

The Seller will represent and warrant to the Issuer :

- on the Closing Date with respect to each Initial Loan, the Loan Security, the Additional Security and the All Sums Mortgages, as the case may be, that as at the Cut-Off Date or,

- on the relevant New Loan Purchase Date with respect to each New Loan, the Loan Security, the Additional Security and the All Sums Mortgages, as the case may be, that as at such New Loan Purchase Date:

Valid existence

(a) each Loan, Loan Security and Additional Security exist and are valid and binding obligations of the relevant Borrower(s), or as the case may be, the relevant Insurance Company, and are enforceable in accordance with the terms of the relevant Loan Documents subject to the provisions of any applicable bankruptcy, insolvency, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally, including statutes of limitation, 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;

(b) each Loan has been granted with respect to real property located solely in Belgium;

(c) no Loan has an origination date prior to 1 January 1995;

(d) at origination, each Borrower in respect of a Loan, was resident (*woonachtig/ résident*) in Belgium;

(e) each Loan was granted by the Seller as a loan secured by a mortgaged property;

(f) no Loan is secured by a floating charge (*pand handelszaak/gage sur fonds de commerce)* or agriculture priority right (*landbouwvoorrecht/privilège agricole*);

(g) to the best of the Seller's knowledge, no event of default has occurred that has not been cured prior to the Cut-Off Date or, in relation to a New Loan, prior to the relevant New Loan Purchase Date, that would entitle the Seller to accelerate the repayment of any Loan;

(h) no Loan qualifies as a Defaulted Loan or as a Delinquent Loan in arrears for more than one month;

(i) the Seller has not received any written notice of intended prepayment of all or any part of any Loan;

(j) the Seller has not entered into any agreement, which would have the effect of subordinating the Seller's right of payment under of any of the Loans to any other indebtedness or other obligations of the Borrower;

(k) 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;

(l) 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*);

(m) 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 except for Permitted Variations made in accordance with the Transaction Documents which shall not constitute a breach of this representation and warranty;

(n) 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;

(o) the Seller has not received written notice 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 reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*), a moratorium (*uitstel van betaling/sursis de paiement*) or a collective reorganisation of its debts (*collectieve schuldenregeling/règlement collectif*) pursuant to the Belgian Act of 5 July 1998, on the collective organisation of debts;

(iv) has otherwise become insolvent; or

does not have, to the best of its knowledge, any reason to believe that any Borrower is about to enter into, or file for, any of the procedures specified in this paragraph (o);

(p) the Seller has not received any written notice of the death or any other legal incapacity (*onbekwaamheid/ incapacité*) of any Borrower;

Governing Legislation

(q) each Loan and related Mortgage is governed by Belgian law and no Loan or relating Mortgage expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals;

(r) each Loan is subject to the Mortgage Credit Act;

(s) each Loan and relating Mortgage complies in all material respects with the requirements of the Mortgage Credit Act and implementing regulations;

(t) each Loan complies in all material respects with any and all applicable consumer protection rules and in general, with the common rules of law (*regels van gemeen recht/règles de droit commun*);

(u) the Consumer Credit Act does not apply to any Loan;

(v) the Seller has complied in all material respects with all relevant banking, privacy and other laws in relation to the origination, the servicing and the assignment of any Loan;

Free from third party rights

(w) each Loan has been granted by the Seller (or its legal predecessor(s)) for the Seller's own account and hence as original lender;

(x) the Seller has exclusive, good, and marketable title to each Loan;

(y) the Seller has the absolute property right over each Loan and the other rights, interests and entitlements sold pursuant to the MLSA, 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*);

(z) 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, the right, title, interest or benefit sold or assigned in any way whatsoever other than pursuant to the MLSA or the Pledge Agreement;

(aa) the Seller has not given any instructions to any Borrower, Insurance Company or any provider of Loan Security or Additional Security to make any payments in relation to any Loan to any of the Seller's creditors;

(bb) 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;

(cc) each Loan can be easily segregated and identified by the Seller for ownership and collateral security purposes;

(dd) each Loan contains provisions permitting the Borrower to assign to the Seller by way of security (or create another form of security over) part of or all remuneration from employment such Borrower may earn;

Fully disbursed loans

(ee) the proceeds of each Loan have been fully released and the Seller has no further obligation to release further funds relating to the Loan, subject to subparagraph (ff) below;

(ff) each uncancelled amount of principal of the Construction Loan has been fully disbursed by the Seller to the Borrower;

(gg) none of the Loans relate to a bridge loan (*overbruggingskredieten/crédits soudure)*, a bullet loan with principal payments due only on maturity date (so-called bullet loans) or are temporary credit facilities (*tijdelijke kredietopeningen/ouverture de crédit temporaire*);

(hh) none of the Loans relate to reconstitution loans or any types of loans where repayments are organised under so-called "TAK-21" or "TAK-23" schemes;

No set-off or other defence

(ii) none of the Loans are subject to any reduction resulting from any valid and enforceable *exceptie/exception* or *verweermiddel/exception* (including *schuldvergelijking/compensation*) available to the relevant Borrower 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 MLSA (except any *exceptie/exception* or *verweermiddel/exception* based on the provisions of Article 1244, alinea 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws);

(jj) no pledge, lien or counterclaim or other security interest has been created, or arisen, or now exists, between the Seller and any Borrower or Insurance Company which would entitle such Borrower or Insurance Company to reduce the amount of any payment otherwise due under its Loan; there is no claim or receivable from the Borrower against the Seller that could be deemed to be "*connexe*" with any rights sold by the Seller to the Issuer pursuant to the MLSA;

(kk) none of the documents establishing the Loans, the Loan Security or Additional Security contain provisions allowing the Borrower to set-off amounts owing by it in respect of the Loans or other rights sold by the Seller to the Issuer;

No amendments

(ll) prior to the Cut-Off Date or, in relation to a New Loan, prior to the relevant New Loan Purchase Date, there has been no amendment to the term, interest rate or any other term and condition affecting the cash flow, collateral, collectability or enforceability of any Loan, Loan Security or Additional Security which has not been properly and duly documented in writing;

No Withholding Tax

(mm) the Seller is not required to make any withholding or deduction for, or on account of, tax in respect of any payment received by it in respect of the Loans;

(nn) 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;

Assignability of the Loans

(oo) each Loan, Loan Security and Additional Security may be validly assigned to the Issuer in accordance with this Agreement and pledged by the Issuer in accordance with the Pledge Agreement;

(pp) the assignment of each Loan, Loan Security and Additional Security has been duly authorised, executed and delivered by the Seller in order to validly transfer the Seller's interest in each Loan, the Loan Security and the Additional Security to the Issuer;

(qq) each Loan, the related Loan Security and Additional Security is legally entitled to be 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;

(rr) no Loan provides that it is transferable by way of endorsement or delivery of the Loan Document;

(ss) the sale of each Loan in the manner contemplated in the MSLA will not violate any agreement by which the Seller may be bound, and, upon such sale no Loan will be available to the creditors of it on its liquidation;

Security and Mortgaged Properties

(tt) each Loan is secured by a Mortgage and each Mortgage relates to real property;

(uu) the Seller has not received any written notice or is not aware of any material breach of the terms of any Loan Security or Additional Security;

(vv) each Mortgage exists and constitutes or, upon registration at the office (*hypotheekkantoor/bureau des hypothèques*) where mortgages are or, are to be, registered in accordance with the Mortgage Act (the ***Mortgage Registration Office***) will constitute, a valid, enforceable and subsisting mortgage over the relevant mortgaged property subject to the provisions of any applicable bankruptcy, insolvency, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally including statutes of limitation;

(ww) in relation to each mortgaged property, each Mortgage (which at the Cut-Off Date, or, in relation to a New Loan, at the relevant New Loan Purchase Date has been registered at the Mortgage Registration Office) is a first-ranking mortgage, ranking in priority to any other mortgage or security interest given in favour of it or any third party, except:

(i) for lower ranking Mortgages on a property if the Seller also holds the first ranking Mortgage(s) and such Mortgage(s) is/are also sold to the Issuer pursuant to the MLSA, including each of the following:

(A) either any Mortgage in respect of Loans transferred and which are ancillary to such Loan as they are secured by the same All Sums Mortgage;

(B) or any Mortgage granted by a Borrower in respect of another Loan to amongst others another Borrower which are transferred at the same time; and

(ii) in relation to properties mortgaged as an Additional Security;

(xx) no other Mortgage or security interest (excluding, for the avoidance of doubt, Mortgage Mandates) attaches to any mortgaged property other than any:

(i) mortgages and liens which apply to the mortgaged property by operation of law;

(ii) higher ranking Mortgages as envisaged in paragraph (ww) above; and

(iii) any lower ranking Mortgages, liens, encumbrances or claims;

(yy) each Mortgage has been registered in favour of the Seller at the Mortgage Registration Office or registration in favour of the Seller at the Mortgage Registration Office is pending pursuant to paragraph (zz) below;

(zz) if, at the Cut-Off Date or, in relation to a New Loan, at the relevant New Loan Purchase Date, the registration of any Mortgage created in favour of the Seller is pending at the Mortgage Registration Office:

(i) the Seller shall have, and be capable of having, an absolute right to be registered as mortgagee of the relevant mortgaged property in line with paragraph (ww);

(ii) such Mortgage shall have no condition, notice or other entry which will prevent such registration;

(iii) all action has been taken or will be taken by the Seller to register the Seller as mortgagee of the relevant mortgaged property; and

(iv) such registration will be accomplished within two (2) weeks after the Closing Date, or in relation to a New Loan the relevant New Loan Purchase Date;

(aaa) as at the date of origination of the Loan, the immovable property to which any Mortgage relates, was either existing or was under construction;

(bbb) none of the Mortgages have been created over a part in an undivided property, a collective property (*mede-eigendom/co-propriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective tontine or a similar arrangement, except:

(i) in case there is a first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or

(ii) in case of a tontine or a similar arrangement, each of the Borrowers under the same Loan has granted the relevant Mortgage with respect to all their present and future rights in respect of the mortgaged property and on the Closing Date, such Mortgage is still in full force and effect for each such Borrower;

(ccc) in respect of each Mortgage, there is no other liability of the relevant Borrower which is secured by such Mortgage that exists or is outstanding (excluding interest accrued on the Loan but not due on the Closing Date and any Default Interest for Loans up to maximum one month in arrears) other than:

(i) the Loan (including principal and interest) or, should there be more than one residential mortgage loan extended to such Borrower on the Closing Date, or in relation to a New Loan the relevant New Loan Purchase Date, such Loans to be purchased by the Issuer pursuant hereto (it being understood that the Seller may retain loans other than residential mortgage loans (such as consumer loans) secured by the same Mortgage);

(ii) any Further Loan which may be made if such Mortgage is an All Sums Mortgage; and

(iii) costs, fees, and expenses in respect of the Loan(s), any Further Loan or the relevant Mortgage;

(ddd) the Seller has not received any written notice nor has any reason to believe that the immovable property to which any Mortgage relates, was not in existence as on the Cut-Off Date or, in relation to a New Loan, the relevant New Loan Purchase Date;

(eee) the Seller has not received any written notice requiring the compulsory acquisition (*onteigening/expropriation*) of any mortgaged property;

(fff) to the best of the Seller's knowledge, there is no pending or threatened litigation, administrative proceedings or any governmental investigation relating to any mortgaged property that would have a material adverse effect on such property or on its market value;

Insurance

(ggg) as at the date of origination of each Loan, the Seller acting as original lender in its own name has instructed each Borrower to insure:

(i) the relevant mortgaged property under a home owners' hazard insurance policy against all risks usually covered by a

comprehensive Hazard Insurance Policy and the amount to be insured is not less than the full replacement value;

(ii) the Loan under a Life Insurance Policy, such Life Insurance Policy being collateral security to it for each such Loan;

Servicing

(hhh) no other person has been granted or conveyed the right to service any Loan or to receive any consideration in connection with it, unless agreed otherwise between the parties to the MLSA;

Selection Process

(iii) 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;

Origination and Standard Loan Documentation

(jjj) prior to making each Loan, the Seller carried out or caused to be carried out all investigations, searches, including the searches referred to in (lll), (mmm), (nnn), (ooo) and (ppp) below 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;

(kkk) prior to making each Loan, the Seller's lending criteria laid down in the Credit Policies were satisfied (as applicable) subject to such waivers as may be exercised by a reasonably prudent lender;

(lll) in respect of each Loan originated after 1 September 2003, the Seller has made searches on the Borrower's identity in:

(i) the negative database (*negatieve kredietcentrale/centrale négative des crédits*) within the meaning of the Belgian Act of 10 August 2001 on the database for credit to private individuals, as implemented by the Royal Decree of 7 July 2002 on the regulation of the database for credit to private individuals (the ***Negative Database***); and

(ii) the positive database (*positieve kredietcentrale/centrale positive des crédits*) within the meaning of the Belgian Act of 10 August 2001, as implemented by the Royal Decree of 7 July 2002 (the ***Positive Database***),

and, to the extent, following such verification, the Borrower's name appeared, for any reason in the Negative Database, the Loan contracted by such Borrower was originated by the Seller in accordance with the Credit Policies acting as a prudent lender;

(mmm) prior to providing a Loan to a Borrower, the Seller instructed the notary public to conduct a search of origin and validity of the Borrower's title to the mortgaged property and such search did:

(i) not disclose anything which would cause a reasonably prudent lender to decline to proceed with the Loan on the proposed terms;

(ii) disclose that the Borrower had the exclusive, absolute and unencumbered title over the mortgaged property; and

(iii) not disclose any tax liabilities or, if applicable, any social security (*sociale zekerheid / sécurité sociale*) liabilities, registrations, annotations, transcriptions or deficiencies in the title of property which may impair the rights of the Seller, including, but not limited to, deferred payment of the purchase price, reservation of title (*eigendomsvoorbehoud/réserve de propriété*), any condition precedent or any resolutive condition, usufruct (*vruchtgebruik/usufruit*) or negative undertakings not to transfer or mortgage;

(nnn) the Seller has not dispensed with the notary public who was instructed pursuant to paragraph (mmm) above from any of its responsibilities and/or liabilities in relation to each Loan and Mortgage;

(ooo) no Loan has been granted if the notary public who was instructed pursuant to paragraph (mmm) above formulated comments or reservations in respect of the Borrower's title unless the defect had been remedied;

(ppp) the Seller issued its standard instructions to the notary public who was instructed pursuant to paragraph (mmm) above prior to originating a Loan, as well as all the guidelines issued by the Seller to the notary in respect of minors, foreigners, right of residence (*recht van bewoning/droit d'habitation*), right to repurchase (*recht van wederinkoop/droit de rachat*), approval non-borrowing spouse/husband;

(qqq) all Standard Loan Documentation relating to the Loans has been duly and timely submitted to the former CBFA now FSMA in accordance with the relevant provisions of the Mortgage Credit Act;

(rrr) each Loan made by the Seller has been made on the terms of the appropriate Standard Loan Documentation for the relevant type of Loan (as applicable) or on the terms of the appropriate mortgage documentation at the time that the Loan and the Mortgage were originated and such documents have not been subsequently varied by the Seller in any material respect;

(sss) each Loan has been confirmed by way of a separate advance offer to which a repayment schedule is attached;

(ttt) in addition to the Insurances and the Loan Security, the Borrower has not been required to enter into and maintain any separate contracts as a condition of a Loan being made or Loan being granted;

Proper Accounts and Records

(uuu) the Seller has, since the origination of each Loan, kept full and proper accounts, books and records customary for a leading bank of good standing with international reputation, showing all transactions, payments, receipts, proceedings and notices relating to such Loan and all such accounts, books and records are up to date and in the possession of the Seller or held to the Seller's order;

(vvv) the Seller holds all records and databases relating to each Loan or such records and databases are held to the Seller's order and the Seller complies in all material respects with all applicable data protection and privacy laws;

Financial Criteria

(www) the rate of interest on each Loan was set in accordance with the Seller's tariff schedule and the credit policies prevailing at the time of origination or at the time of the last interest reset;

(xxx) both interest and principal on each Loan is payable by way of monthly Instalments;

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

(zzz) no Loan is a Loan in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower or any guarantor of such Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower or guarantor, provided that a Loan shall not be a disputed loan by reason merely of the fact that any payment thereunder is not made at its due date, that the Borrower is in default, that the Borrower is insolvent, that the Borrower is seeking from the courts the benefit of a grace period, or that there is a conciliation procedure (whether successful or not) in respect of this Loan under Article 59 of the Mortgage Credit Act (a ***Disputed Loan***);

(aaaa) each Loan has a remaining term that is not less than one (1) months;

(bbbb) each Loan has a fixed rate period that is not less than one (1) year;

(cccc) each Loan has an initial maturity equal to or less than thirty (30) years;

(dddd) for each Loan at least eighteen (18) instalments have been paid by the Borrower;

(eeee) only 2% the aggregate of the Outstanding Balance of all Loans relate to loans which are granted for properties that are used both for residential and

professional purposes, where the property is used for more than 50% for professional activities.

(ffff) the aggregate of the Outstanding Balance of all Loans which are covered by the same Mortgage is lower than EUR 480,000 or any other amount as allowed by the law applicable to a *société de crédit foncier* within the meaning of articles L 515-13 et seq of the French monetary and financial code (*code monétaire et financier*);

(gggg) each Loan has:

(i) a CLTV (whereby the outstanding balance of any consumer loans on a single Borrower is included in the calculation of the current loan amount and the current value was obtained by indexation) equal to or less than 120 % ;

CLTCV means the ratio of current loan to current value, which is calculated as:

A. the current balance of the Loans of a Borrower, for the purpose of this calculation increased by the current balance of other loans as existed before the Closing or New Loan Purchase Date, as relevant, (such as the outstanding balance of any consumer loans of the Borrower), divided by:

B. the Current Property Values indexed to the Cut-Off Date or New Loan Purchase Date, as relevant, (based on figures as provided by the property expert Stadim CVBA, with its registered office at Marialei 29-33, 2018 Antwerps), less any mortgage inscription amounts held by a third party that rank higher in priority to the mortgage inscriptions granted to the Seller;

(ii) an ILTV equal to or less than 120 %;

ILTIV means the ratio of initial loan to initial value, which is calculated as:

A. the initial balance of the Loans of a Borrower at the time of their origination, divided by:

B. the initial property values indexed to the most recent Loan origination date, (based on figures as provided by the property expert Stadim CVBA, with its registered office at Marialei 29-33, 2018 Antwerpen; and

(iii) a CLTM (whereby the outstanding balance of any consumer loans on a single Borrower is included in the calculation of the current loan amount) equal to or less than 200%;

CLTM means current loan to mortgage inscription, which is calculated as:

A. the current balance of the Loans of a Borrower, for the purpose of this calculation increased by the current balance of other loans as existed before the Closing or New Loan Purchase Date, as relevant, (such as the outstanding balance of any consumer loans of the Borrower), divided by:

B. the sum of the first and any subsequent ranking mortgage inscriptions granted to the Seller (for avoidance of doubt, mortgage mandates are excluded);

(hhhh) the initial property valuations recorded in the Seller's electronic records and reported to Moody's reflect the initial property valuations contained in the files and records of the Seller in respect of each Loan;

(iiii) none of the Loans has been granted to a Borrower that is or, at the time such Loan has been granted, was an employee of the Seller;

(jjjj) none of the Loans relate to loans granted with the benefit of a guarantee extended by the Walloon Region under the applicable housing promotion programme for building or acquiring houses by young persons (the *Prêts Jeunes*, in application of the Decree of the Walloon Government on 20 July 2000 determining the conditions to intervene for the benefit of young people obtaining a mortgage credit) or otherwise benefits from any incentive schemes set up by the Walloon Government; and

(kkkk) none of the Loans relate to "harmonica" loans which are loans with a maturity extension possibility without the possibility to increase the monthly instalment (possibility to increase the maturity date, but not the monthly instalment up to a certain predefined maximum maturity date whereby any residual amounts outstanding at such date will be waived (in favour of the relevant Borrower)).

12.4.3. Eligibility Criteria

All representations and warranties as set out under Section 12.4.2 above, shall be considered to constitute the eligibility criteria relating to any Loan, Loan Security, Additional Security or All Sums Mortgage, as the case may be (the ***Eligibility Criteria***) and the Seller will represent and warrant to the Issuer and the Security Agent on the Closing Date that, as at the Cut-Off Date, and, in relation to any New Loan, on the relevant New Loan Purchase Date, all of the Eligibility Criteria are met.

12.5 Repurchases and Permitted Variations of Loans

12.5.1. Breach of Representations and Warranties

If at any time after the Closing Date, or, as the case may be, the New Loan Purchase Date:

(a) any of the representations and warranties relating to the Loans proves to be untrue, incorrect or incomplete; and

(b) the Seller has not remedied this within five (5) Business Days of receipt of written notice thereof or according to the Servicer it cannot be remedied within such period;

then, the Servicer shall procure that (at the discretion of the Administrator or the Security Agent):

(a) the Issuer shall be indemnified by the Seller for all damages, costs, expenses and losses; and

(b) the relevant Loan(s) and Loan Security, together with all other Loans secured by the same All Sums Mortgage, is (are) repurchased by and re-assigned to the Seller at the Repurchase Price in case of Breach.

(c) The relevant Seller shall deliver to the Administrator acting on behalf of the Issuer, a solvency certificate substantially in the form of Schedule 11 to the MLSA (however, for the avoidance of doubt, such solvency certificate shall constitute a mere statement and not a condition precedent to the repurchase of the relevant Loan).

(d) On each Monthly Calculation Date, the Administrator shall provide the Issuer with the solvency certificates received during the immediately preceding Monthly Collection Period.

The ***Repurchase Price in case of Breach*** shall be equal to (i) the Outstanding Balance of the Loan as at the Repurchase Date in case of Breach plus (ii) accrued interest thereon and reasonable pro rata costs up to (but excluding) the Repurchase Date in case of Breach.

The indemnification and the closing of any repurchase as referred to herein shall be completed no later than 45 calendar days after (i) the expiry of the five (5) Business Day cure period referred to herein or (ii), the date on which the Servicer has determined that the matter is not capable of being remedied (the ***Repurchase Date in case of Breach***).

Notwithstanding the above, in case of breach of eligibility criteria (hhhh) and if and as long as, on any Quarterly Payment Date after application of the relevant Priorities of Payments, there is a debit balance on the Class B Principal

Deficiency Ledger for an amount exceeding 1% of the Principal Amount Outstanding of the Notes, the Seller has agreed to, at its option, either repurchase such Loan at the Repurchase Price in case of Breach or indemnify the Issuer and deposit on a ledger of the Transaction Account an amount equal to the positive difference between, in respect of Defaulted Loans, the value of the relevant property as reported to Moody's and the value of such property in the files of the Seller (the ***Valuation Loss Provision***), as determined in accordance with clause 10 (u) of the MLSA.

Upon Foreclosure of such Loan the Valuation Loss Provision shall

(i) be released from the Transaction Account and form part of the Quarterly Interest Available Funds if the Issuer suffers a loss upon such foreclosure, i.e. if the proceeds collected upon Foreclosure are less than the outstanding amount of principal and accrued interests in connection with such Loan;

(ii) be paid back to the Seller if the Issuer does not suffer a loss upon such foreclosure, i.e. if the proceeds collected upon Foreclosure are equal to or exceed the outstanding amount of principal and accrued interests in connection with such Loan.

All costs relating to any repurchase shall be borne by the Seller.

12.5.2. Permitted Variations

The Secured Parties agree that upon the request of a Borrower, the Servicer shall be entitled to consent on behalf of the Issuer to a requested variation of the terms or conditions of or in relation to a Loan or any rights in relation thereto (a ***Variation***) to the extent (a) no Enforcement Notice has been given by the Security Agent at the date of such Variation and (b) if the cumulative conditions below are satisfied:

(a) the Variation will not provide for a full or partial release of the Mortgage as a result of which the CLTM immediately following such variation is higher than:

(i) 200% if the Variation is made during the Replenishment Period or

(ii) 100 % if the Variation is made after the Replenishment Period; or

(b) the Variation will not provide for a reduction of the Outstanding Balance of the Loan otherwise than as a result of an effective payment of principal; or

(c) the Variation will not provide for a partial release (*handlichting/mainlevée*) of the Mortgage or a substitution of the mortgaged property (*pandwissel/substitution*) relating to any Loan as a result of which the CLTCV immediately following such Variation is higher than

(i) 120% if the Variation is made during the Replenishment Period; or

(ii) the CLTCV immediately preceding such Variation if the Variation is made after the Replenishment Period; or

(d) if the Variation provides for a maturity extension of the Loan, the final redemption date of the varied Loan will not as a consequence of the Variation be extended beyond the Quarterly Payment Date falling 4 years prior to the final maturity of the Notes; or

(e) the Variation will not provide for any change in amortisation profile that would make a Loan no longer payable by way of monthly Instalments or that would imply a residual value payment at the final due date; or

(f) the Variation will not provide for any non-contractual maturity extensions on Loans; or

(g) the Variation will not provide for any change in the fixed interest rate in respect of a Loan; or

(h) the Variation will not imply that the Loan would no longer comply with the Eligibility Criteria.

A Variation that meets all the conditions set out in this Section 12.5.2 and an amicable settlement that has been agreed by the Administrator as described under Section 12.5.3 are both referred to as a ***Permitted Variation***.

12.5.3. Amicable Settlement

If at any time after the Closing Date, the Administrator is notified by the Servicer of a proposed amicable settlement relating to a Loan that is in arrears resulting in a variation of the repayment schedule relating to such Loan, the Administrator may consent on behalf of the Issuer to such proposed settlement if and to the extent he confirms solely on the basis of the Servicer's notification that such settlement takes full account of the chances for recoveries relating to such Loan. The Administrator's confirmation shall be final. If the Administrator does not agree to the proposed amicable settlement, such variation shall be deemed to be a Non-Permitted Variation.

12.5.4. Non-Permitted Variations

If at any time after the Closing Date:

(a) the Borrower has requested to the Servicer a variation of the terms or conditions of or in relation to a particular Loan or any rights in relation thereto; and

(b) the Servicer has determined that such proposed variation is not a Permitted Variation (a ***Non-Permitted Variation***),

then the Servicer shall:

(a) promptly inform the Seller and the Seller shall be deemed to have accepted such Non-Permitted Variation if he has not opposed thereto

within one (1) Business Day after being notified by the Servicer (and hence should the Seller oppose to such Non-Permitted Variation, the Servicer shall not proceed with the relevant Non-Permitted Variation and promptly inform the relevant Borrower thereof);

(b) as part of the immediately subsequent Monthly Servicing Report inform the Issuer, the Administrator and the Security Agent of the Non-Permitted Variation in relation to such Loan thereof as accepted by the Seller; and

(c) no later than 45 calendar days after the date on which the Seller has accepted, or is deemed to have accepted the Non-Permitted Variation, in accordance with (a) above (or, in case such day would not fall on a Business Day, on the immediately succeeding Business Day), arrange for such Loan, together with all other Loans secured by the same All Sums Mortgage, to be repurchased and re-assigned at the Repurchase Price in case of Non-Permitted Variation, and such repurchase and re-assignment of the relevant Loan(s) shall be deemed to have been completed at such time (such date being the ***Repurchase Date in case of Non-Permitted Variation***).

The repurchase and re-assignment of the relevant Loan shall be conditional upon the receipt by the Administrator acting on behalf of the Issuer of a solvency certificate substantially in the form of Schedule 11 to the MLSA executed by either the Seller, an interested third party or the Servicer.

If and to the extent the Servicer fails to deliver such a solvency certificate in events where it has the obligation to repurchase a Loan, it shall no longer be entitled to accept further Non-Permitted Variations as set out above, until (i) such Loan is repurchased and re-assigned to the Seller, an interested third party or ultimately the Servicer and (ii) prior to such repurchase and re-assignment a solvency certificate substantially in the form of Schedule 11 to the MLSA executed by either the Seller, an interested third party or the Servicer has been delivered to the Administrator acting on behalf of the Issuer.

On each Monthly Calculation Date, the Administrator shall provide the Issuer with the solvency certificates received during the immediately preceding Monthly Collection Period.

The ***Repurchase Price in case of Non-Permitted Variation*** is equal to :

(a) for performing or Delinquent Loans up to maximum 90 days in arrears, the Outstanding Balance of the Loan as at the Repurchase Date in case of Non-Permitted Variation plus accrued interest thereon and reasonable pro rata costs up to (but excluding) the Repurchase Date in case of Non-Permitted Variation; and

(b) for Delinquent Loans as from 90 days in arrears (and including such date) and for Defaulted Loans, the lesser of (i) an amount equal to the market value of the Mortgaged Property or, if no valuation report of less than twelve (12) months old is available, the indexed value thereof (based on

indexes determined by Stadim) plus accrued interest and (ii) the Outstanding Balance of the relevant Loan as at the Repurchase Date in case of Non-Permitted Variation plus the accrued interest, if any, and any other amounts due under the Loan up to (but excluding) the Repurchase Date in case of Non-Permitted Variation.

All costs and expenses resulting from such repurchase and re-assignment shall be borne by the Seller.

The Servicer may not waive any Prepayment Penalty in connection with the prepayment of any Loan, unless the Servicer would compensate the Issuer for an amount equal to such Prepayment Penalty (which the Servicer may in time claim back from the Seller), save in the event the prepayment is made out of the proceeds of a Life Insurance as a consequence of or in connection with the death of a Borrower.

12.5.5. Option to repurchase

If after the Closing Date, or in relation to New Loans, the relevant New Loan Purchase Date the Seller originates a Further Loan which is secured by an All Sums Mortgage which also secures a Loan previously purchased by the Issuer, then the Seller shall have the right to repurchase such Loan at the Repurchase Price in case of Optional Repurchase on any date after the date of origination of such Loan (the ***Repurchase Date in case of Optional Repurchase***) provided that the aggregate of the Outstanding Balances of the Loans which the Seller proposes to repurchase within a period of twelve (12) consecutive months does not exceed 1% of the aggregate Outstanding Balances of all the Loans, as determined on the Calculation Date relating to the Quarterly Payment Date in respect of which the repurchase is proposed.

The ***Repurchase Price in case of Optional Repurchase*** is equal to:

(a) for performing or Delinquent Loans up to maximum 90 days in arrears, the then Outstanding Balance of the Loan as at the Repurchase Date in case of Optional Repurchase plus accrued interest thereon and reasonable pro rata costs up to (but excluding) the Repurchase Date in case of Optional Repurchase, and

(b) for Delinquent Loans as from 90 days in arrears (and including such date) and for Defaulted Loans, the lesser of (i) an amount equal to the market value of the Mortgaged Property or, if no valuation report of less than twelve (12) months old is available, the indexed value thereof (based on indexes determined by Stadim) plus accrued interest and (ii) the Outstanding Balance of the relevant Loan as at the Repurchase Date in case of Optional Repurchase plus the accrued interest, if any, and any other amounts due under the Loan until (but excluding) the Repurchase Date in case of Optional Repurchase.

Further, the Seller has the option to repurchase the Portfolio from the Issuer upon the occurrence of a Regulatory Change and upon the condition that the

Issuer receives sufficient monies to repay principal and interest outstanding on the Notes. In such case, the Issuer shall have the obligation, provided certain conditions are met, to sell and assign the Loans to the Seller. The repurchase and re-assignment of the Loans above shall be conditional upon the receipt by the Issuer of a solvency certificate substantially in the form of Schedule 11 to the MLSA executed by the Seller. The repurchase price in such case shall be equal to :

(a) for performing Loans: the then Outstanding Balance of the Loan(s) plus accrued interest thereon and *pro rata* costs up to (but excluding) the date of completion of the repurchase; and

(b) for Delinquent Loans for more than 90 days and for Defaulted Loans: the lesser of (i) an amount equal to the market value of the Mortgaged Property or, if no valuation report of less than twelve (12) months old is available, the indexed value thereof (based on the indexes determined by Stadim); (ii) the Outstanding Balance of the relevant Loan(s) as at the Repurchase Date plus the accrued interest due but not paid, if any, plus any other amounts due under the Loan(s); and (iii) an amount equal to the mortgage inscription (*inscription hypothécaire/hypothecaire inschrijving)* plus, if any, the amount secured by the Mortgage Mandate (which amounts shall also include, for the avoidance of doubt, 3 years of interest plus an amount of 10% for costs).

All costs (including, for the avoidance of doubt, any swap breakage costs) arising in relation to such repurchase shall be paid and borne by the Seller.

12.6 Notification Events

The sale of the Loans under the MLSA and the pledge of the Loans under the Pledge Agreement will be notified to any relevant Borrowers and any other relevant parties by the Issuer (acting on the instructions of the Security Agent) pursuant to the terms and conditions set out in the MLSA and the Pledge Agreement.

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

(a) the occurrence of an event upon which the appointment of the Servicer has or will terminate pursuant to the provisions of the Servicing Agreement (the ***Servicing Termination Event***); or

(b) the Issuer is so required to serve such notice by an order of any court or supervisory authority; or

(c) 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

(d) whether as a reason of a change in law (or case law) or for any other reason (such as when it becomes necessary as a result of a change of law, to protect the interests of the Issuer to record the sale by way of marginal notation (*kantmelding/mention marginale*) 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

(e) the Seller fails in any material respect to duly perform, or comply with, any of its obligations under this Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within ten (10) Business Days after notice thereof; or

(f) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Loan Sale Agreement, or under any of the other Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect, save for any breach of representations and warranties relating to a Loan which is, following such breach, repurchased and re-assigned to the Seller; or

(g) 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 dissolution (*ontbinding/dissolution*) and liquidation (*vereffening/liquidation*), the Seller has become subject to emergency regulations (*noodregeling/mesure d'urgence*) or, if applicable, applies for or is granted a suspension of payments (*opschorting van betaling/surseance des payments*), the Seller applies for its bankruptcy or is declared bankrupt (*failliet verklaard/declaré en faillite*) or any steps have been taken for the appointment of a receiver or a similar officer of it or of any or all of its assets; or

(h) it becomes unlawful for the Seller to perform all or a material part of its obligations under the Transaction Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or

(i) if at any time:

(i) the credit rating (or a credit view or credit assessment) of the Seller's:

(A) long term, unsecured, unsubordinated and unguaranteed debt obligations falls below BBB+ by Fitch (or, if at BBB+, such credit rating or credit view is put on Rating Watch Negative by Fitch) or such rating or credit view is withdrawn;

(B) short term, unsecured, unsubordinated and unguaranteed debt obligations falls below F2 by Fitch or such rating or credit view is withdrawn; or

(ii) the credit rating (or a credit view or credit assessment) of the Seller's long-term, unsecured, unsubordinated and unguaranteed debt obligations falls below "Baa3" by Moody's; or

(j) an Enforcement Notice is served by the Security Agent.

Rating Watch Negative has the meaning given thereto in "Definitions of ratings and other forms of opinion" published by Fitch.

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

(a) the occurrence of a Notification Event under the MLSA;

(b) the Security Agent is so required by an order of any court or supervisory authority; or

(c) whether by reason of a change in law (or case law), or any other reason, the Security Agent reasonably considers it necessary to protect the interests of the Secured Parties in the Collateral or is required under the Pledge Agreement to do so; or

(d) the service of an Enforcement Notice by the Security Agent.

12.7 Mitigation of commingling risk and set-off risk

12.7.1 In case:

(a) the credit rating, credit view or credit assessment of the Seller is below the Fitch Minimum Rating or in case such rating or credit view is withdrawn (unless Fitch confirms that the ratings are not adversely affected) (the ***Fitch Risk Mitigation Deposit Trigger Event***); or

(b) the credit rating, credit view or credit assessment of the Seller is below the Moody's Minimum Rating or such rating or credit view is withdrawn (subject to overruling from the Security Agent and Moody's) (the ***Moody's Risk Mitigation Deposit Trigger Event***);

the Seller shall without delay following the occurrence of any of the rating events listed in items (a) or (b) above (together the ***Risk Mitigation Deposit Trigger Events***), (i) notify the Issuer, the Administrator and the Security Agent in writing and (ii) credit to a bank account to be held in the name of the Issuer with a third party account bank having the Minimum Ratings (the ***Deposit Account***) an amount to be determined in accordance with Clause 7.2 of the MLSA (the ***Risk Mitigation Deposit***).

12.7.2 The amount of the Risk Mitigation Deposit shall be determined by the Administrator as follows:

(a) upon the first occurrence of a Fitch Risk Mitigation Deposit Trigger Event, the Risk Mitigation Deposit shall be equal to:

(i) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following the occurrence of the Fitch Risk Mitigation Deposit Trigger Event; plus

(ii) an amount equal to the higher of zero and the difference between:

(A) an amount equal to 1% of the Principal Outstanding Amounts under the Class A and the Class B Notes; and

(B) an amount equal to 50% of the amount of Unguaranteed Deposits; plus

(iii) an amount equal to 50% of the amount of Unguaranteed Deposits

Unguaranteed Deposits means the lesser of (i) the portion of the deposits made by the Borrowers with the Seller in excess of amounts guaranteed under the deposit protection scheme provided by the Special Protection Fund for Deposits and Life Insurance organised under the Royal Decree of 14 November 2008 and (ii) the outstanding principal amount and accrued interests of the Loan (s) of such Borrower;

(b) upon the first occurrence of a Moody's Risk Mitigation Deposit Trigger Event, the Risk Mitigation Deposit shall be equal to:

(i) zero; and

(ii) the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following the occurrence of the Moody's Risk Mitigation Deposit Trigger Event;

(c) if both Risk Mitigation Deposit Trigger Events occur simultaneously, the Risk Mitigation Deposit shall be equal to the higher of (a) and (b) above;

(d) on each Quarterly Payment Date following the quarter in which the relevant Risk Mitigation Deposit Trigger Event occurred (the ***Adjustment Date***) and provided no Notification Event has occurred, the Risk Mitigation Deposit shall be adjusted according respectively to Clause (a) or (b) above, it being understood that the amounts referred to under (a) (i) and (b) have to be equal to the aggregate amount of the first scheduled interest and principal payment becoming due and payable on each Loan on or immediately following such Adjustment Date, provided that if the Seller fails to adjust the Risk Mitigation Deposit to the required level, the Issuer will adapt such reserve through item (ii) of the Quarterly Interest Priority of Payments;

(e) as from the time a Notification Event has occurred, the amount referred to under (a) (i) and (b) above will become fixed and may no longer be adjusted in accordance with Clause (d) above. For the avoidance of doubt,

the amounts referred to under (a) (ii) and (iii) above shall continue to be adjusted according to Clause (d) above. Furthermore, as from the time a Notification Event has occurred, the Risk Mitigation Deposit may no longer be released (other than to the Issuer for the purposes set out under Clause 7.4 (a) or (b) of the MLSA) unless the Notes have been fully and finally repaid;

(f) in case of a change of law to the effect that the Set-Off Risk (as defined below) is mitigated, and following the receipt by Fitch of a satisfactory legal opinion, the Issuer may, provided this has no deterrent effect on the rating of the Notes, fix the amounts referred to under (a) (ii) (B) and (a) (iii) above at zero. At such time, amounts posted on the Deposit Account pursuant to such Clauses (a) (ii) (B) and (a) (iii) above will be released to the Seller according to Clause 7.5 of the MLSA below.

12.7.3 The Risk Mitigation Deposit will not be included as Principal Available Funds and/or Monthly Interest Available Funds and will not form part of the Priority of Payments, unless if used in accordance with Clause 7.4 of the MLSA in which case the Issuer will be required to add such funds to the Monthly Interest Available Funds and/or Principal Available Funds, as the case may be. The Risk Mitigation Deposit will not serve as general credit enhancement and can only be used by the Issuer in accordance with Clause 7.4 of the MLSA.

12.7.4 The Risk Mitigation Deposit may only be applied (A) for the provision of general liquidity to the Issuer in or towards satisfaction of items (i), (ii) and, provided that the Class A Swap Counterparty has not defaulted, (v) of the Monthly Interest Priority of Payments and item (i)(A) of the Quarterly Interest Priority of Payments (and in this case, the amounts drawn from the Risk Mitigation Deposit will form part of the Monthly Interest Available Funds or the Quarterly Interest Available Funds, respectively) , and (B) only on the Quarterly Payment Date on which the Class A Notes will be repaid in full, for the purpose of indemnifying the Issuer of:

(a) any losses of the Issuer resulting from (i) the fact that following an insolvency of the Seller the recourse the Issuer would have against the Seller for amounts paid into the Collection Account at such time would be an unsecured claim against the insolvent estate of the Seller for moneys due at such time and (ii) the failure by the Servicer, on behalf of the Seller, to credit all due and received amounts of principal, interest, Prepayment Penalties and Default Interest from the Collection Account to the Transaction Account (both (i) and (ii) being defined as the ***Commingling Risk***);

(b) any losses of the Issuer resulting from a Borrower or provider of Loan Security claiming a right to set-off with the Seller or defences related to the Seller for which the Issuer is not indemnified by the Seller in accordance with the Transaction Documents (***Set-off Risk***);

in the case of (B) above, the amounts drawn from the Risk Mitigation Deposit will form part of the Principal Available Funds.

12.7.5 Unless applied in accordance with Clause 7.4 of the MLSA, the Risk Mitigation Deposit shall remain credited to the Deposit Account until:

(a) the Seller's rating is again above the relevant Risk Mitigation Deposit Trigger Event(s) having triggered the requirement for such Risk Mitigation Deposit; or

(b) a full and final repayment of the Notes on the Final Redemption Date (or such other date upon which the Notes are to be redeemed in full).

If any of the above conditions under (a) or (b) is fulfilled, the Administrator will immediately release the Risk Mitigation Deposit to the Seller.

12.7.6 In case of Clause 7.1 (b) of the MLSA, no Risk Mitigation Deposit shall effectively have to be created to the extent a third party with the Minimum Ratings fully and unconditionally guarantees the obligations of the Seller (i) to indemnify the Issuer for Set-off Risk, (ii) to sweep any amounts received in the Collection Account or (iii) to provide general liquidity to the Issuer, provided that a copy of such guarantee and a legal opinion will be delivered to the Rating Agencies prior to the implementation of such guarantee.

12.7.7 The Seller shall forthwith upon a Risk Mitigation Deposit Trigger Event and on each Adjustment Date communicate to the Administrator all data necessary to determine the amount of Unguaranteed Deposits.

SECTION 13. OVERVIEW OF THE MORTGAGE AND HOUSING MARKET IN BELGIUM

13.1 Economic Environment

With a surface area of 30,500 km² and a population of about 11,000,000, Belgium is one of the smallest Member States in the European Union. However, it has a GDP of EUR 351.4 billion (in 2010) and is one of the ten largest trading nations in the world.[2] Belgium's economy is dependent on international trade. From year-to-year, foreign trade accounts for approximately 70 percent of the nation's economy. Since Belgium is home to the headquarters of the EU and over 100 international organizations, it has a unique perspective on world trade and global markets.[3]

Belgium primarily owes its comparably large economic power to its central location and the high productivity of its work force[4]. The age-old openness of the Belgian economy has increased in recent decades. As a result of the significant proportion of international trade in GDP and the substantial income from foreign investment, Belgium had been called 'the perfect example of an open economy"[5].

The unemployment rate was increased in 2010 from 7,9% to 8,4% in 2010 [6]. The rise in unemployment remained rather limited given the seriousness of the recession, notably thanks to the measures decided already in 2009 by the government, to counteract the crisis. Up to the present time, these measures seem to have shown some effectiveness. The rate of unemployment in Belgium (8,4% in 2010) actually being more limited than in the euro area (10.1% in 2010)

Overall inflation was 2.2% in 2010 in Belgium. The Belgian consumer price index is more sensitive to increases in commodity prices, especially the oil price. That may be due to the high energy consumption of households, relatively low excise duties and the substantial and swift impact of energy price increases on gas and electricity tariffs. Against that background, the federal government recently took the first steps to reduce the volatility of energy prices[7].

13.2 The Belgian Banking Sector

The Belgian Banking sector experienced a period of significant consolidation in the nineties. Partly due to this consolidation, more than 70% of the mortgage lending market is by the end of the year 2008 controlled by only four banking groups (BNP Paribas-Fortis, KBC, Dexia, ING). With a market share of around 7.5%, AXA Bank Europe occupies the 5th raking on the Belgian mortgage market[8].

[2] stabilityprogramme.be

[3] nationsencyclopedia.com

[4] belgostat.be

[5] diplomatie.be

[6] Eurostat.eu

[7] Stabilityprogramme.be and plan.be

[8] Union Professionnelle du Crédit

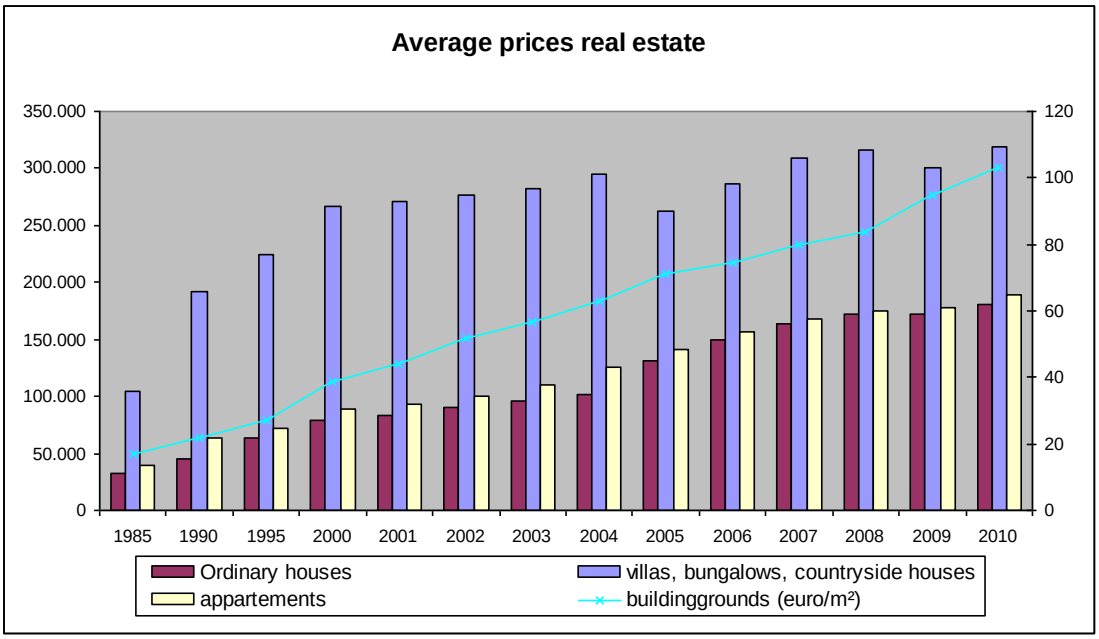
13.3 The Belgian Housing market

According to data of the European Mortgage Federation, the Belgian housing market accounts for a total value of EUR 146.329 million of mortgage debt in 2009, resulting in 43.3 % of GDP, which is far beneath the European average of 50,1 %.[9](European Mortgage Federation, Overview of EU residential mortgage markets 2006).

The Belgian government promotes home-ownership actively, by allowing fiscal deduction of interests and capital payments. Home-ownership is with 78% far above the European average.[10]

In 2010, 23.15% of the new contracts recorded at the central individual credit register, concerned mortgage loans. Partly due to low interest rates, and the continuous effort of the Belgian government to support investments to obtain a greener environment, the number of new mortgage loans granted increased with 20.7%, compared to the year 2009. [11]

The real estate prices for normal houses and apartments continue to increase slightly in 2010 compared to 2009. The prices for villas increase again in 2010 after an earlier slight decrease in 2009. The average price for building plots is still increasing. [12].



[9] European Mortgage Federation

[10] Netto.be

[11] Nbb.be

[12] FOD Economie

SECTION 14. THE SELLER – ORIGINATION & SERVICING

14.1 General Information

14.1.1. AXA Group

AXA is a member of the AXA Group. The AXA Group is an important global player whose ambition is to attain leadership in its core Financial Protection business. Financial Protection involves offering our customers - individuals as well as small, mid-size and large businesses - a wide range of products and services that meet their insurance, protection, savings, retirement and financial planning needs throughout their lives. AXA's strategy is to combine organic and external growth to meet the challenge of operational excellence in all of the following areas:

(a) Product innovation

(b) Core business expertise

(c) Distribution

(d) Quality of service

(e) Productivity

Leveraging the resources of AXA Group, and in accordance with AXA's values and commitments, about 214,000 people are working daily to execute this strategy and to serve 95 million clients.

In order to fully meet all the financial protection customer needs of European clients, AXA has a retail banking activity as part of the AXA structure. This activity is fully integrated within the group as it is a key element for the life & savings business.

14.1.2. AXA

AXA is a *"naamloze vennootschap/société anonyme"* of unlimited duration incorporated under Belgian law and registered with the Crossroads Bank for Enterprises under business identification number 0404.476.835. Its registered office is at 1170 Brussels, boulevard du Souverain 25, Belgium, telephone +32 2 678 61 11.

AXA was established on August 27th 1881 under the name of Antwerpsche Hypotheekkas (ANHYP).

Following the closing of a voluntary public offer on January 22nd 1999, Royale Belge, currently AXA Holdings Belgium, owns all shares in AXA.

According to its Articles of Association AXA's object is to carry out all transactions that are consistent and in accordance with the laws and regulations applicable to credit institutions. It can carry out all financial transactions, inter alia the collection of capital, in whichever way these are repayable, granting credits and credit loans backed by a mortgage or the deposit of values, for its own account and for the account of third parties. It can finance transactions on account, grant loans and credits, inter alia

backed by a floating charge, and carry out transactions at discount and re-discount. It can exercise all activities; carry out or incorporated all businesses and execute all transactions that are, directly or indirectly connected with its object and nature of which is to promote its realisation, as all businesses or transactions that can be carried out or organized by way of service to its clients, inter alia in the area of insurance. It can carry out all investments in view of the best use of its funds or those that have been entrusted to it. It can, subject to approval by the general meeting of shareholders, merge with other companies with a similar object, according to such terms considered to be most suitable.

The share capital of AXA amounts to EUR 546,318,241.47 divided into 395,911,750 shares.

In June 2007, AXA's Management Board has defined a common European banking strategy. AXA's objective is to progressively complement its Financial Protection offering with a range of simple and attractive banking products, mainly offered through the existing insurance networks and over the internet, in the European countries where the association of banking and insurance services is highly valued by the customers. The ultimate aim is that local AXA Management in each relevant country has a range of insurance as well as retail banking services at their disposal to better serve their customers.

AXA Group's current banking activities cover five countries: Belgium, France, Germany, Hungary and Switzerland. Its strategy is to pursue its development across Europe.

The European retail banking activities are coordinated by AXA, formerly known as AXA Bank Belgium, in Brussels. Banking expertise has been pooled there to provide existing and future banks with the necessary support. Other European AXA banks operate or will operate as branches or subsidiaries of AXA.

14.1.2.1. A little history of AXA

2010 Launch of commercial activity of AXA in Czech Republic

2009 Launch of commercial activity of AXA in Switzerland

2009 Ella Bank in Hungary, acquired in 2007, becomes a branch of AXA

2008 AXA Life Europe Hedging Services joined AXA to provide financial engineering competencies to insurance companies of the Group and AXA

2007 Creation of the European bank platform AXA on December 3rd.

2002 AXA Royale Belge becomes AXA Belgium on 1March. The bank side remains AXA Bank Belgium, abbreviated AXA Belgium.

2000 Creation of AXA Bank Belgium (resulting from the merger between Ippa and Anhyp) on 1 January.

1999 AXA takes over Anhyp.

1999 Merger between Royale Belge and AXA Belgium.

1990 AXA Belgium is created.

1986 Royale Belge takes over Ippa.

1903 Foundation of "Société hypothécaire belge et Caisse d'épargne" (later renamed « Ippa »).

1881 Foundation of "Caisse Hypothécaire Anversoise" (becoming "Anhyp" later on).

14.1.2.2. Key financial information

- Solvency position : Tier 1 ratio of 21,8 % (consolidated) and 15,6% (unconsolidated) (December 31st 2010)

- S&P rating : 'A+/A-1' with 'Stable' outlook (29 April 2011)

14.1.2.3. General Risk Profile

AXA's core business is retail banking based on simple product offers. It is not involved in Investment banking, corporate banking, structured finance or trade finance.

Its treasury and financial market activities are limited as AXA maintains a very conservative approach to market risks, Asset & liability management and interest rate risk management.

As such, being a retail bank, AXA's risk management policy is based on following key principles:

A qualitative retail credit risk portfolio

A high quality sovereign, local authorities, international institutions and bank counterparties portfolio

Standard operational risks

Prudent market, asset & liability and interest rate risk.

14.1.2.4. Governance and control

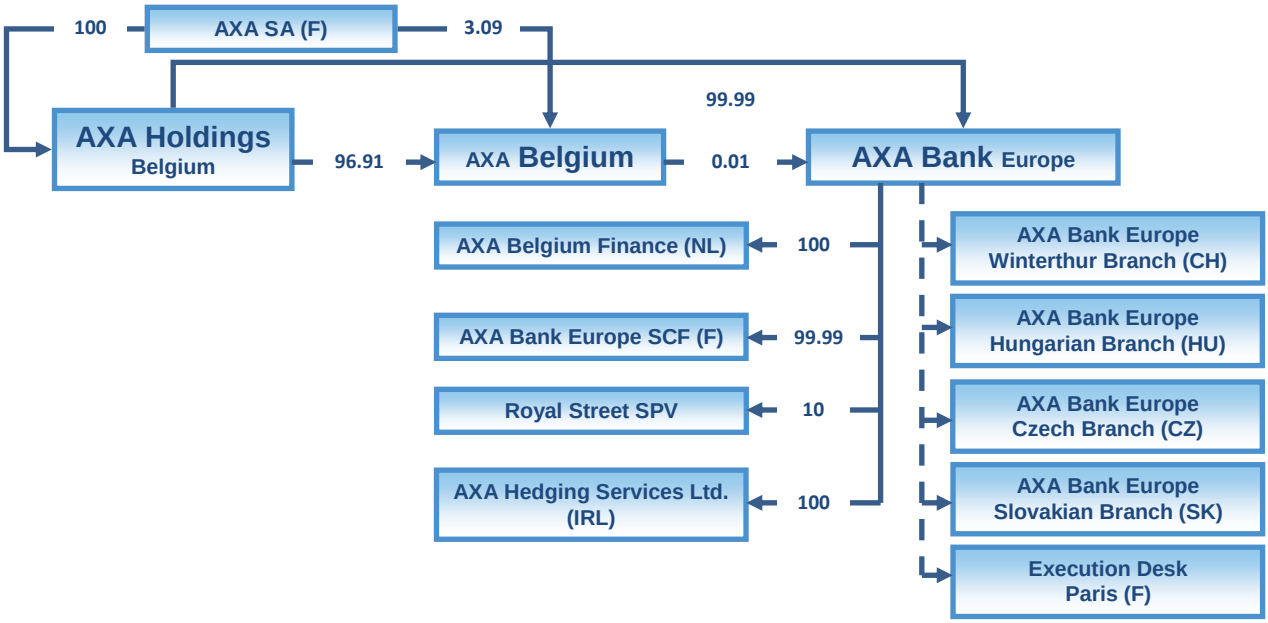
AXA has a governance structure consisting of a Board of Directors, with mainly a supervisory function and defining the company's strategy, and an Executive Committee with exclusive responsibility of effective management. This structure illustrates and clearly organizes the split between supervisory and management accountabilities.

The auditor of AXA is PricewaterhouseCoopers Bedrijfsrevisoren CVBA, Woluwedal 18, 1932 Sint-Stevens-Woluwe (Belgium).

The relevant auditor's report with respect to the audited accounts of AXA for the years ended 31 December 2009 and 31 December 2010, as in annex to this Base Prospectus (See *Condition 6. Documents regarding annual accounts in annex*), were issued without any reservations.

See also section 14.3 below.

14.1.2.5. Simplified AXA shareholding structure



14.2 Business Overview

14.2.1. Key events in 2010

14.2.1.1. A new branch in the Czech Republic

AXA successfully launched a new branch in the Czech Republic in February. AXA launched the new banking activity via a high-yield savings account distributed both by internal and external distribution networks and by a completely updated internet site at www.axa.cz. Net collections[13] reached €438 million at year end which was above expectations. Over 10 months, more than 34,000 customers chose to trust AXA with their savings. The launch of this new branch was an important step in the development of AXA.

[13] Includes changes in outstanding amounts on balance sheet products and the production of off-balance sheet products (mutual funds, third-party products) included in the branch's product range.

14.2.1.2. Affirmation of our banking model

At the request of AXA Group, a complete strategic assessment was carried out in the second quarter to evaluate the commercial and organizational model of AXA. Following this exercise, the AXA Group Management Board re-affirmed the value of the existing model and re-affirmed the added value of banking activities as support activities for insurance. Our approach is based on the OneAXA model, that is, retail banking supports Life & Invest activities and Property-Casualty insurance.

14.2.1.3. Many challenges in Hungary

Exchange rate volatility was a major challenge for Hungary in 2010. A crisis management plan was implemented to reduce customer risk and to limit the sensitivity of the portfolio and of credit production to significant swings in exchange rates.

14.2.1.4. A covered bond program to back growth

AXA successfully launched its first covered bond program in October. The goal of this program was to diversify AXA financing sources and to take advantage of the favorable market conditions at the time to secure long-term sources of financing. This first covered bond program is a major step in supporting the growth of AXA and, more particularly, for the development of the mortgage loan market in Belgium.

14.2.2. The economic and financial context

14.2.2.1. General context

Led by emerging markets, the United States and Germany, GDP growth in 2010 was likely far more robust than had been forecast at the beginning of the year.

Growth in emerging countries was expected to be about 8.5% in 2010 with sustained domestic demand associated with increases in raw materials prices.

Industrialized countries and in particular the United States, experienced acceleration in business activity following GDP growth induced by the rebuilding of inventories at the beginning of the year. While the housing and labor markets remained listless, higher-than-expected consumption came as a surprise in the United States.

Central banks in industrialized countries also maintained their accommodating monetary policies.

14.2.2.2. Investment climate

The most significant fund collections were in bonds and in stock products invested in emerging and international markets, in high-yield corporate bonds and absolute return products. In addition, investors left the currency markets and the growing fear of inflation, on top of worries created by lasting public debt in Europe, reduced the demand for government bonds.

New regulations have already begun to create opportunities and challenges for the sector after the crisis. Insurance companies and banks have continued the trend toward a more cautious approach consisting in allocating assets in line with Solvency II and Basel III provisions.

14.2.2.3. Comments on results

14.2.2.3.1 Production volumes

Net collections

In million EUR	2009[14]	2010[15]	Variation[16] (comparable FX)
Belgium	1,201	194	-84%
Hungary	181	76	-59%
Switzerland	185	142	-30%
Czech Republic		438	
TOTAL	**1,567**	**850**	**-48%**

Total AXA net collections were €850 million compared to €1,567 million in 2009. 2010 was marked by a drop in net collections in a climate of very low interest rates and a highly competitive market. The most significant drops were seen in Belgium and in Hungary. However, this was offset by the commercial start-up in the Czech Republic in February 2010.

Gross credit production

In million EUR	2009	2010	Variation
Belgium	2,553	2,749	+8%
Hungary	277	285	+1%
TOTAL	**2,830**	**3,034**	**+7%**

Gross credit production reached €3,034 million, an increase of 7% compared to 2009, mainly as a result of high volumes in Belgium.

14.2.2.3.2 Comments

Consolidated accounts (IFRS)

AXA consolidated accounts as of 31 December 2010 were drawn up in accordance with IFRS standards (International Financial Reporting Standards).

As of 31 December 2010, the consolidation scope of AXA included the following companies: AXA, including the branches, AXA Hedging Services, Royal Street S.A., AXA Belgium Finance BV and SCF AXA Bank Europe, created in 2010.

[14] Converted using the average annual exchange rate

[15] Converted using the average annual exchange rate

[16] The 2010 figures were converted using the 2009 exchange rate for the comparison calculation

AXA's net consolidated result, excluding branches, was €72.9 million, compared to €4.7 million the previous year. This increase was primarily due to higher net banking income from better commercial margins on loans, commissions earned by AXA Hedging Services, fewer commissions allocated to distribution due to lower net collections and to a non-recurring tax benefit in 2010. The increase was partially offset by higher costs resulting from the new deposit protection program.

Branch results, restated in accordance with IFRS standards and converted into euros when the currency is different, are as follows:

- The Swiss branch: € -14.5 million compared to € -10.9 million the previous year, due primarily to continued development of Swiss activities.

- The Hungarian branch: € -29.49 million compared to € -0.2 million the previous year. This decrease was essentially due to the increase in provisions for credit losses resulting from a slowing real estate market, an unfavorable macro-economic environment and new taxes on the financial industry. In order to reduce the impact of the forint's depreciation, AXA eliminated the granting of loans in Swiss francs starting in July. A crisis management team was set up in mid-2010 to limit the effects of the crisis on our clients and to protect our portfolio.

- The Czech branch: € -14.0 million compared to € -3.0 million the previous year as a result of the commercial launch of the banking activity in 2010.

- The Slovak branch: € -2.3 million compared to € -0.3 million the previous year due to the set-up of banking activities.

- The Execution Desk Paris branch: € -0.3 million.

In the final analysis, AXA's consolidated net result amounted to a profit of €12.3 million and the consolidated balance sheet totalled €31,377 million. These figures are to be compared with a loss of €9.8 million in 2009 and a consolidated balance sheet total of €26,296 million.

Considering the limited scope of consolidation, readers are referred to the other sections of the annual report for comments on developments, risks and uncertainties. For comments and details on the application of IFRS standards, please see the annual consolidated accounts and the explanatory notes they contain.

Statutory accounts

AXA's statutory accounts are drawn up in accordance with Belgian accounting standards and take into consideration the specific provisions for credit institutions.

The accounts include the branch accounts. As of 31 December 2010, the balance sheet total stood at €30,373 million and we recorded a net loss of €20.5 million.

This result consists of the following (Belgian accounting standards):

- Belgian banking activity: €33.84 million in profit

- Correction of the result of internal sales between headquarters and the branches: € - 6.8 million

- Hungarian banking activity: € -14.0 million.

- Swiss banking activity: € -16.6 million.

- Czech banking activity: € -14.2 million.

- Slovak result (still in start-up mode): € -2.3 million.

- Execution Desk Paris: € -0.3 million

Appropriation of profit

The loss for the period was €20,475,456.37.

The profit carried forward from 2009 was €132,542,076.13.

Therefore, the profit for appropriation was €112,066,619.75.

The Board of Directors has proposed carrying the profit forward again.

14.2.3. Retail activity indicators by entity

14.2.3.1. AXA in Belgium

14.2.3.1.1 Market conditions

The improvement of the international economic situation which began in mid-2009 continued and strengthened throughout 2010.

In Belgium, this positive change was apparent in a 2.1% annual GDP recovery. The trend was favorable for job creation and enabled a return to pre-crisis levels. This created conditions favorable for the recovery of consumption during the last months of 2010, while maintaining substantial savings. On average, Belgians saved 17.1% of their income over the past year.

The Belgian real estate market came through the crisis practically unscathed. However, the recovery seems to be slowing despite the continuation of very favorable financing conditions. What's more, the main factors that contributed to growth over past few years will gradually disappear over the longer term.

2010 was uneven in terms of rate fluctuations. Long-term rates experienced an uninterrupted period of decline though the end of August (with the lowest historical OLO10 at 2.85%) then increased to about 4% after November. This abrupt increase was tied to the sovereign debt crisis. Credit spreads tended to be on sovereign debt rather than on corporate debt.

The rate curve experienced moderately positive change that, nevertheless, generated a positive transformation margin.

The OLO/IRS spread widened at the end of the year generating additional revenue when housing loans were re-priced.

Short-term rates reached particularly low levels. Competition in savings products was fierce in a very competitive market.

14.2.3.1.2 Savings activities

Given the low market rates, it was essential to maintain our margins. Consequently, rates on all savings accounts were revised downwards a first time on February 1st. Rates on l+ and l+Welcome were decreased a second time on October 15th.

Net collections were in line with projections (+ €13 million, but significantly lower than in 2008 and 2009). Three-year "certirente" shares were very positive (+ €600 million) and I+Welcome shares (+ €175 million) and Spaar + (+ €442 million) were very favorable.

The change in outflows was in line with 2009 until mid-October (drop in l+ and l+Welcome rates). Inflows, on the other hand, were clearly below the 2009 level because of a lack of pricing power.

14.2.3.1.3 Credit activities

Personal lending

There was a clear recovery in installment loans following a very marked slowdown in 2009. Production grew by €47 million to reach €398 million. AXA was well-positioned in the market thanks to its attractive product offering. In addition to car financing, we also granted many green credits intended for the financing of energy saving investments.

The housing credit market also continued the recovery begun in 2009. Mortgage loan production increased by 10% to reach €1,993 million. These favorable market conditions were the result of, among other things, a persistent trend for investment in real estate rather than in securities investments with less attractive yields or greater risk. In addition, historically low interest rates also certainly favored this trend.

Business lending

Business lending production fell slightly to €358 million. This trend still reflects the direct impact of the economic crisis by, among other things, limiting the volume of investments agreed to by SMEs and the self-employed. This phenomenon was particularly evident in the long-term investment credit sector. The number of loans granted for the purchase of equipment and vehicles for professional use nevertheless held steady at the 2009 level.

Quality of the credit portfolio

Despite macroeconomic conditions that continue to be less favorable, and the persistent international phenomenon of higher credit risk, the global loan portfolio,

consisting primarily of retail loans, remained fundamentally sound. In 2010, AXA recorded a net loss ratio of +0.07%, that is, a decrease of two basis points compared to 2009.

Daily Banking

In an extremely competitive market, AXA persevered in growing its classic current accounts and its new internet-based current account, the Click Bonus. We should also point out that the debit card tied to this account is now organic since it can be entirely recycled. This was a first in the Belgian market and was also an accomplishment for our corporate responsibility. By mobilizing our agent networks and commercial campaigns, the portfolio grew by 12,533 active accounts and reached a total of 300,302 accounts. The total current account portfolio is now about 475,000 accounts. Account assets have reached €1.44 billion.

The debit card portfolio (Bancontact/MisterCash – Maestro) increased by 5% to reach 395,364 cards. Card designs were revised and implemented in November.

Thanks to the many actions initiated in 2009, and continued in 2010, the downward trend in the credit cards portfolio was reversed. The result of these activities was an increase of 6% in our portfolio, that is, of 75,135 credit cards. Our market share is holding at 2.45%.

The number of active users increased (+22,736). This brought the total number of active users to 156,825, that is, growth of 17%. And since March, customers can check the status of their credit card spending via home banking.

AXA has become a MasterCard Principal Member and successfully migrated its Europay Affiliated Membership portfolio to its new Principal Membership status.

3D-Secure was implemented. This is a security protocol supported by Visa & MasterCard which increases the security of payments made by bank card (credit and debit) over the internet.

There are 483 cash machines in the network. Of these, 372 are accessible to holders of cards from other banks. We recorded 7.4 million withdrawals on an annual basis.

Preparations, studies and tests required for the implementation of a brand new web-based SelfService architecture were carried out with Diebold. This architecture is a first for the market. It includes dynamic web technologies, tools and a methodology created for the long-term, increased security, better integration (multi-access) and personalization of cash machines as well as lower costs for future developments (multiple banknotes, money recycling) and a full Open Multi-vendor architecture.

Several modifications were made in a special release at the end of November to adapt the consumer credit law to European directives, notably for the budgetplus account, installment loans and lines of credit on current accounts within the framework of issuing AXA debit and credit cards.

The following projects were carried out as part of SEPA:

- Availability of Sepa Direct Debit B2B for the self-employed and companies

- Implementation of the changes required by the rulebook for Sepa Credit Transfer

14.2.3.2. AXA in Hungary

14.2.3.2.1 Market conditions

The economy continued to grow in Hungary during the fourth quarter following a good third quarter, reaching 2% over the same period in 2009. Net exports continued to be the main engine of growth while household consumption rebounded during the third quarter to become the second engine. Despite the severe recession of 2009, which led to a decrease in GDP to 6.7%, Hungary saw a rate of growth of 1.2% last year. GDP growth could reach 2.7% in 2011. Following a long period with "no inflationary pressure", consumer prices shot up from October to December as a result of the shock in food and petroleum products. In addition to this, the upcoming implementation of crisis taxes led to rate increases in November and December. The unemployment rate receded by 100 bp starting in December, compared to a high of 11.8% recorded in April. The labor market recovery will continue to alternate between extreme moderation and months of stagnation.

While all credit agencies dropped their ratings of Hungarian credit to a minimum over the short-term, they did not go so far as to relegate it to junk category thanks to the announcement of a short-term fiscal adjustment program.

While the CHF/HUF fluctuation was contained between 175 and 190 until May 2010, it increased rapidly to reach a double peak above 220 in September and December. Aside from this high country risk, the dominant factor of this weakness was the strengthening of the Swiss franc. By comparison, EUR/HUF movement and volatility was far more restrained.

14.2.3.2.2 Saving activities

AXA continued its strategy of increasing deposits in a volatile savings climate. The Hungarian market exclusively maintained its interest rate for current accounts therefore making deposit offerings uniquely competitive in terms of the interest rate offered. AXA entered this market with an on-line services offer for daily banking while high rates rewarded short-term deposits and long-term savings offers in the savings area. For daily banking, AXA offers an account with VISA cards that is managed via a call centre and over the internet. AXA increased its internet banking offer in 2010 thanks to a new version of its iBanq software which enables customers to manage their accounts, scheduled payments and bank card limits. During the last quarter of 2010, AXA launched a long-term savings account for three to five years with a tax incentive thanks to which customers can save on taxes due on interest if they keep their savings on the long-term savings account for five years or reduce their payment to 10% if they choose the three-year option.

AXA wants to intensify its savings activities in the Hungarian market in 2011 to increase its deposit volumes by applying the injection strategy created by AXA: offer

excellent short-term rates while maintaining competitiveness over the long term. We would also like to more distinctly emphasize our card activity which is an important engine for our daily banking offer - we increased payment security in 2011 by converting all cards available from AXA to chip cards.

14.2.3.2.3 Credit activities

The Hungarian loan market became more perilous because client mortgage loans are primarily in foreign currencies (mainly CHF) and because the HUF depreciated significantly compared to the CHF. AXA was the first market player in Hungary to redirect its activities to HUF mortgage loans (end of 2009). Our credit portfolio continued to be at the heart of our activity over the 2010 period. We launched a portfolio protection program (credit crisis program) intended to actively assist our customers in managing the situation in which the crisis had put them. Through this program, we focus on helping our customers to avoid an increase in litigation and on the restructuring of loans in litigation to stabilize the level of provisions. What's more, we initiated new product development to provide long-term structural solutions to our customers and to ensure risk control for our future production. We offer short-term assistance by helping customers obtain favorable CHF exchange rates that will enable them to maintain their monthly installments. We created a team of dedicated advisers for customers experiencing difficulties. They are tasked with personally meeting with customers, reviewing their contracts, helping them set up a monthly installment plan they can handle and making up past due amounts. Concurrently with this customer assistance, AXA has also withdrawn from markets with increased risk, such as credit refinancing, to minimize its exposure to the Hungarian market.

We will continue to focus on the portfolio in 2011. Relief will be provided through March. A second wave of face-to-face meetings will be held by the same team of advisers with another group of target customers. The new products, which redefine our credit palette in order to achieve the goal of better balance between local market needs and AXA's risk appetite, will be brought to market. The new products, based on the expertise gained by AXA in Eastern European markets are intended to stabilize our clients' monthly HUF payments. With this credit offering, we are attempting to become part of both the ongoing evolution of the legislative framework and our customers' personal situation: the combination of due date flexibility and the opportunity to adjust monthly payments will settle the mortgage relationship between customers and AXA. As part of our product offer renewal, we will be launching a new prevention program intended, first of all, for our most vulnerable customers. We will help them convert their foreign currency mortgage into a long-term loan, preferably in local currency. For new production, we are maintaining our presence in the market by targeting responsible loans based on long-term interest rate offers in HUF intended for the purchase of a home.

14.2.3.3. AXA in the Czech Republic

14.2.3.3.1 Market conditions

The economy began to accelerate during the third quarter of 2009, in step with the stabilization of the economies of primary commercial partners and the effects of government measures to support growth. The third quarter of 2010 recorded growth of

3% over the third quarter of 2009. The improvement in external conditions should translate into continued economic growth which, according to estimates, will reach 2.2% in 2010. In August 2010, the new centre-right government issued policy statements setting the following primary tasks: public finance (max. 3% deficit in 2013 and a balanced budget in 2016), pension system, health care and tertiary education system reform and an increase in the transparency of public tenders. The austerity policy implemented by the government should translate into a moderate slowdown in economic growth to 2.0% in 2011.

As for the evolution of prices in the economy, the average rate of inflation reached 1.5% in 2010, with a high of 2.2% in December. The impact of administrative measures was the primary reason for price increases. This impact still reflected the effects of government measures intended to consolidate general government and the growth of regulated prices.

14.2.3.3.2 Savings activities

AXA was created in February 2010. Its launch was backed by a large scale media campaign and public relations activities.

AXA offers a savings account that is both simple and appealing with a loyalty premium, an e-banking system and a debit card tied to the account.

Interest per tranche:

- For clients with a balance up to 1 million CZK, 2% interest + 0.5% loyalty premium

- For clients with a balance in excess of 1 million CZK, 0.5% interest + 0.5% loyalty premium

The new bank was launched successfully in 2010: AXA gained 17,000 customers during the campaign. AXA acquired 34,000 new customers (of which 17,000 on-line) in just 10 months on the market and net collections of €438 million.

14.2.3.4. AXA in Switzerland

14.2.3.4.1 Market conditions

2010 was once again dominated by a low and even decreasing interest environment. The monetary policy of the Swiss National Bank decreased the 3 months CHF LIBOR from 0.25 % at the beginning of the year to 0.17 % at the end of 2010 with a low at 0.11% in the middle of the year. As a result of that Swiss customers were faced with up to two interest reductions on their savings accounts in the past year with most of the banks offering rates around 0.375 % by the end of the year. AXA maintained its claim "attractive interests and more" offering 1.4 % till September 2010 and 1.1 % afterwards on its flagship product "Sparkonto Plus".

14.2.3.4.2 Savings activities

AXA in Switzerland continued to grow during its second year of business activity (+ 14,000 customers) increasing its client base by a greater proportion than in the previous year (nearly 13,000 customers) for a total of close to 27,000 customers. The growth in customer numbers is even more impressive when the high number of AXA employees who became customers of the bank in 2009 (about 2,500) is included. Nearly €142 million in net collections was collected in 2010 compared to €185 million the previous year. This reflects a slide in the product mix from term deposit products to savings accounts and the arrival at maturity date of high-rate term deposits in 2009. Given the economic and competitive situation (e.g., the rate climate, government guarantees) and reductions in marketing expenditures in 2010, the net collections growth recorded was as remarkable as it was encouraging.

Compared to 2009, the Sparkonto Plus (savings) account and the Vorsorgekonto 3a (savings-pension account) saw a net increase in new capital of €163.3 million for the Sparkonto Plus and of €18.7 million for the Vorsorgekonto 3a. Net inputs were €41 million for term deposits (one-year term deposits). This was the result of consumer confidence and of interest rates substantially lower than in the first year and than the rate offered on the Sparkonto Plus account.

It is also clear that the various operational improvements implemented in 2010 contributed to the result. Since April 2010, customers and AXA Winterthur customer advisers can print their requests (i.e. at home) after filling out a form on the internet site. Over 3/4 of all requests received are printed this way, speeding up document circulation.

The two distribution channels (AXA Winterthur customer advisers and direct) were able to draw a greater number of customers than in the previous year. Slightly over 2/3 of AXA customers became customers after contact with an AXA Winterthur adviser. In addition, the latter had greater leverage in terms of opportunities to reinvest life insurance policies reaching maturity in banking products than in 2009. There was an improvement over the previous year in attractive conversions of short-term savings accounts into long-term insurance savings.

Over the year AXA increased the number of FTEs (full time equivalent) from 29 to 42 mirroring the increased customer base, our recognized high service delivery and also additional investments in the area of Sales Support, Product Management, Marketing and Projects.

14.2.4. Investments Division Indicators

14.2.4.1. ALM and Treasury

AXA's Asset Liability Management (ALM) provided a balance sheet management approach which has proved to be prudent especially during and after the recent liquidity & credit crisis. This was and is still being achieved through active balance sheet management & analytics, liquidity analysis, solvency, value & earnings analysis, future earnings forecast, mark to market valuation as well as scenario based methodologies. This ALM approach provided in depth understanding of AXA's risk

positions and helped ALCO process to build effective hedging strategies and to manage value creation as well as complying with internal and regulatory limits.

With respect to balance sheet management, AXA demonstrated its prudential vision in a real-life stress scenario which revealed that there were no short-term liquidity problems. More precisely:

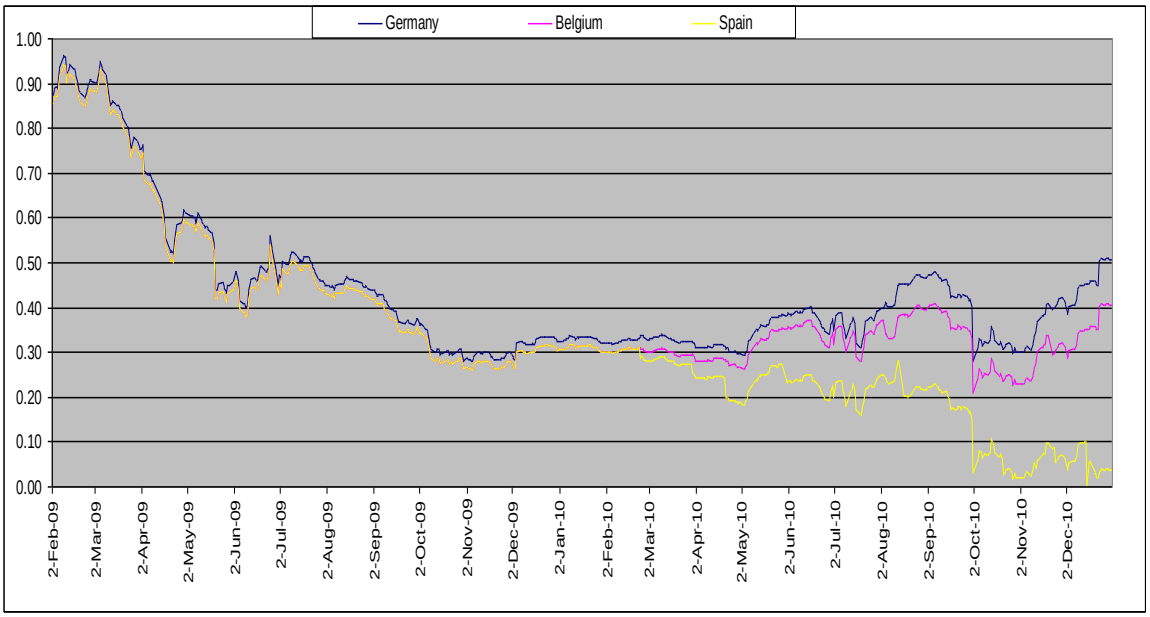
- AXA has extensive experience in monitoring stressed liquidity indicators and uses them to take strategic decisions

- AXA has always ensured that it maintained high-quality liquidity buffers

- In addition to access to personal savings thanks to its agent network, AXA also has direct access to liquidity thanks to institutional client funding.

Since the beginning of the credit and liquidity crisis, the principal indicator enabling evaluation of its seriousness has been the gap between guaranteed and non-guaranteed credit. Before 2010, sovereign debt with a rating above AA was sufficient to guarantee financing. There were few differences between the various European issuers. The gap between guaranteed and non-guaranteed credit now depends to a large extend on the issuer.

Graph: change in the gap between German, Belgian and Spanish non-guaranteed and guaranteed credit.



2010 saw an extension of the European Central Bank's policy on total liquidity allocation via weekly, monthly and quarterly auctions. In order to guarantee the liquidity of the government bond market, the ECB intervened in the government bond market as a buyer while freezing the liquidity injected.

In this context and in the context of increased external industry-wide regulatory requirements and ratios such as BNB LI and Basel 3 LCR, AXA undertook a series of actions intended to improve its liquidity buffer and to reduce its structural liquidity gap.

As a first step, retail product strategies were reviewed to integrate balance sheet needs. Given this, ALM works very closely with Product Management to develop products to align balance sheet management and product strategies. It also took an active part in the product approval process.

The above-mentioned liquidity gap was then covered with a covered bond issue of €750 million. This inaugural €750 million, 10-year maturity, covered bond issue made under French law by the newly created ABE Société de Crédit Foncier (SCF) was carried out using an EMTN issue program that enables AXA to use the secured funding on a regular basis. The issue was rated AAA by S&P and Fitch. The initiative enabled AXA to further diversify its sources of funding and to take advantage of favorable market funding opportunities. For this issue in particular, the collateral pool consisted initially of senior RMBS notes issued by Royal Street SA/NV, Compartment RS-2. The bonds are backed by first rate Belgian mortgage loans originated by AXA.

The issuer (the French SCF) and the mother company (AXA) are not located in the same country which is a first for the French OF market. Since the guaranteed bond platform must still be created in Belgium, since the AXA brand is well-known in France, and since the French market is one of top markets in Europe, the decision to issue via the intermediary of a SCF was self-evident.

Thirdly, and as an example of its prudential liquidity management, AXA's Treasury department had and managed a bond buffer issued by European governments, on one hand, and securitization of residential mortgage loans issued by AXA, on the other. Thanks to the management of this cushion and the expertise gained in the repo market, the Treasury department was able to obtain cheap ongoing financing without having to resort to the facilities set up by the ECB.

Within the framework of the centralized funding configuration, this liquidity management gave way to management intended to ensure constant growth in retail banking customer numbers and volumes in Belgium, Switzerland, the Czech Republic and Hungary. In fact, AXA's Treasury department was able to maintain a sufficient liquidity margin to avoid any negative impact on the development of its commercial balance sheet.

While remaining liquid at all times, AXA was also able to take advantage of historically low interest rates and generate substantial transformation income of €64.4 million in 2010.

AXA Group also translated its "re-use" recipe into the AXA environment by deciding to entrust the latter with an exchange and interest rate execution activity for part of its European and Asian life insurance activity. This Group activity was launched on the advice of AXA Hedging Services and it significantly increased rate swap and swaption volumes enabling AXA to mutualize the cost of its operations in the financial markets.

14.2.4.2. Integration of AXA Hedging Services (AHS) and the creation of the Execution Desk Paris (EDP)

14.2.4.2.1 Background

AXA Group decided to implement an innovative bank strategy which consists in developing banks in countries in which AXA insurance companies are already present. These banks focus primarily on a few new products, mainly via a direct banking model.

The Bank's European strategy will require in-depth reorganization of its activities in the capital markets:

- Given that the management of assets-liabilities and financing activities will be centralized in Brussels

- Given that the Group wants to use the Bank as (among other things) a point of entry into the market.

Within this context, the integration of AXA Hedging Services in AXA in July 2008 was a first step in transforming AXA into an entry point for the coverage activities of AXA Group insurance companies outside of the United States. It consists of two distinct functions: analyses and recommendations for AHS coverage and market access provided by AXA's Front Office.

14.2.4.2.2 AXA Hedging Services & AXA

AXA Hedging Services, Inc. was created in 2006 to handle the Group's development of variable annuities (VA) (outside of the United States). It has been a 100% subsidiary of AXA since 2008. Its role was, and still is, to design variable annuities on behalf of AXA's operational entities and to implement a daily coverage process for AXA entities via advice and recommendations.

Thanks to the AXA and AXA Hedging Services partnership, the Group has a service offering for the Group's insurance companies. It offers consistent management, professional advice and trading activities as well as the ability to transform financial flows within the Group.

14.2.4.2.3 Execution Desk Paris

EDP, which is part of AXA, is part of the latter's coverage activities' strategy for AXA Group insurance companies that negotiate insurance products based on VAs.

The second logical step taken by AXA to complete the integration of VA hedging activities for AXA Group entities was the launch of a reception and execution service for orders issued by AXA Group insurance companies active in the VA field (outside of the United States).

The services provided to AXA insurance companies by AXA Front Office follow the same scheme as the first order coverage services evaluated by the front office of AXA for futures, swaps and swaptions.

14.2.5. Comments on risk management policies

As are other banking institutions, AXA has to cope with strategic, credit, interest rate risk, liquidity, market, and operational risks that may impact its solvency, liquidity and earning objectives.

These risks are identified, measured, mitigated and continuously monitored through a well implemented internal risk appetite framework. With it, the bank's risk appetite objectives concerning these risks are translated into functional limits and hedging procedures.

During 2010, ABE specifically strengthened its risk appetite framework to further facilitate the bank's wide risk management through a constant monitoring and forecasting of key financial indicators and ratios on solvency, liquidity, earnings and value. All of ABE's material risks are taken into account in this comprehensive approach.

The following paragraphs will further define these risks.

They will highlight the key risk events of 2010 and will also provide an overview of the strategies and mitigation methods used by the bank to maintain these risks at desired levels.

14.2.5.1. Strategic risk

Strategic risk is the risk that the bank's main objectives (in terms of solvency, of liquidity, of profitability and of value creation) may not be attained due to strategic decisions required from its Board of Directors or from its Management Board. It refers to decisions required to adapt to the external business environment, to improve the internal organization or to seize new strategic opportunities.

The management of this risk has been strengthened in 2010, namely by enhancing ABE's risk appetite framework to ensure that risk mitigation objectives are taken into account within ABE's strategic decision making processes.

ABE's risk appetite framework is therefore an integral part (and supports) ABE's strategic reviews, annual strategic planning exercises, financial planning processes, product approval processes and the management of strategic projects.

14.2.5.2. Credit risk

Credit risk is the risk of loss associated with the default or the deterioration in the credit quality of counterparty exposures.

14.2.5.2.1 Retail credit risk

The bank is mainly exposed to retail credit risk through its portfolio of retail loans (consumer loans, mortgage loans and small enterprises' loans) in Belgium and to mortgage loans in Hungary.

AXA further strengthened its European management of retail credit risk in 2010 by setting up a specific retail risk management team at the Head Office level. Other improvements were made to retail risk management in Belgium and in Hungary (see below):

14.2.5.2.2 Retail credit risk in Belgium

The following mitigation measures were put in place in 2010:

- A new acquisition scoring model was implemented for mortgage loans early 2010.

- An improved economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk.

14.2.5.2.3 Retail credit risk in Hungary

The credit portfolio of the Hungarian branch of ABE was kept under a very close watch in 2010 due to its vulnerability resulting from exchange rate fluctuations.

A number of new mitigation measures were put in place in 2010[17]:

- Provisions were increased as a precautionary measure to reflect the weakening of the HUF and a deteriorated economic environment in Hungary.

- Foreign currency denominated lending was suspended in June to adapt to the challenging situation faced in the country. On top of that, credit policies were also further tightened and stricter income and loan to value requirements were put in place.

- A new economic capital model was independently validated by Ernst and Young and subsequently implemented to better measure and mitigate this risk.

- A new acquisition scoring model was implemented in July 2010.

14.2.5.2.4 Non-retail counterparty credit risk

The bank's exposure to non retail credit risk is limited to selected investments (mostly well rated sovereigns, financial institutions and asset backed securities) and to high quality counterparties to hedge the derivatives done with AXA insurance companies.

AXA's entire bond portfolio is subject to limits on concentration risk and credit risk, which are monitored by a credit committee that ensures compliance with these limits. Impairments are registered in case of a credit event. However, when the liquidity of

[17] Measures mentioned in ABE's IFRS 2009 were continued: Strengthening of new loan acceptance policies, implementation of exchange rate hedges.

certain credit markets is no longer sufficient to ensure that market prices reflect the intrinsic value of securities, certain valuations were based on internal models ("marked-to-model" concept).

In 2010, AXA continued to act for AXA Group as a centralized platform to access financial markets[18]. The bank's exposures to derivatives therefore increased but continued to be mitigated through an extremely strict collateral requirement policy. An authorization to use netting for regulatory purposes was also approved by ABE's regulator.

AXA also launched a review of its investment policy to comply with expected upcoming Basel III requirements. The review is expected to be finalized in the 1Q2011.

14.2.5.3. Interest rate risk

AXA's business focus on retail banking means that the bank concentrates its credit exposures on lower risk prime mortgage loans. The corollary of this business strategy is that AXA is exposed to higher interest rate risk due to the long duration of a part of its mortgage portfolio.

Interest rate risk is itself defined as the risk of potential adverse changes to the fair value of interest sensitive positions after movements in interest rates.

AXA's ALM department reports to the ALCO on AXA's structural interest rate risk exposures. It proposes scenarios for interest rate risk management decisions. AXA's Risk Management department independently monitors risk exposures and compliance with agreed risk appetite limits.

In 2010, efforts were made to strengthen the bank's balance sheet reconciliation processes. A Product Control Unit was setup to optimize data quality and to streamline reporting procedures.

A new economic capital model was also independently validated by Ernst and Young and implemented.

Finally, further investments in AXA's systems and tools (QRM) were made. They will enable to bank to develop even more precise risk indicators in 2011.

14.2.5.4. Liquidity risk

The management of structural liquidity risk is a priority for AXA.

This risk is defined as the risk that the structural, long term balance sheet can not be financed at reasonable cost and in a timely manner.

As an ALM risk, it is managed through the same governance that is used to manage interest rate risk (see above).

[18] AXA Bank Europe started acting as a hub to provide AXA insurance companies with hedging services for their variable annuities products.

AXA also maintains (at all times) a buffer of liquid assets that allow it to resist stress scenarios consisting of assumptions of reduced liquidity on financial markets and significant withdrawals by customers.

In 2010, AXA issued with success a covered bond to improve its structural liquidity risk position. As stated previously, it also initiated a review of its investment policy to ensure its ongoing compliance with upcoming liquidity regulatory requirements.

Projects to fine-tune the bank's liquidity indicators are underway. They should be implemented early 2011.

14.2.5.5. Market risk

Market risk is usually composed of the following risks:

Risk	Definition
Interest Rate Risk (non structural, short term)	Risk of loss arising from potential adverse changes in the fair value of interest sensitive position after movements in interest rates.
Exchange Rate Risk	Risk of loss arising from potentially negative changes in fair position values (measured in home currency) due to exchange rate fluctuations.
Credit Spread Risk	Risk of losing money from market price movements of debt instruments that are caused by unexpected changes in credit spread.
Price Risk (Equity)	Adverse movements of exposures in stocks and other types of direct / indirect investments in enterprises that the bank is holding for trading activities.
Market Liquidity Risk	Risk that the firm cannot easily offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption.

AXA's has a very conservative approach to market risk and does not engage in equity or commodities trading. As such, only the two first risks in the above list were considered material to AXA's activities in 2010.

AXA's ALCO is responsible to ensure that market risk management strategies are applied. It reviews market risk reports produced by the bank's Risk Management department and it monitors compliance with agreed risk appetite limits.

In 2010, AXA's Forex risk increased, mainly because of increasing retail activities in Hungary, in Switzerland, in Slovakia and in the Czech Republic.

Short term interest rate risk also increased because of the increasing use of derivatives to provide AXA insurance companies with hedging services for their variable annuities products.

Exposures to short term interest rate risk and exchange rate risk were nevertheless kept minimal through strict risk appetite limits.

14.2.5.6. Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, or from personnel or systems. The failure or inadequacy may result from both internal and external causes.

Early in 2010, AXA validated a new Operational Risk Management Charter to enhance the governance of this risk.

The outsourcing of this risk's management to AXA Belgium's Risk Management department was also ceased as AXA setup its own dedicated operational risk management team.

AXA's operational risk framework already implemented in Belgium was further deployed within AXA's Hungarian and Switzerland branches. A detailed operational risk cartography was also made for AXA's newly launched Czech Republic branch.

Finally, AXA continued its investments to develop a more advanced economic capital model to measure this risk.

14.2.6. Recent developments

(in Euro million)

	HY 2011	HY 2010	FY 2010
Net banking revenues	169	139	311
Underlying earnings Group share	27	(5)	64
Net capital gains or losses attributable to shareholders net of income tax	(3)	1	(3)
Adjusted earnings Group share	24	(5)	61
Profit or loss on financial assets (under FV option) & derivatives	3	(1)	10
Exceptional operations (including discontinued operations)	-	-	-
Goodwill and other related intangibles impacts	-	-	-
Integration costs	(7)	-	(6)
Net income Group share	20	(6)	66

14.2.6.1. Belgium

Net banking revenues increased by €30 million (+22%) to €169 million. On a comparable basis, net banking revenues increased by €16 million (+13%) mainly driven by higher revenues on mortgage and consumer loans (€+7 million) and lower interest paid on deposit account (€+8 million).

Underlying earnings increased by €33 million to €27 million. On a comparable basis, underlying earnings increased by €35 million mainly due to higher interest and commission margin (€+36 million), stable administrative expenses considering the reclassification of restructuring costs in net income in 2011 (€+3 million) partly offset by higher distribution commissions (€-4 million) and an increase of provision for loan losses (€-3 million).

Adjusted earnings increased by €29 million to €24 million driven by the underlying earnings increase and higher impairments on fixed income assets (€-4 million).

Net income increased by €26 million to €20 million driven by the increase of adjusted earnings and favorable change in mark- to- market on hedging instruments (€+4 million) partly offset by higher restructuring costs.

14.2.6.2. Hungary

Net banking revenues decreased by €2 million to €27 million. On a comparable basis, net banking revenues increased by €9 million (27%) mainly due to deposits portfolio growth partly offset by lower fees received from lower new credit production.

Underlying and adjusted earnings decreased by €9 million to €-9 million. On a comparable basis, underlying and adjusted earnings decreased by €11 million mainly due to lower fee income (€-5 million) stemming from a lower new credit production, a new tax on financial sector (€-4 million) and a slightly higher provision for loan losses (€-1million).

Net income decreased by €7 million to €-9 million.

14.2.6.3. Czech Republic

Underlying earnings, adjusted earnings and **net income** increased by €4 million to €-3 million mainly driven by an increase of commercial margin and a decrease inadministrative expenses.

14.2.6.4. Switzerland

Underlying earnings as well as **adjusted earnings** and **net income** were stable at €-5 million mainly driven by an increase of commercial margin offset by higher administrative expenses.

There have been no material contracts that are not entered into in the ordinary course of AXA's business which could result in any member of the AXA GROUP being under an entitlement that is material to AXA's ability to meet its obligations to Noteholders.

AXA has made no investments since the date of the last published financial statements, and no principal future investments are planned.

14.3 Management and Supervision

14.3.1. Administration, Management and Audit

Board of Directors	*Executive Committee*	*Audit Committee*
Jacques de Vaucleroy, Chairman	Jef Van In, Chairman	Jacques Espinasse, Chairman
Emmanuel de Talhouët, Vice-Chairman	Patrick Vaneeckhout, Vice-Chairman	Patrick Lemoine, member
Jacques Espinasse,	François Robinet,	MBIS SPRL, represented

Independent Director
Philippe Eyben
Thomas Gerber
Jef Van In
Frédéric Clément
François Robinet

Patrick Vaneeckhout
Patrick Lemoine

Marc Raisière

Irina Buchmann
MBIS SPRL, represented by Marc-Antoine Bellis

Vice-Chairman
Philippe Eyben
Irina Buchmann
Frédéric Clément

by Marc-Antoine Bellis

Remuneration Committee

Jacques de Vaucleroy, Chairman
Patrick Lemoine
MBIS SPRL, represented by Marc-Antoine Bellis

Auditor

PricewaterhouseCoopers Réviseurs d'entreprises, sccrl, represented by Mr Grégory Joos and Mr Tom Meuleman (registered auditors)

14.3.1.1. Audit Committee

AXA's Audit Committee is made up of Jacques Espinasse and Patrick Lemoine.

Jacques Espinasse was appointed an independent director of AXA on 17 April 2008. He has a degree from the University of Michigan and a Master's in Business Administration. He has considerable experience as an analyst and financial officer, including in major enterprises. Mr Espinasse has served as a director for several companies.

Patrick Lemoine was appointed director of AXA on 15 December 2009. He is also director and member of the Audit and Remuneration committee of AXA Belgium SA and is the president and member of the Audit Committee of AXA Holdings Belgium SA. M. Lemoine is appointed Chief Financial Officer of AXA's NORCEE region.

MBIS SPRL was appointed a Director of AXA on 23 August 2011. Its representative, Marc-Antoine Bellis, has a degree and a MBA of Economic Law of the Université Libre de Bruxelles (ULB) and acquired a large experience in taxation, credits, banking and ALM. He was the CEO of Fortis UK between 1994 and 2002 and untill 2007 CEO Corporate, Institutional & Public Banking of the Fortis Group. He was chairman of the Belgian Luxemburg Chamber of Commerce in Great-Britain and director of the Foreign Banks and Securities Houses Association.

The Board of Directors is consequently in a position to demonstrate the individual and collective competence of members of the Audit Committee, as required by the Belgian

law of 17 December 2008 on the establishment of an audit committee in financial institutions.

14.3.1.2. Conflicts of interests

To AXA's knowledge, there are no conflicts of interests between any duties to AXA of the members of the Board and of the committees and their private interests and/or other duties.

14.3.1.3. Remuneration policy for directors

14.3.1.3.1 Generalities

The remuneration policy for directors defined by AXA is based on AXA Group's remuneration policy while conforming to practices on the local market. External studies are conducted annually to ensure such conformity.

14.3.1.3.2 Structure of the remuneration policy

The remuneration policy for directors of AXA includes a fixed component and a variable component. The balance between the two can vary depending on the level of responsibilities (directors or members of the executive committee), it being understood that the fixed component is always adequate in order to allow for a flexible remuneration policy on the variable component.

The variable component is made up of two parts:

- A non-deferred variable component which is defined by an annual cash target.

- A deferred variable component which is composed of a share option plan, with a vesting period of at least three years.

14.3.1.3.3 Performance measurement

Performances are determined on the basis of different criteria that take account of the rate of achievement of individual objectives which are quantitative and qualitative in nature, the performance of AXA and the performance of AXA Group as a whole.

14.3.1.3.4 Governance

The remuneration policy and the individual remuneration of directors and members of the executive committee are set annually by the Board of Directors on the basis of proposals from the Remuneration Committee. This committee is made up of the Chairman of the Board of Directors and of non-executive directors. Different experts from AXA and AXA Group are invited to advise the Remuneration Committee. Non-executive directors are only paid fixed emoluments and do not receive any variable remuneration.

14.3.2. External Duties of the Directors

Under the Financial Services and Markets Authority (previously CBFA) Regulation, approved by the Royal Decree dated 19th July 2002 and concerning the performance of external duties by executive managers of credit institutions, AXA is required to disclose the principal external duties performed by its directors and executive managers.

Name	External position
de VAUCLEROY Jacques	Directeur Général AXA Région NORCEE
	Président AXA Belgium
	Administrateur délégué at AXA Holdings Belgium
de TALHOUET Emmanuel	Administrateur-Directeur at AXA Holdings Belgium
	Administrateur délégué at AXA Belgium
ESPINASSE Jacques	Administrateur at AXA Holdings Belgium
	Administrateur - Président du Comité d'Audit at AXA Belgium
EYBEN Philippe	Administrateur at AXA Private Management
GERBER Thomas	Mitglied des Vorstands at AXA Konzerns AG
	Vorstand at AXA Lebensversicherung AG
BUCHMANN Irina	
VAN IN Jef	
LEMOINE Patrick	Administrateur - Membre du comité d'Audit et de Rémunération at AXA Belgium
	CFO AXA Région NORCEE
	Président et Membre du comité d'Audit at AXA Holdings Belgium
RAISIERE Marc	Président du conseil de surveillance AXA Banque
	Administrateur at AXA France
CLEMENT Frédéric	AXA Group Head of Reward
ROBINET François	Membre du Conseil de Surveillance AXA Banque
VANEECKHOUT Patrick	Administrateur at AXA Private Management
MBIS SPRL	

14.3.3. Supervision

AXA is under the supervision of the National Bank of Belgium (BNB/NBB)

14.4 Financial Information

14.4.1. Consolidated Annual Audited Financial Statements of AXA

Under a Belgian Royal Decree of 5 December 2004, Belgian credit institutions and investment firms are required to apply IFRS when drawing up their financial statements for financial years commencing on or after 1 January 2006. AXA has therefore produced and published financial statements in accordance with IFRS from 1 January 2006 onwards.

The notes to the consolidated annual audited financial statements, including a description of the accounting policies, are set out on pages 12 to 24 of AXA's 2010 annual report, which is in annex to this Base Prospectus.

The consolidated financial information below has been extracted without material adjustment from the consolidated audited financial statements of AXA for the years ended 31 December 2010 and 31 December 2009 which were prepared in accordance with IFRS.

Audited Consolidated Balance Sheet of AXA as of 31 December 2009 and 31 December 2010 and Unaudited Consolidated Balance Sheet of AXA as of 30 June 2011

Consolidated Balance Sheet Statement - Assets in '000 EUR	***30/06/2011***	***31/12/2010***	***31/12/2009***
Cash and cash balances with central banks	844.326	623.347	151.855
Financial assets held for trading	2.542.521	2.862.765	1.685.944
Financial assets designated at fair value through profit or loss	65.318	71.663	65.908
Available-for-sale financial assets	6.581.182	4.993.190	3.664.927
Loans and receivables (including finance leases)	20.910.826	22.354.881	20.345.209
Held-to-maturity investments	0	0	0
Derivatives - hedge accounting	65.481	48.521	9.525
Fair value changes of the hedged items in portfolio hedge of interest rate risk	108.074	135.225	137.100
Tangible assets	47.420	49.554	41.674
Property, Plant and Equipment	47.420	49.554	41.674
Investment property	0	0	0
Intangible assets	18.107	18.896	18.558
Goodwill	0	0	0
Other intangible assets	18.107	18.896	18.558
Investments in associates, [subsidiaries] and joint ventures (accounted for using	0	0	0

the equity method- including goodwill)			
Tax assets	117.832	122.459	86.146
Current tax assets	721	955	2.034
Deferred tax assets	117.111	121.504	84.112
Other assets	119.265	96.894	89.365
Non-current assets and disposal groups classified as held for sale	0	0	0
TOTAL ASSETS	**31.420.352**	**31.377.395**	**26.296.211**

Consolidated Balance Sheet Statement - Liabilities in '000 EUR	***30/06/2011***	***31/12/2010***	***31/12/2009***
Deposits from central banks	0	0	0
Financial liabilities held for trading	2.503.617	2.810.610	1.661.497
Financial liabilities designated at fair value through profit or loss	68.051	67.534	73.851
Financial liabilities measured at amortised cost	19.980.555	19.842.991	18.905.483
Deposits from Credit institutions	140.354	361.374	1.399.829
Deposits from Other than credit institutions	16.047.979	15.749.338	15.465.575
Debt certificates including bonds	2.191.465	1.829.785	971.733
Subordinated liabilities	374.569	374.809	401.179
Other financial liabilities	1.226.188	1.527.685	667.167
Financial liabilities associated with transferred assets	7.452.817	7.179.356	4.282.580
Derivatives - hedge accounting	304.564	386.297	265.939
Fair value changes of the hedged items in a portfolio hedge of interest rate risk	-29.830	-30.604	0
Provisions	186.730	178.984	170.123
Tax liabilities	28.016	30.227	27.655
Current tax liabilities	27.655	27.655	27.655
Deferred tax liabilities	361	2.572	0
Other liabilities	65.560	61.382	54.623
Liabilities included in disposal groups classified as held for sale	0	0	0
Share capital repayable on demand (e.g. cooperative shares)	0	0	0
TOTAL LIABILITIES	**30.560.080**	**30.526.777**	**25.441.751**

Consolidated Balance Sheet Statement - Equity in '000 EUR	***30/06/2011***	***31/12/2009***	***31/12/2009***

Issued capital	546.318	546.318	546.318
Paid in capital	546.318	546.318	546.318
Unpaid capital which has been called up	0	0	0
Share premium	0	0	0
Other Equity	0	0	0
Equity component of compound financial instruments	0	0	0
Other	0	0	0
Revaluation reserves and other valuation differences	-166.607	-172.581	-157.393
Tangible assets	0	0	0
Intangible assets	0	0	0
Hedge of net investments in foreign operations (effective portion)	0	0	0
Foreign currency translation	-527	-1.362	-120
Cash flow hedges (effective portion)	-20.015	-16.096	-12.116
Available for sale financial assets	-139.505	-149.337	-144.423
Non-current assets and disposal groups held for sale	0	0	0
Other items	-6.560	-5.786	-734
Reserves (including retained earnings)	478.195	464.539	475.311
<Treasury shares>	0	0	0
Income from current year	2.366	12.342	-9.775
<Interim dividends>	0	0	0
Minority interest	0	0	0
Revaluation reserves and other valuation differences	0	0	0
Other items	0	0	0
TOTAL EQUITY	**860.272**	**850.618**	**854.461**
TOTAL LIABILITIES AND EQUITY	**31.420.352**	**31.377.395**	**26.296.211**

Audited Consolidated Statement of Income of AXA as of 31 December 2010 and 31 December 2009 and Unaudited Consolidated Statement of Income of AXA as of 30 June 2011

Consolidated profit or loss in '000 EUR	***30/06/2011***	***31/12/2010***	***31/12/2009***
CONTINUING OPERATIONS			
Financial & operating income and expenses	183.331	349.012	270.176
Interest income	1.051.526	1.712.409	1.299.740
Cash & cash balances with central banks	870	0	0

Financial assets held for trading (if accounted for separately)	601.409	962.568	500.812
Financial assets designated at fair value through profit or loss (if accounted for separately)	1.294	3.598	7.516
Available-for-sale financial assets	62.764	92.911	97.966
Loans and receivables (including finance leases)	329.026	613.465	632.553
Held-to-maturity investments	0	0	0
Derivatives - Hedge accounting, interest rate risk	56.123	39.827	60.859
Other assets	40	40	34
(Interest expenses)	920.466	1.477.688	1.075.905
Deposits from central banks	0	0	0
Financial liabilities held for trading (if accounted for separately)	609.025	964.174	508.232
Financial liabilities designated at fair value through profit or loss (if accounted for separately)	281	565	582
Financial liabilities measured at amortised cost	214.565	360.992	439.050
Deposits from credit institutions	24.132	21.811	49.684
Deposits from non credit institutions	136.533	254.757	336.310
Debt certificates	28.355	30.939	32.257
Subordinated liabilities	8.426	18.616	19.345
Other financial liabilities	17.119	34.869	1.454
Derivatives - Hedge accounting, interest rate risk	96.595	151.957	128.041
Other liabilities	0	0	0
Expenses on share capital repayable on demand	0	0	0
Dividend income	379	2.792	2.545
Financial assets held for trading (if accounted for separately)	0	0	12
Financial assets designated at fair value through profit or loss (if accounted for separately)	178	492	1.652
Available-for-sale financial assets	201	2.300	881
Fee and commission income	23.145	40.499	35.966
(Fee and commission expenses)	23.687	42.226	55.712

Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net	5.497	17.882	-13.672
Available-for-sale financial assets	1.753	12.029	-17.880
Loans and receivables (including finance leases)	3.744	6.736	4.994
Held-to-maturity investments	0	0	0
Financial liabilities measured at amortised cost	0	-883	-786
Other	0	0	0
Gains (losses) on financial assets and liabilities held for trading (net)	2.870	11.955	8.892
Equity instruments and related derivatives	2.988	-2.455	-2.115
Interest rate instruments and related derivatives	-5.207	39.773	26.887
Foreign exchange trading	5.009	-24.429	-16.022
Credit risk instruments and related derivatives	80	-934	142
Commodities and related derivatives	0	0	0
Other (including hybrid derivatives)	0	0	0
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (net)	2.320	3.766	-1.309
Gains (losses) from hedge accounting	20.102	8.985	14.917
Exchange differences , net	-917	30.442	24.853
Gains (losses) on derecognition of assets other than held for sale, net	12	28	-34
Other operating net income	22.550	40.168	29.895
Administration costs	144.987	294.820	265.731
Staff expenses	66.017	128.107	117.900
General and administrative expenses	78.970	166.713	147.831
Depreciation	3.832	6.557	4.940
Property, Plant and Equipment	1.244	2.396	1.844
Investment Properties	0	0	0
Intangible assets (other than goodwill)	2.588	4.161	3.096
Provisions	3.523	-5.317	-8.115
Impairment	30.756	66.667	22.099
Impairment losses on financial assets not measured at fair value	30.756	66.667	22.099

through profit or loss			
Financial assets measured at cost (unquoted equity)	0	0	0
Available for sale financial assets	2.989	3.882	-16.236
Loans and receivables (including finance leases)	27.767	62.785	38.335
Held to maturity investments	0	0	0
Impairment on	0	0	0
Property, plant and equipment	0	0	0
Investment properties	0	0	0
Goodwill	0	0	0
Intangible assets (other than goodwill)	0	0	0
Investments in associates and joint ventures accounted for using the equity method	0	0	0
Other	0	0	0
Negative goodwill immediately recognised in profit or loss	0	0	0
Share of the profit or loss of associates, [subsidiaries] and joint ventures accounted for using the equity method	0	0	0
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	0	0	0
TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	233	-13.715	-14.479
Tax expense (income) related to profit or loss from continuing operations	-2.133	-26.057	-4.704
TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	2.366	12.342	-9.775
Total profit or loss after tax from discontinued operations	0	0	0
TOTAL PROFIT OR LOSS AFTER TAX AND DISCONTINUED OPERATIONS AND BEFORE MINORITY INTEREST	2.366	12.342	-9.775
Profit or loss attributable to	0	0	0

minority interest			
NET PROFIT OR LOSS	**2.366**	**12.342**	**-9.775**

14.4.2. Audited Cash Flow Statements of AXA

Audited Consolidated Cash Flow Statement of AXA as at 31 December 2010 and 31 December 2009

OPERATING ACTIVITIES	**31/12/2010 in '000 EUR**	**31/12/2009 in '000 EUR**
Net profit (loss)	12.342	-9.775
Adjustments to reconcile net profit or loss to net cash provided by operating activities:	-23.190	16.169
(Current and deferred tax income, recognised in income statement)		
Current and deferred tax expenses, recognised in income statement	-26.057	-4.704
Minority interests included in group profit or loss		
Unrealised foreign currency gains and losses	-30.442	-24.853
INVESTING AND FINANCING		
Depreciation	6.557	4.940
Impairment		
Provisions net	-5.316	-8.115
Unrealised fair value (gains) losses through Profit or loss, i.e. for investment property, PPE, intangible assets,...		
Net gains (losses) on investments, net (i.e. HTM, associates, subsidiaries, tangible assets,...)		
OPERATING		
Net unrealised gains (losses) from cash flow hedges	-3.979	-1.637
Net unrealised gains (losses) from available-for-sale investments	-4.914	15.765
Other adjustments	40.961	34.773
Cash flows from operating profits before changes in operating assets and liabilities	-10.848	6.394
Increase (Decrease) in working capital (excl. cash & cash equivalents):	521.512	62.162
Increase (decrease) in operating assets (excl. cash & cash equivalents):	4.578.451	2.838.266
Increase (decrease) in balances with central banks	11.416	-163.178
Increase (decrease) in loans and receivables	2.009.672	2.402.665
Increase (decrease) in available-for-sale assets	1.328.263	213.424
Increase (decrease) in financial assets held for trading	1.176.820	460.415
Increase (decrease) in financial assets designated at fair value through profit or loss	5.755	-53.571

Increase (decrease) in asset-derivatives, hedge accounting	38.997	-26.972
Increase (decrease) in non-current assets held for sale		
Increase (decrease) in other assets (definition balance sheet)	7.528	5.483
Increase (decrease) in operating liabilities (excl. cash & cash equivalents):	5.099.963	2.900.428
Increase (decrease) in deposits from central banks		
Increase (decrease) in deposits from credit institutions	-1.038.455	318.411
Increase (decrease) in deposits (other than credit institutions)	283.763	-554.556
Increase (decrease) in debt certificates (including bonds)	858.052	-4.677
Increase (decrease) in financial liabilities held for trading	1.149.112	717.674
Increase (decrease) in financial liabilities designated at fair value through profit or loss	-6.317	3.609
Increase (decrease) in liability-derivatives, hedge accounting	89.755	71.544
Increase (decrease) in other financial liabilities	3.757.295	2.683.876
Increase (decrease) in other liabilities (definition balance sheet)	6.758	-335.453
Cash flows from operating activities	510.664	68.556
Income taxes (paid) refunded	-3	-204
Net cash flow from operating activities	510.661	68.352

INVESTING ACTIVITIES		
(Cash payments to acquire tangible assets)	10.658	23.235
Cash receipts from the sale of tangible assets	187	32
(Cash payments to acquire intangible assets)	2.325	11.251
Cash receipts from the sale of intangible assets		
(Cash payments for the investment in associates, subsidiaries, joint ventures net of cash acquired)		
Cash receipts from the disposal of associates, subsidiaries, joint ventures net of cash disposed		
(Cash outflow to non-current assets or liabilities held for sale)		
Cash inflow from the non-current assets or liabilities held for sale		
(Cash payments to acquire held-to-maturity investments)		
Cash receipts from the sale of held-to-maturity investments		
(Other cash payments related to investing activities)		
Other cash receipts related to investing activities		
Net cash flow from investing activities	-12.796	-34.454

FINANCING ACTIVITIES		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities	22.048	12.554
(Cash repayments of subordinated liabilities)	48.417	45.774
(Cash payments to redeem shares or other equity instruments		
Cash proceeds from issuing shares or other equity instruments		15.068
(Cash payments to acquire treasury shares)		
Cash proceeds from the sale of treasury shares		
Other cash proceeds related to financing activities		
(Other cash payments related to financing activities)		
Net cash flow from financing activities	-26.369	-18.152
Effect of exchange rate changes on cash and cash equivalents		

NET INCREASE IN CASH AND CASH EQUIVALENTS	471.496	15.746
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	151.851	136.107
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	623.347	151.853
Components of cash and cash equivalents:		
On hand (cash)	590.212	130.135
Cash and balances with central banks	33.135	21.718
Loans and receivables		
Held-to-maturity investments		
Available-for-sale assets		
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other short term, highly liquid investments		
(Bank overdrafts which are repayable on demand, if integral part of cash management)		
Total cash and cash equivalents at end of the period	623.347	151.853
Of which: amount of cash and cash equivalents held by the enterprise, but not available for use by group		
Undrawn borrowing facilities (with breakdown if material)		
Supplemental disclosures of operating cash flow information:		
Interest income received	1.760.787	1.562.282
Dividend income received	2.300	893
Interest expense paid	-1.433.078	-1.281.150

Supplemental disclosures of acquisitions/disposals of subsidiaries Total purchase or disposal consideration Portion of purchase or disposal consideration discharged by means of cash or cash equivalents Amount of cash and cash equivalents in the subsidiaries acquired or disposed Amount of assets and liabilities other than cash or cash equivalents in the subsidiaries acquired or disposed of		
Non-cash financing and investing activities Acquisition of assets by assuming directly related liabilities or by means of a finance lease Acquisition of an enterprise by means of an equity issue Conversion of debt to equity		

14.5 Distribution Channels

The distribution channel of AXA Bank relies on the intermediation of credit brokers and banking agents. Although the brokers largely outnumber the banking agents, the latter are taking around 70% of the credit applications for its account. The well diversified geographical distribution is a direct result of the distribution channel.

14.6 Origination

14.6.1. Approval of loan applications

AXA Bank has a standardised treatment in file preparation and submission to the credit committee. The fact that each person can only approve a loan application as long as it's within the responsibilities (according to its experience and good risk evaluation) mentioned in its delegation of powers, is a positive feature. As soon as a specific loan demand is reporting certain "incidents" or when it exceeds a certain loan amount, the approval can only be given by more senior analysts/managers in the business line. The well-documented credit approval process makes sure that junior credit administrators will quickly settle in and thereby continuity and consistency can be assured.

On average around 90% of the applications is accepted and around 80% is realised. This rather high percentage is due to the fact that brokers and agents know the underwriting criteria of AXA Bank and only file for acceptance if those general criteria match.

14.6.2. Credit acceptance

AXA Banks mortgage lending (always loans, no *kredietopeningen/ouvertures de crédit*) may have as a purpose the refinancing of an existing mortgage loan, the purchase of a building plot, the construction of a house, the purchase or renovation of a property.

These loans are always secured by a mortgage which is always first ranking or first and second ranking. If required, multiple mortgages on different properties can be asked. In addition to the mortgage, the following security guaranties can be accepted: mortgage mandate ("*hypothecair mandaat/mandat hypothécaire*"), third party guarantor ("*borgstelling/caution*"), pledge on securities of assets ("*in pand gave van roerende goederen/mise en gage de biens mobiliers*"), assignment of salary ("*loonafstand/délégation de salaire*"), bank guarantee, assignment of rights under an insurance policy ("*afstand van alle rechten van een verzekeringspolis tak 21&tak 23/renonciation à tous droits sous une police d'assurance branche 21&branche 23*"), promise of mortgage ("*hypotheekbelofte/promesse d'hypothèque*").

In principle the goal is always to stay below a 100% LTV, but on a case-by-case analysis a deviation is acceptable (as a borrower will do everything possible to maintain its property). Next to that, each borrower will be required to take a fire insurance and a life insurance ("*schuldsaldoverzekering/assurance solde restant dû*"). Since the beginning of 2007, a valuation report from an independent appraiser is not always required but can be demanded on a case-by-case base.

Loan amounts range between minimum EUR 12,500 and maximum EUR 1,000,000, with maturities between minimum 5 years and maximum 30 years (exception: bridge loans have a maximum maturity of 2 years).

Every single loan demand is encoded in the same IT-system (CREDO, which stands for "crédit-optimisation"), whether directly by the banking agent or by one of the colleagues of the "Acquisition" team (for the demands originated by the brokers). This system is especially created and designed to ease the process of the origination and guides the banking agents and acquisition team through all the steps that need to be taken for approval. There's an automatic credit scoring system linked to this that allows an automatic segmentation of the applications in function of the mandates needed for approval.

14.6.3. Credit administration of the loans

The credit administration, as described above, takes place via CREDO. The credit files enter the system via two networks: the automatic and the manual circuit.

The automatic circuit is used by the banking agents who assemble and treat all data in an autonomous way. On the other hand the brokers prepare a paper from credit application and subsequently send it to the acquisition team that, like the banking agents, inputs all necessary data into CREDO after a control check took place.

Before registration can take place, a credit applicant must provide personal data (ID, profession, copy of marriage contract, etc), evidence of income (payslips, tax assessment, etc), evidence of liabilities (other loans, etc) and all other relevant data (evidence of property, purchase compromise, etc) to AXA Bank. CREDO automatically performs some verifications with linked databases such as ASSO (client database of AXA Bank), SOPRES (database with all addresses in Belgium), CKP ("*Centrale voor Kredieten aan Particulieren/Centrale des credits aux particuliers*" available since 1 June 2003, database that registers all consumer credits and residential mortgage loans granted to private persons for private purposes and which registers all

overdue payments as well) and EURODB/GRAYDON (database that registers all independent persons with a company number).

CREDO automatically grants a score to the credit application taking into account all underwriting criteria of AXA Bank. It provides for an immediate outcome to the persons that encoded all the data into the system. If certain "incidents" would be reported, then the credit application can only be continued by the intermediation of a more senior manager/credit analyst in the business line. If on the other hand the system indicates a good credit scoring, no incidents are reported and if comfortable with the underlying securities, then banking agents can validate within the limits of their responsibilities the credit scoring result. Credit analysts have mandates to decide within the limits of their mandates. The banking agent can then make a tarification proposal (within predetermined levels in CREDO) to the client. If the proposal does not match with the predetermined pricing levels, again the intermediation of a credit analyst is required.

The proposal will be submitted to the client, who has two weeks time to accept. The completion of the mortgage loan needs to be finalized within three months time. If one of the deadlines is exceeded, a new proposal will have to be made based on the pricing of that moment.

After execution by the client, the physical files will be subject to a technical review (are all documents present, etc) by the "Technical Support" team. An end-user application called "Office Tools" helps the team in that review and is designed to follow-up on application date, cancellation date, signature dates etc and has an automatic reminder system in place. If the technical review is positive, the money can be transferred to the notary in case there is a mortgage inscription and/or mortgage mandate. The payment will be made to the notary 7 business days before the execution of the notarial deed, the notary is responsible for the right destination of the money. The signing is confirmed to AXA by the bon de grosse, at that moment AXA registers the mortgage in the IT system and the loan enters the servicing cycle. Subsequently, the paper file is archived.

In principle the servicing process is a fully automated process and no manual interventions are required.

14.6.4. Conclusion

AXA Bank has developed a specialized system and disposes of written procedures for the credit administration of residential mortgage loans which facilitates the administration and enables continuity and consistency. This emphasizes the professionalism that AXA Bank is bringing forward in respect to the mortgage loan business. Its growing market share, in one of its core businesses is also striking and again another proof of AXA Banks competence in origination and administration of mortgage loans.

14.7 Foreclosure Procedure

It is important to note that under Belgian law, the entire foreclosure process (or liquidation) is controlled by legally binding rules and procedures. This legal framework is described in the following steps:

(a) The first step is a formal reconciliation procedure in the appropriate court having jurisdiction. A staff member of the mortgage loan department will transfer the complete credit file to a lawyer that will look after AXA's interests.

(b) The lawyer will request a session date from the court.

(c) Once a date has been established, the court will invite the borrower and AXA to appear. Either a reconciliation plan is achieved in court, which means that a reimbursement plan for the arrears has been agreed, either a non-conciliation is acted by the judge. If no reconciliation plan is achieved in court or the borrower does not follow the conditions of the plan, the legal liquidation process will continue.

(d) The next step in the legal liquidation process is to contact the bailiff who will start his investigations in order to ensure the serving of the injunction to the borrower. Fifteen (15) calendar days after the serving of the injunction, the bailiff will proceed with the attachment of the collateral. The bailiff will then confirm whether AXA was first to serve an injunction. If this is the case, AXA has full control over the legal liquidation process. If not, it is dependent on the actions of the party having served the earliest injunction.

(e) The mortgage department of AXA will then contact the court in order to get a public notary appointed to organize the forced sale of the collateral.

(f) The former foreclosure process applies to all delinquent loans without any exception; however, before the notary proceeds with the forced sale, the loan file will still be screened and a staff member of the mortgage loan department will verify if – based on the assessment of the loss-risk – alternative possibilities for recovery, other than a forced sale, especially a voluntary sale by the borrower or by a real estate agency, are still open and real.

(g) Once the forced sale of the collateral is completed and the deed discharging the creditors is signed, the public notary will transfer the sale price to AXA.

With respect to a collective settlement of debt (*collectieve schuldenregeling/règlement collectif des dettes*) under the Act of 5 July 1998 the following procedure is put in place:

(a) the Borrower, represented by a mediator appointed by the court, proposes an amicable settlement to ensure the global repayment of all of his debts, which must ensure that all the creditors (including mortgage lenders) are treated equally; however, in order to safeguard the property of the borrower, in most

cases the mortgage creditor will benefit from a preferential treatment, and in particular the further repayment of the instalments of the mortgage credit;

(b) if the proposal is not accepted by the creditors, the court may impose a restructuring of the debts; such court imposed restructuring may involve:

(i) rescheduling and postponement, or waiver in some cases of principal, interest and/or costs;

(ii) a reduction of the contractual interest rate;

(iii) suspension of the normal effects of any security interests during the duration of the restructuring, provided such suspension may not affect the substance of the security;

(iv) partial or full waiver of default interest and/or default penalties; and

(v) voluntary or forced sale of the property;

(c) the court-imposed restructuring plan may in principle not exceed 5 years; however, the term for redemption of loans may be extended beyond the maximum of five (5) years, provided that such extension does not exceed the sum of the term of the restructuring plus half of the remaining contractually agreed term of the loan; and

(d) the court however can only impose a waiver of principal if the assets of the borrower have first been sold and the proceeds applied to repay the outstanding debts and in priority the mortgaged creditors so that the mortgage will have its full effect.

The borrower acting in bad faith by having organised his own insolvency is not entitled to take advantage of this procedure.

14.8 Debt after Sale and loss booking

In case the sale price of the collateral did not cover the total outstanding balance of the loan and provided there is no other mortgage or collateral available to enforce, loss booking will take place after receipt of the proceeds of the sale. The mortgage loan department will attempt to enforce the assignment of salary or negotiate a reimbursement plan with the customer. If such a plan is agreed, the mortgage loan department will follow-up with the customer on a monthly basis to ensure compliance with the reimbursement plan.

Loans with a remaining debt after the forced sale and where no or no substantial payment is made by the borrower or the guarantor are on a recurrent base outsourced for recovery to a specialised collection agent.

According to Belgian law, a person’s debt can be recovered from assets in addition to real estate (e.g. moveable assets, income). However, certain limitations are imposed by law, particularly by Articles 1408 to 1412 of the Belgian Judicial Code (*gerechtelijk*

wetboek/code judiciaire). The lender can seize part of the borrower's wages and other income such as unemployment benefit, pension, holiday allowance, disability allowance and commissions according to a government prescribed sliding scale.

14.9 Revision of the interest rate

The reset of the interest rate, if contractually stipulated, is strictly regulated by the Mortgage Credit Act and is based on the evolution of a so-called "reference rate". This reference index is linked to the rate of government bonds (OLO).

The new interest rate will be calculated using the following formula: initial interest rate + (new reference index – old reference index). The new reference index is the OLO-rate (with a residual term corresponding to the interest reset period of the loan) officially published in the month preceding the reset date and the old/initial reference index is the OLO-rate of the month preceding the date of the tariff chart applied at origination of the loan.

14.10 Reporting on the Loans and the Notes

A detailed collection report on the loan portfolio, summarising interest and principal payments, late payments (if any), arrears and prepayment amounts collected in the previous Monthly Collection Period is prepared by the Servicer (the ***Servicer Monthly Report***) and sent to the Administrator at the latest on the 4th Business Day prior to the Monthly Payment Date in respect of the immediately preceding Monthly Collection Period.

On a quarterly basis, the Administrator will prepare and distribute a report (the ***Investor Report***) to relevant counterparties in accordance with the Administration Agreement.

14.11 Legal and Arbitration Proceedings

There have been no governmental, legal and arbitration proceedings (during a period covering the last 12 months) which may have, or have had in the recent past, significant effects on AXA's financial position or profitability.

14.12 Rating

Unless specified otherwise in the relevant Final Terms, the Notes are not rated.

AXA has the following Standard & Poor's rating: A+/A-1 with a 'Stable' outlook (29 April 2011).

SECTION 15. SERVICER

AXA Bank Europe, organised as a limited liability company (*société anonyme/naamloze vennootschap*), is licensed as a mortgage loan institution by the CBFA in accordance with Article 43 of the Mortgage Credit Act and was licensed by Belgian Ministry of Economic pursuant to Ministerial Decree on 19 February 1996 under number 000993 in accordance with Article 77 of the Consumer Credit Act.

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. The servicing will be based on the principle of the *bonus pater familias* and on a duty of due care, and be ensured based on a servicing manual as amended from time to time.

SECTION 16. DESCRIPTION OF THE PORTFOLIO

The Initial Portfolio will be based on a pool of Loans owned by the Seller on 1 October 2011 (the ***Cut-off Date***) with an aggregate outstanding balance on such date of approximately EUR 2,496,577,838.50 (the ***Provisional Pool***), which has the characteristics as indicated in the Tables (inclusive) below.

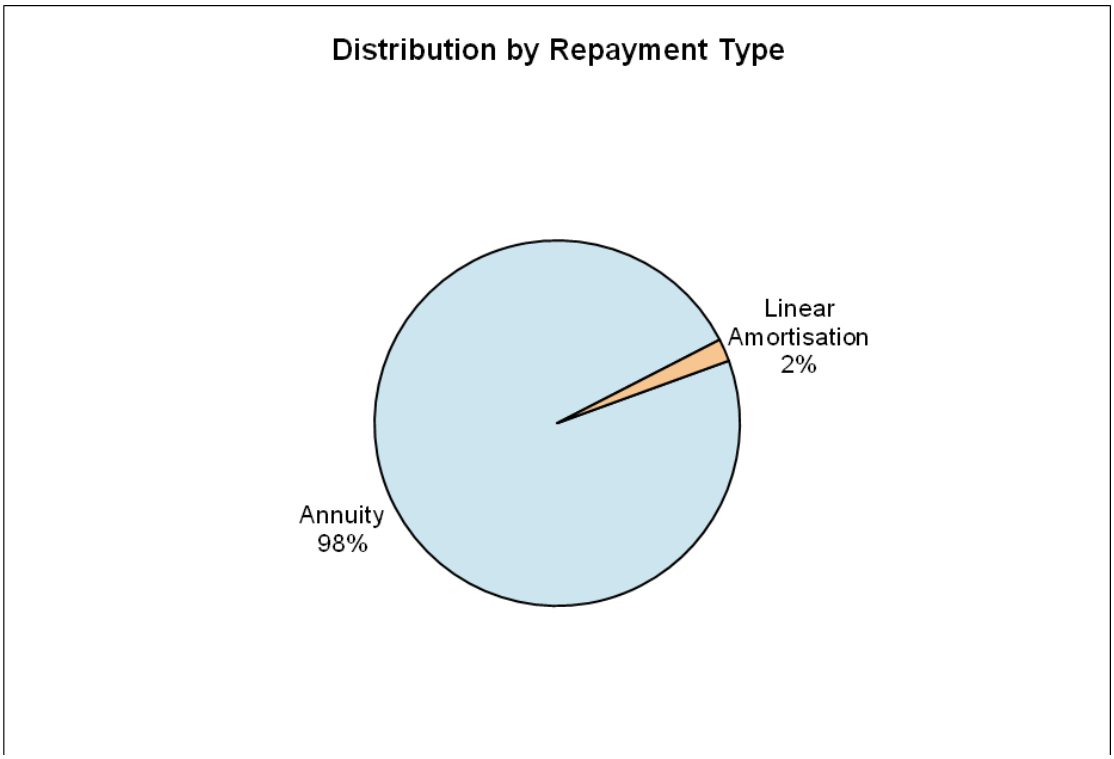
The Provisional Pool will be selected so that it complies with the representations and warranties and the Eligibility Criteria specified in Sections 12.4.2 and 12.4.3, above of this Prospectus.

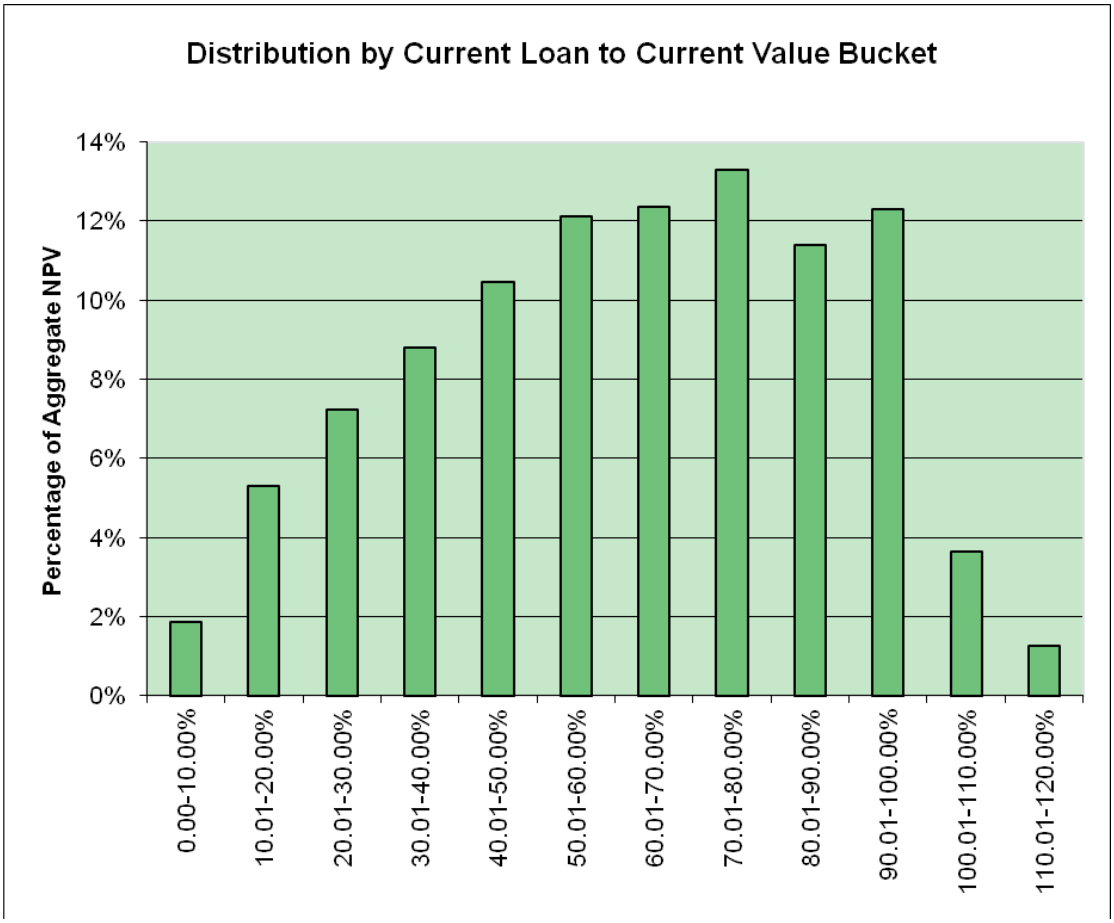
The selection will be made such that at the Closing Date the Current Balance of the aggregate of all Loans that have been purchased by the Issuer pursuant to the MLSA and that are at the relevant time still owned by the Issuer (the ***Portfolio***) will be approximately equal to EUR EUR 2,496,577,838.50.

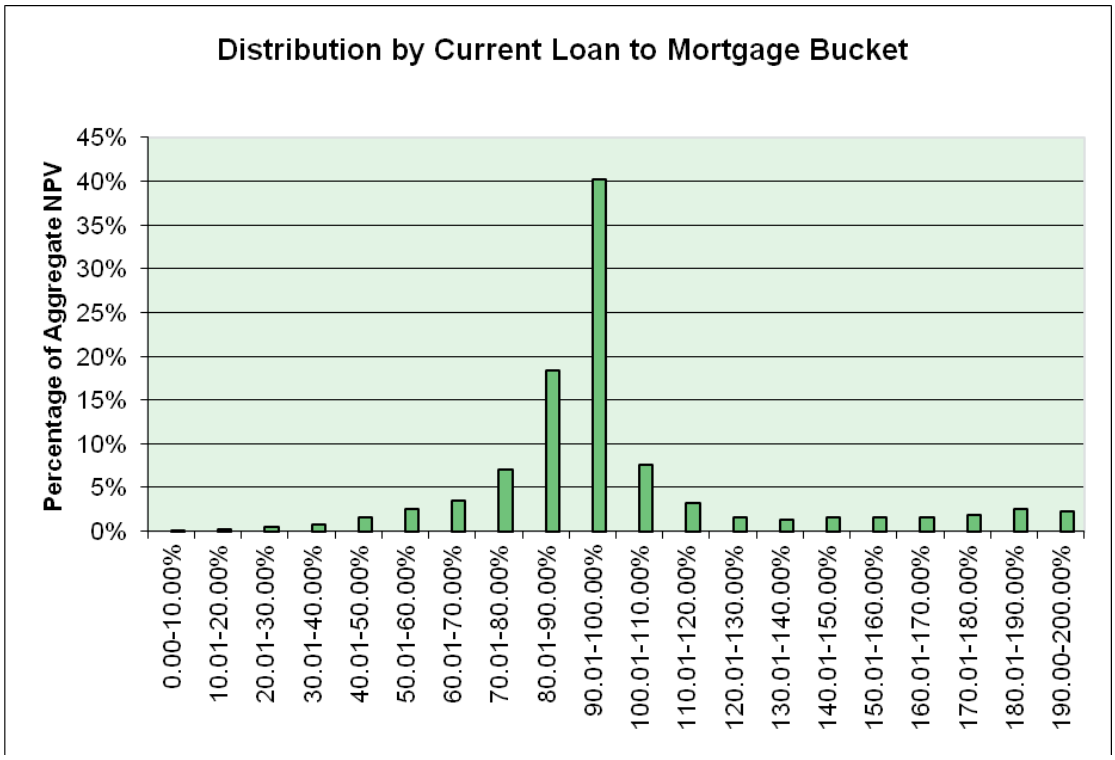
A pre-provisional pool with cut-off date of 1 October 2011 and its stratification tables have been subject to an audit. Stratification tables as shown below of the Provisional Pool are based on similar calculations.

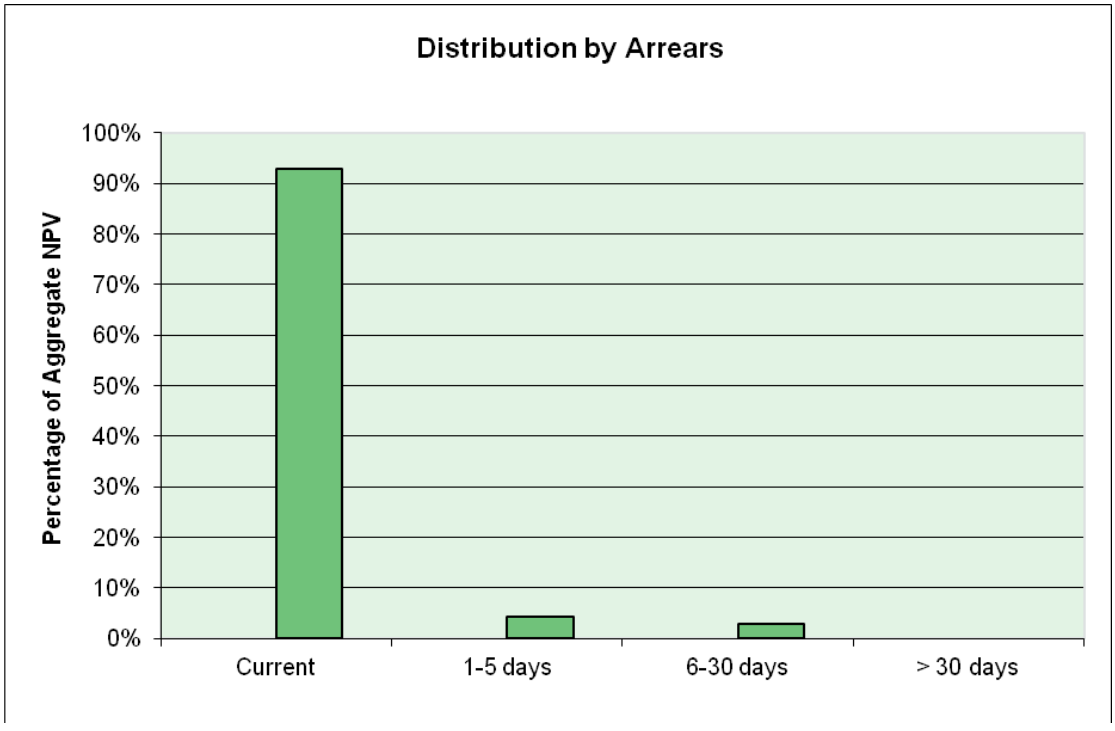
Summary Statistics Provisional Pool

Current balance of Loans	2.496.577.838,50
Number of Loans	33.427
Number of Borrowers	43.692
Average outstanding per borrower	57.140,39
Weighted average current Interest Rate	4,20%
Weighted average seasoning (months)	48,52
Weighted average remaining term to maturity (months)	223,91
Weighted average initial loan to initial value (ILTV)	73,38%
Weighted average Current Loan to Current Value (CLTCV)	61,80%
Weighted average Current Loan to Mortgage inscription ratio (CLTM)	99,19%
Weighted average debt to income (DTI)	41,24%

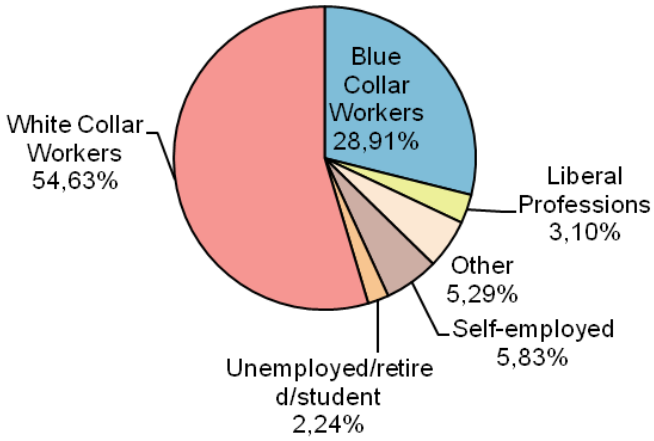

Distribution by Repayment Type
Linear Amortisation 2%
Annuity 98%


Distribution by Current Loan to Current Value Bucket
Percentage of Aggregate NPV
14%
12%
10%
8%
6%
4%
2%
0%
0.00-10.00%
10.01-20.00%
20.01-30.00%
30.01-40.00%
40.01-50.00%
50.01-60.00%
60.01-70.00%
70.01-80.00%
80.01-90.00%
90.01-100.00%
100.01-110.00%
110.01-120.00%

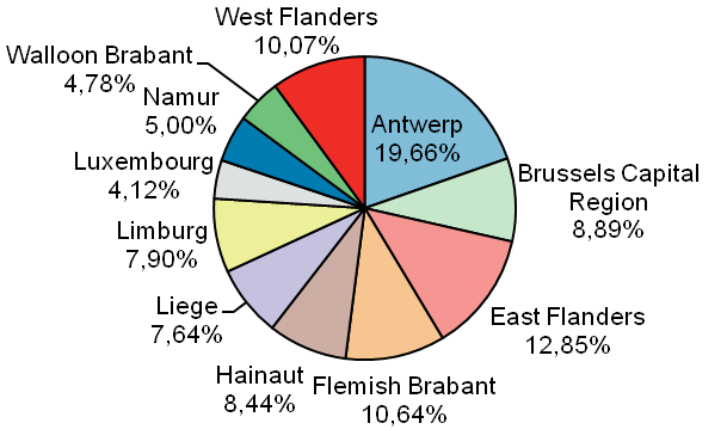

Distribution by Current Loan to Mortgage Bucket
Percentage of Aggregate NPV
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
0.00-10.00%
10.01-20.00%
20.01-30.00%
30.01-40.00%
40.01-50.00%
50.01-60.00%
60.01-70.00%
70.01-80.00%
80.01-90.00%
90.01-100.00%
100.01-110.00%
110.01-120.00%
120.01-130.00%
130.01-140.00%
140.01-150.00%
150.01-160.00%
160.01-170.00%
170.01-180.00%
180.01-190.00%
190.00-200.00%

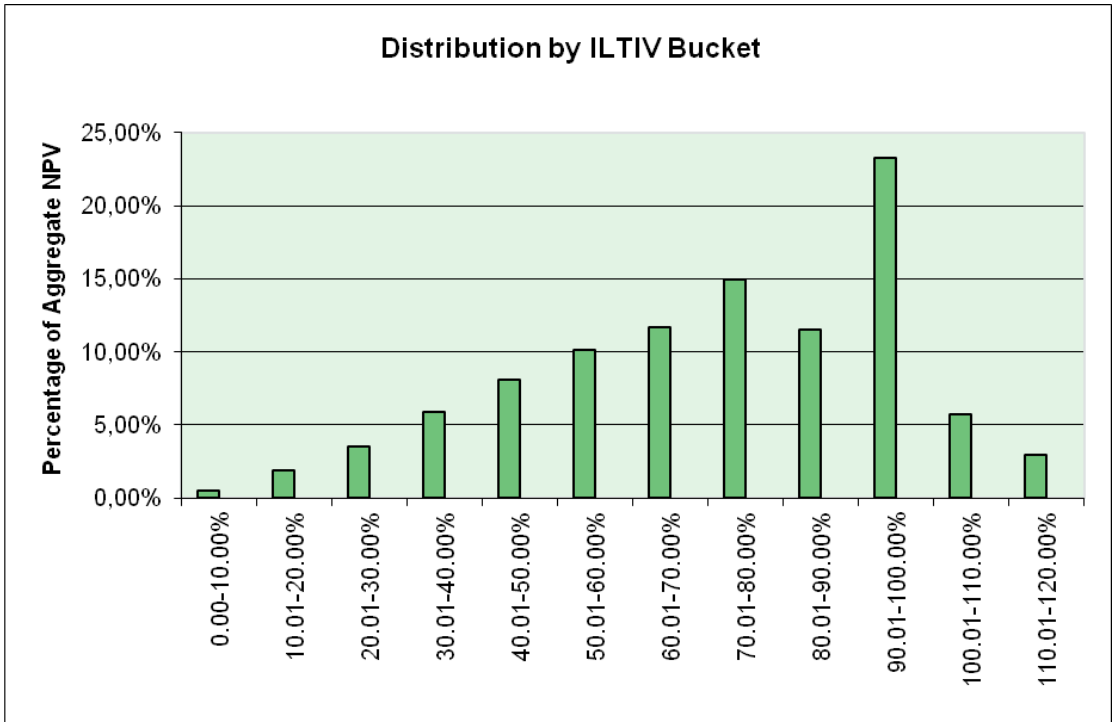

Distribution by Arrears
Percentage of Aggregate NPV
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Current
1-5 days
6-30 days
> 30 days

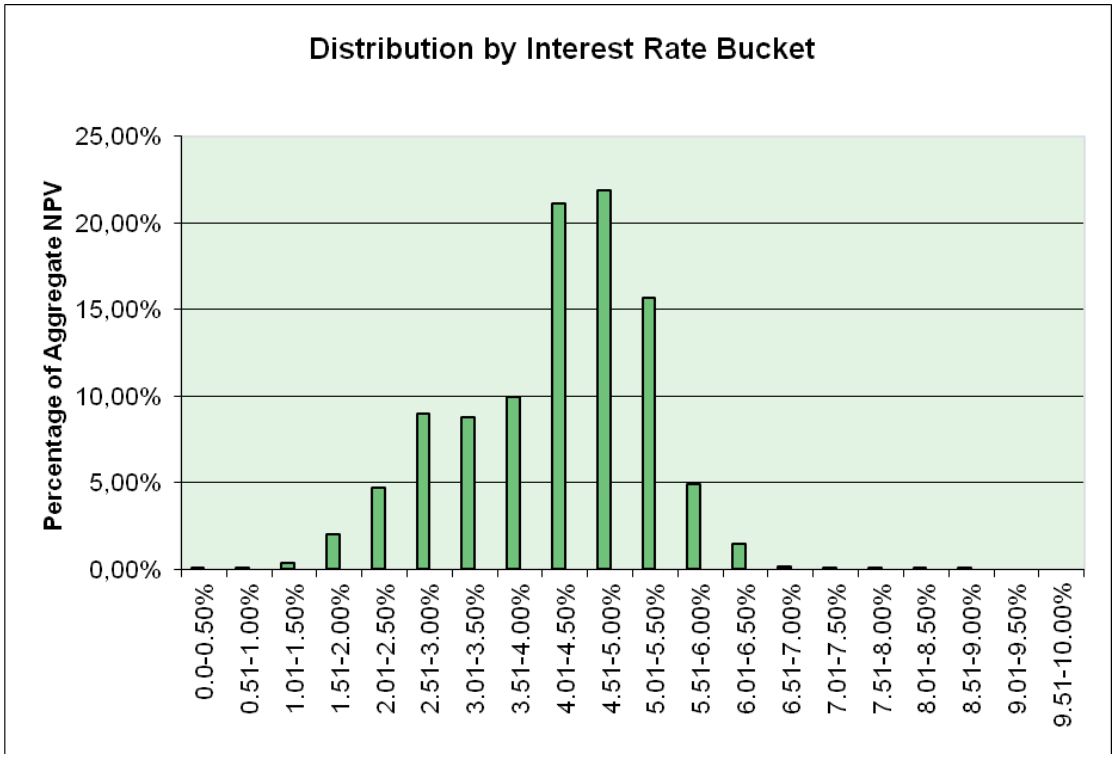
Distribution by Employment Type

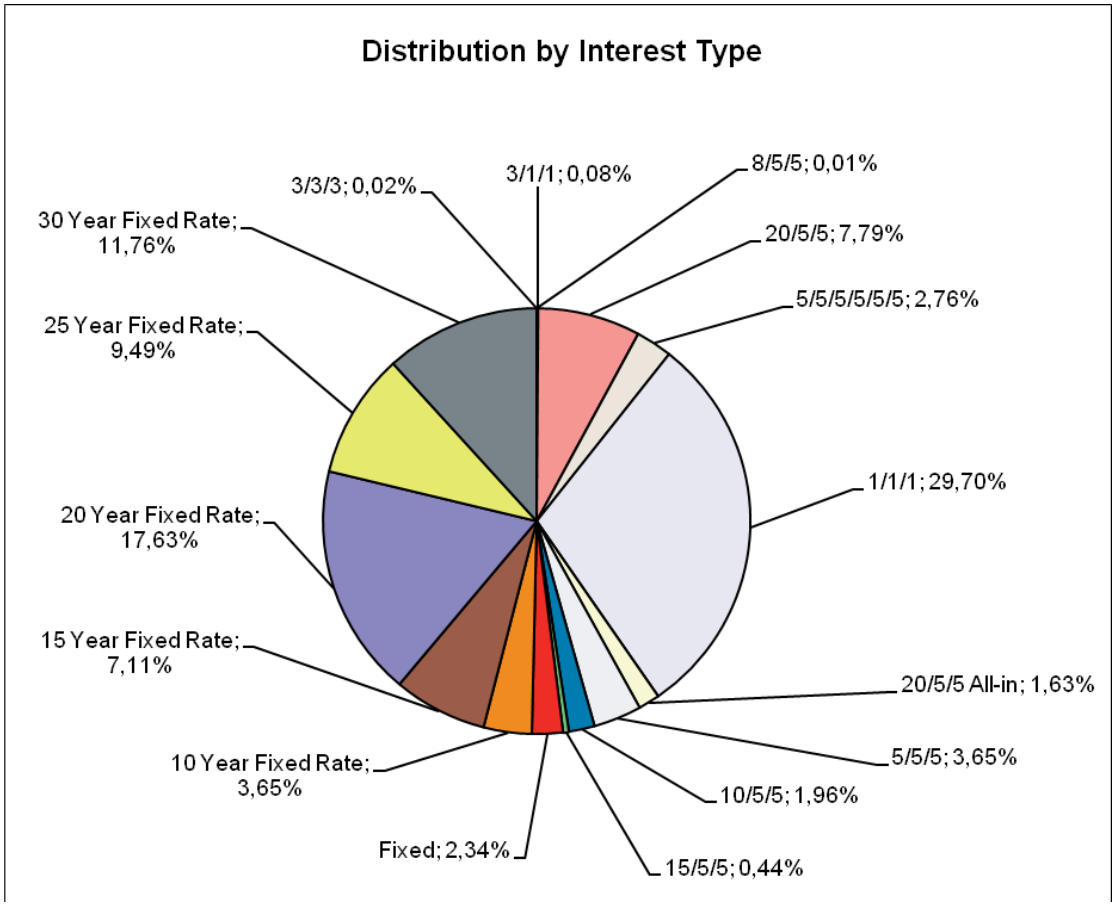


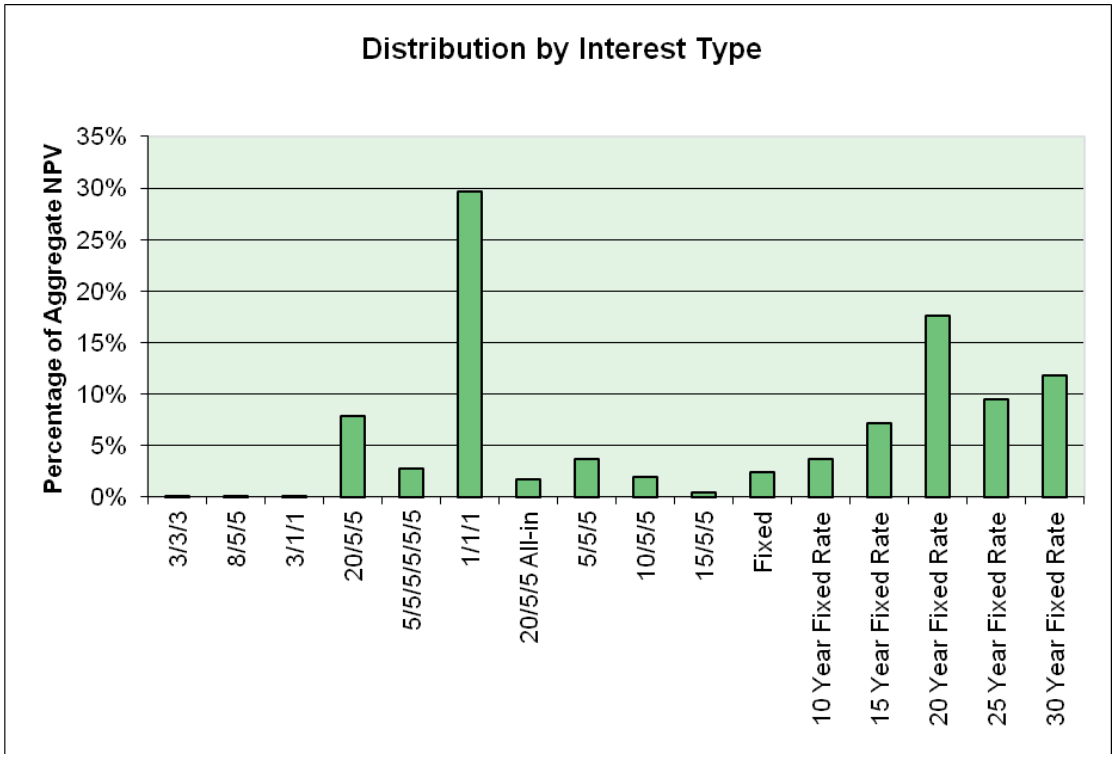
Geographical Distribution

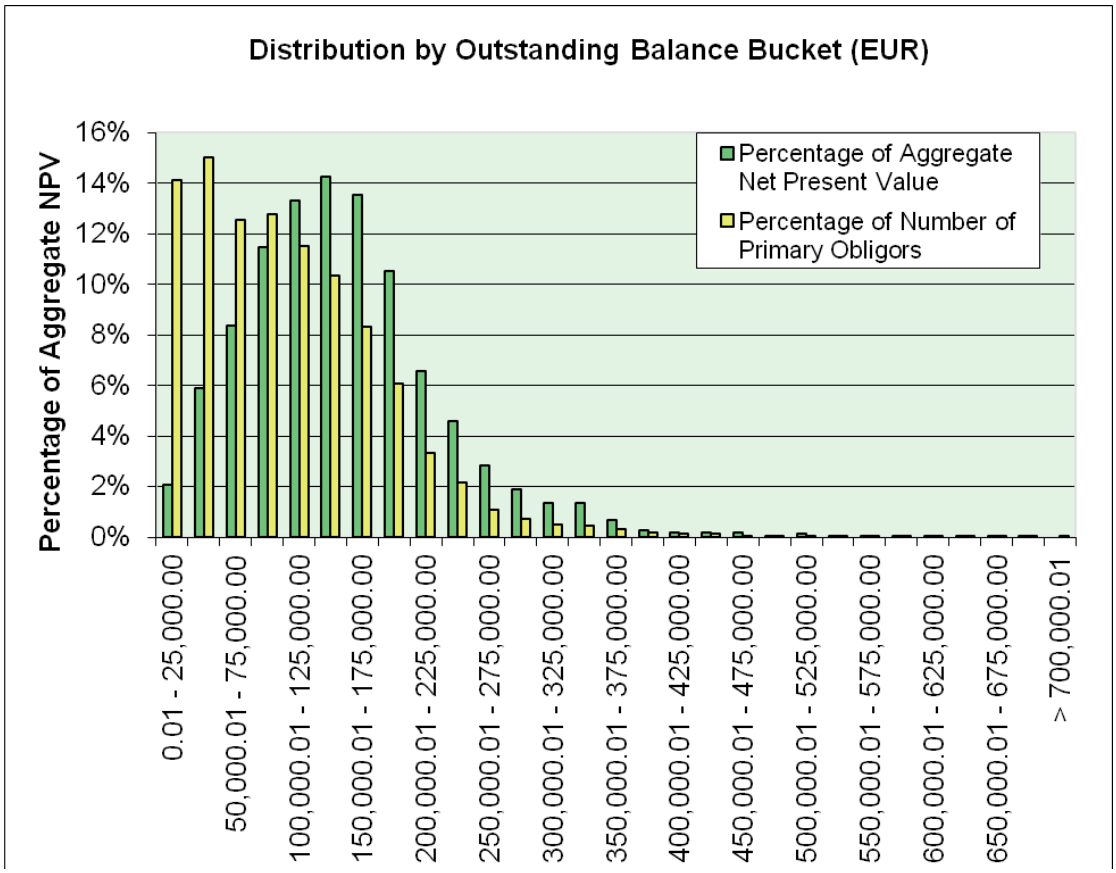


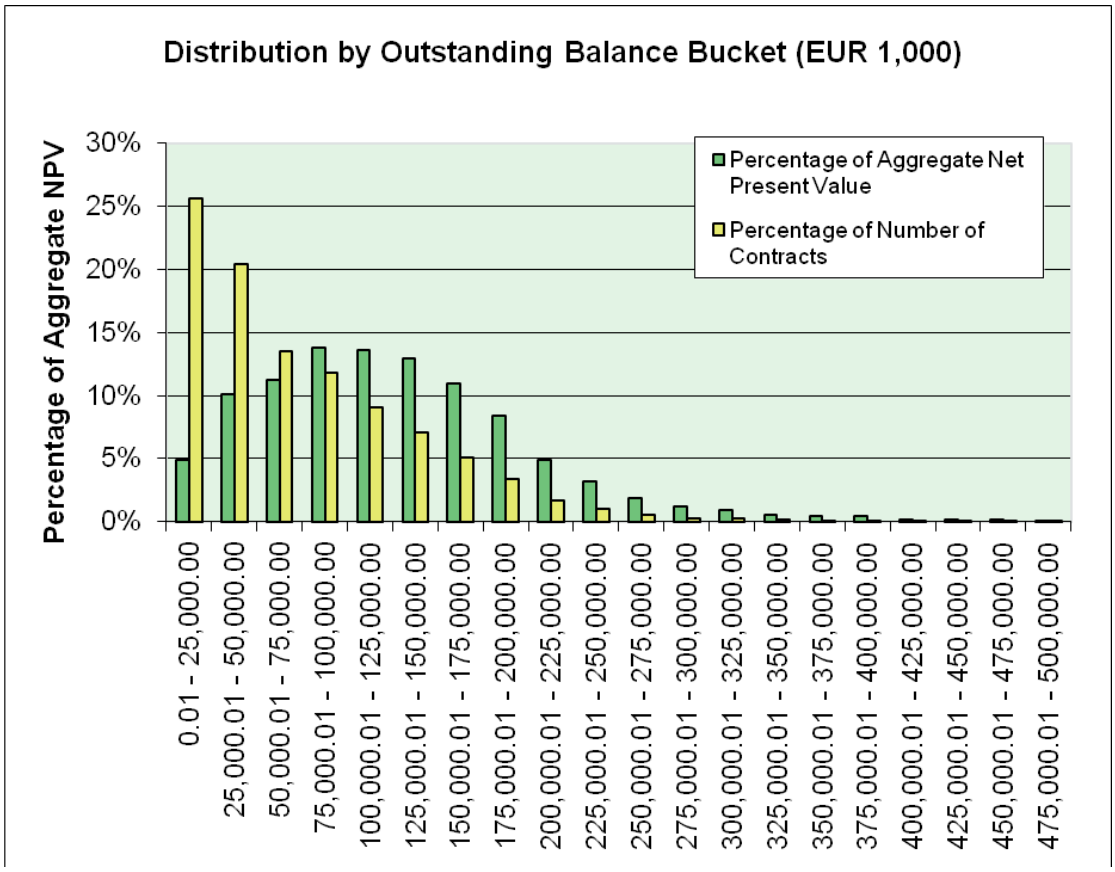

Distribution by ILTIV Bucket
Percentage of Aggregate NPV
25,00%
20,00%
15,00%
10,00%
5,00%
0,00%
0.00-10.00%
10.01-20.00%
20.01-30.00%
30.01-40.00%
40.01-50.00%
50.01-60.00%
60.01-70.00%
70.01-80.00%
80.01-90.00%
90.01-100.00%
100.01-110.00%
110.01-120.00%

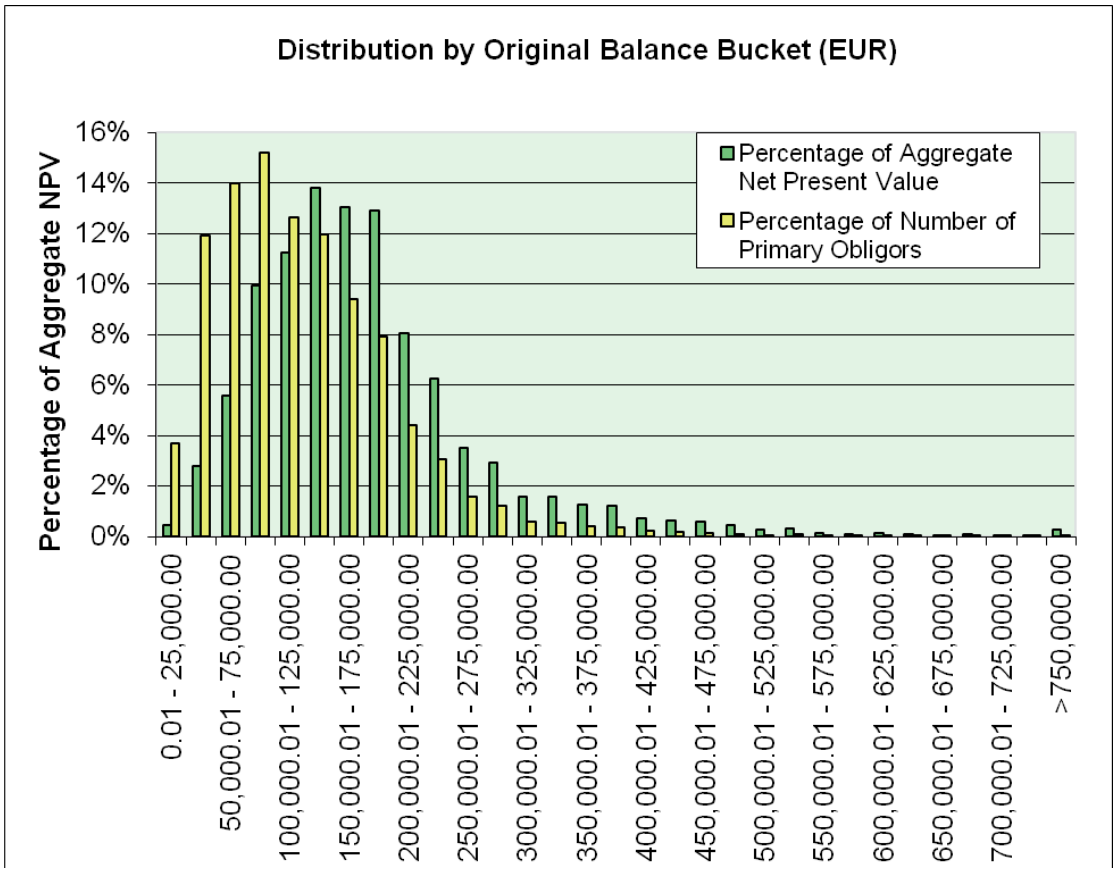

Distribution by Interest Rate Bucket
Percentage of Aggregate NPV
25,00%
20,00%
15,00%
10,00%
5,00%
0,00%
0.0-0.50%
0.51-1.00%
1.01-1.50%
1.51-2.00%
2.01-2.50%
2.51-3.00%
3.01-3.50%
3.51-4.00%
4.01-4.50%
4.51-5.00%
5.01-5.50%
5.51-6.00%
6.01-6.50%
6.51-7.00%
7.01-7.50%
7.51-8.00%
8.01-8.50%
8.51-9.00%
9.01-9.50%
9.51-10.00%

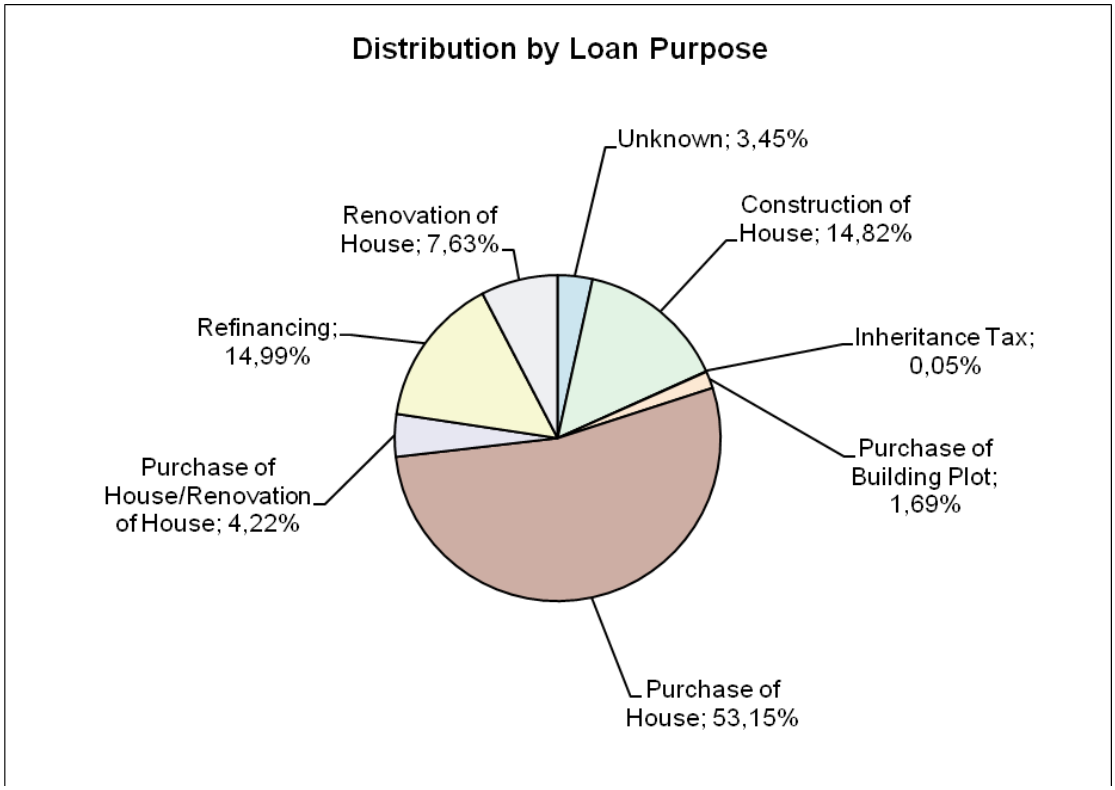

Distribution by Interest Type
3/3/3; 0,02%
3/1/1; 0,08%
8/5/5; 0,01%
30 Year Fixed Rate; 11,76%
20/5/5; 7,79%
5/5/5/5/5/5; 2,76%
25 Year Fixed Rate; 9,49%
1/1/1; 29,70%
20 Year Fixed Rate; 17,63%
15 Year Fixed Rate; 7,11%
20/5/5 All-in; 1,63%
5/5/5; 3,65%
10 Year Fixed Rate; 3,65%
10/5/5; 1,96%
Fixed; 2,34%
15/5/5; 0,44%

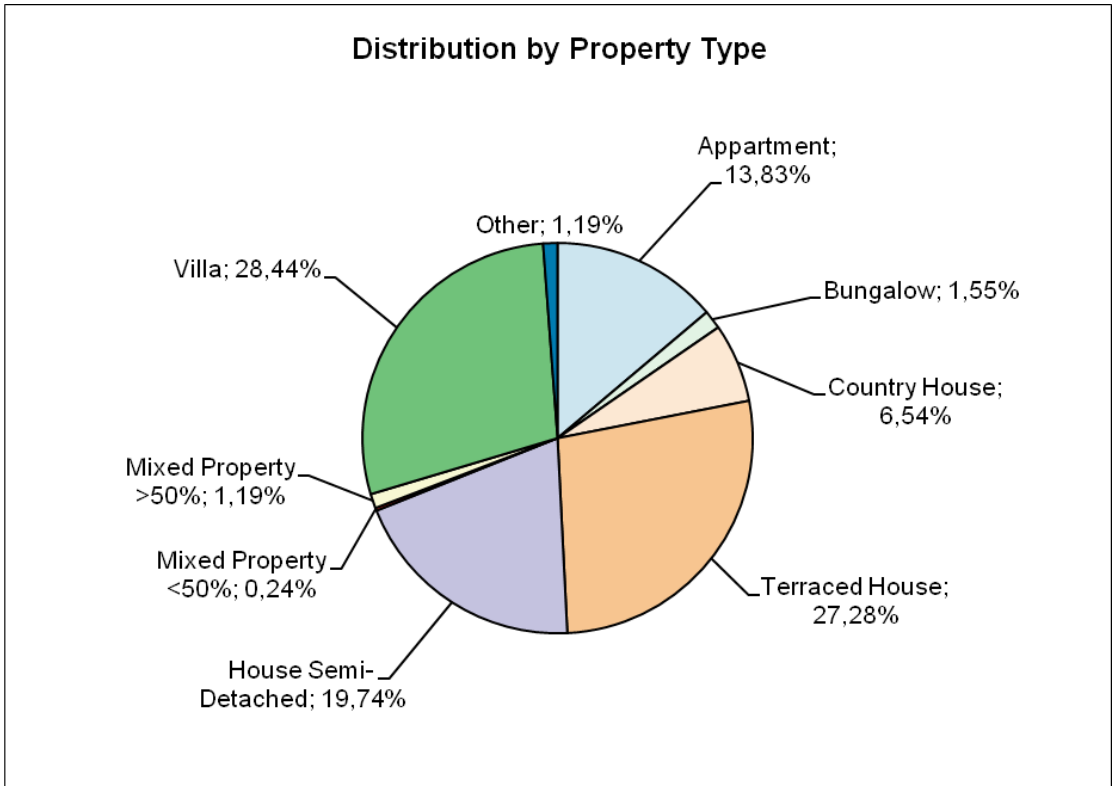

Distribution by Interest Type
Percentage of Aggregate NPV
35%
30%
25%
20%
15%
10%
5%
0%
3/3/3
8/5/5
3/1/1
20/5/5
5/5/5/5/5/5
1/1/1
20/5/5 All-in
5/5/5
10/5/5
15/5/5
Fixed
10 Year Fixed Rate
15 Year Fixed Rate
20 Year Fixed Rate
25 Year Fixed Rate
30 Year Fixed Rate

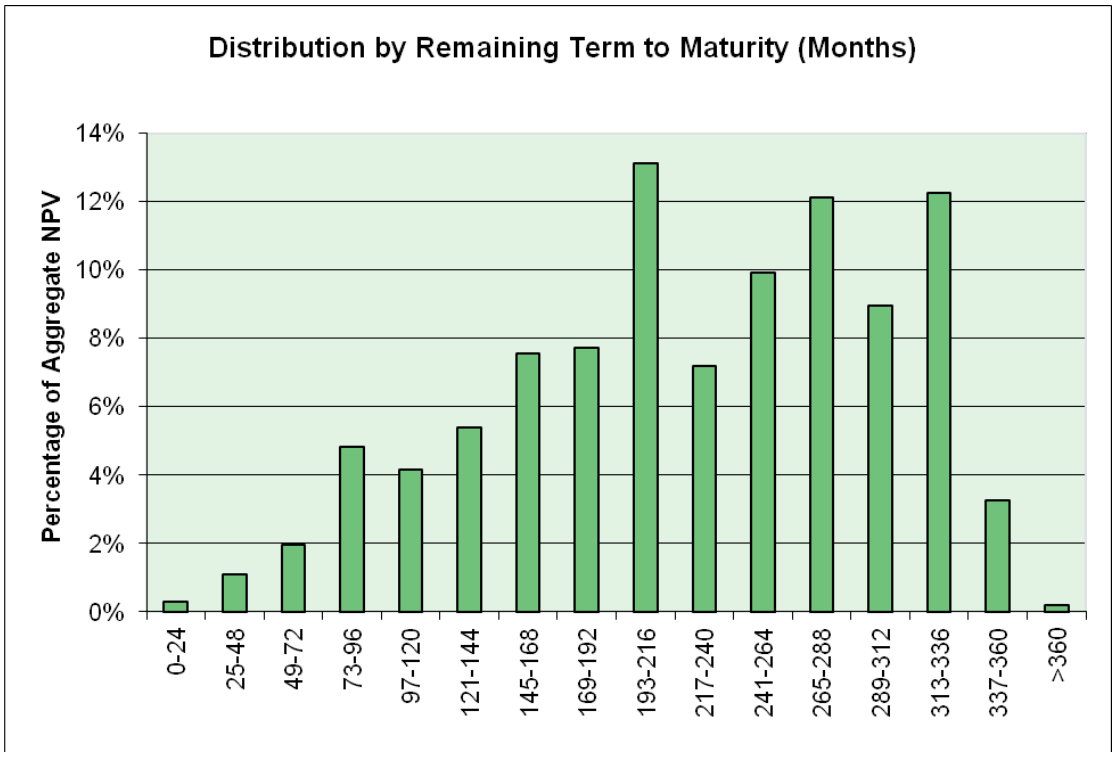

Distribution by Outstanding Balance Bucket (EUR)
Percentage of Aggregate NPV
16%
14%
12%
10%
8%
6%
4%
2%
0%
Percentage of Aggregate Net Present Value
Percentage of Number of Primary Obligors
0.01 - 25,000.00
50,000.01 - 75,000.00
100,000.01 - 125,000.00
150,000.01 - 175,000.00
200,000.01 - 225,000.00
250,000.01 - 275,000.00
300,000.01 - 325,000.00
350,000.01 - 375,000.00
400,000.01 - 425,000.00
450,000.01 - 475,000.00
500,000.01 - 525,000.00
550,000.01 - 575,000.00
600,000.01 - 625,000.00
650,000.01 - 675,000.00
> 700,000.01

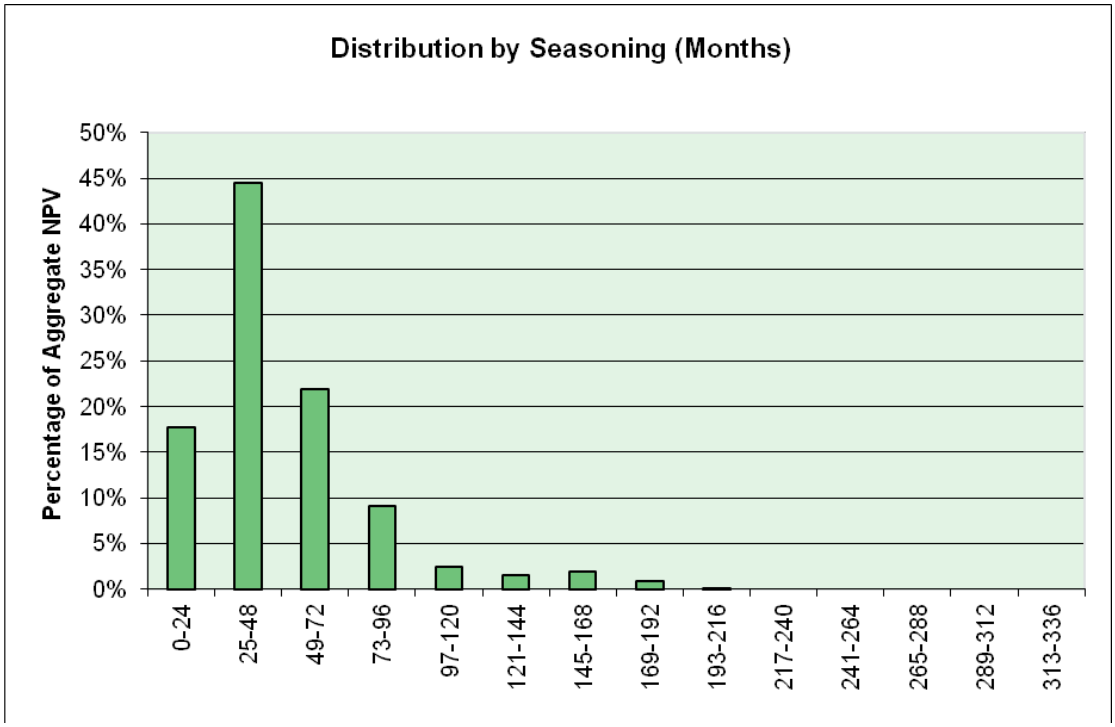

Distribution by Outstanding Balance Bucket (EUR 1,000)
Percentage of Aggregate NPV
30%
25%
20%
15%
10%
5%
0%
Percentage of Aggregate Net Present Value
Percentage of Number of Contracts
0.01 - 25,000.00
25,000.01 - 50,000.00
50,000.01 - 75,000.00
75,000.01 - 100,000.00
100,000.01 - 125,000.00
125,000.01 - 150,000.00
150,000.01 - 175,000.00
175,000.01 - 200,000.00
200,000.01 - 225,000.00
225,000.01 - 250,000.00
250,000.01 - 275,000.00
275,000.01 - 300,000.00
300,000.01 - 325,000.00
325,000.01 - 350,000.00
350,000.01 - 375,000.00
375,000.01 - 400,000.00
400,000.01 - 425,000.00
425,000.01 - 450,000.00
450,000.01 - 475,000.00
475,000.01 - 500,000.00

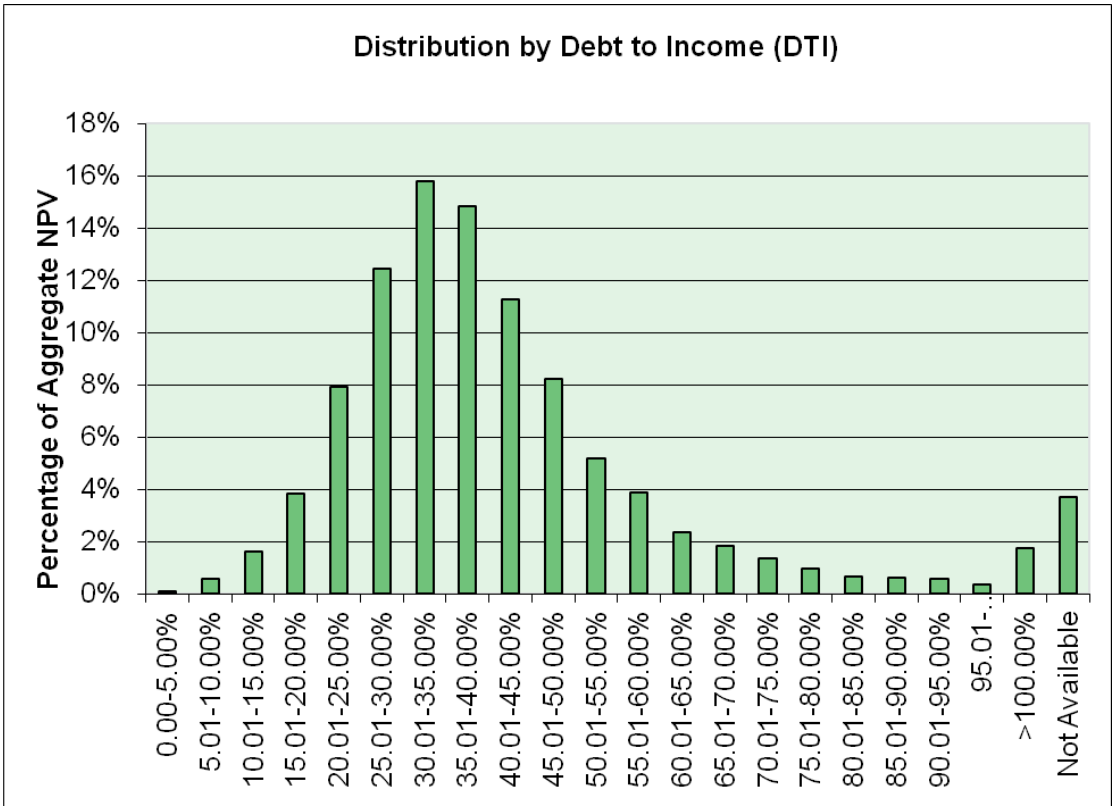

Distribution by Original Balance Bucket (EUR)
Percentage of Aggregate NPV
16%
14%
12%
10%
8%
6%
4%
2%
0%
Percentage of Aggregate Net Present Value
Percentage of Number of Primary Obligors
0.01 - 25,000.00
50,000.01 - 75,000.00
100,000.01 - 125,000.00
150,000.01 - 175,000.00
200,000.01 - 225,000.00
250,000.01 - 275,000.00
300,000.01 - 325,000.00
350,000.01 - 375,000.00
400,000.01 - 425,000.00
450,000.01 - 475,000.00
500,000.01 - 525,000.00
550,000.01 - 575,000.00
600,000.01 - 625,000.00
650,000.01 - 675,000.00
700,000.01 - 725,000.00
>750,000.00


Distribution by Loan Purpose
Unknown; 3,45%
Construction of House; 14,82%
Renovation of House; 7,63%
Refinancing; 14,99%
Inheritance Tax; 0,05%
Purchase of Building Plot; 1,69%
Purchase of House/Renovation of House; 4,22%
Purchase of House; 53,15%


Distribution by Property Type
Appartment; 13,83%
Other; 1,19%
Villa; 28,44%
Bungalow; 1,55%
Country House; 6,54%
Mixed Property >50%; 1,19%
Mixed Property <50%; 0,24%
Terraced House; 27,28%
House Semi-Detached; 19,74%


Distribution by Remaining Term to Maturity (Months)
Percentage of Aggregate NPV
14%
12%
10%
8%
6%
4%
2%
0%
0-24
25-48
49-72
73-96
97-120
121-144
145-168
169-192
193-216
217-240
241-264
265-288
289-312
313-336
337-360
>360


Distribution by Seasoning (Months)
Percentage of Aggregate NPV
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
0-24
25-48
49-72
73-96
97-120
121-144
145-168
169-192
193-216
217-240
241-264
265-288
289-312
313-336


Distribution by Debt to Income (DTI)
Percentage of Aggregate NPV
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
0.00-5.00%
5.01-10.00%
10.01-15.00%
15.01-20.00%
20.01-25.00%
25.01-30.00%
30.01-35.00%
35.01-40.00%
40.01-45.00%
45.01-50.00%
50.01-55.00%
55.01-60.00%
60.01-65.00%
65.01-70.00%
70.01-75.00%
75.01-80.00%
80.01-85.00%
85.01-90.00%
90.01-95.00%
95.01-...
>100.00%
Not Available

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 upon the instructions 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 Joint Lead Managers and the Listing Agent will enter into a subscription and listing agreement (the Subscription and Listing Agreement) with the Issuer, the Seller and the Security Agent, pursuant to which the Joint Lead Managers will agree to subscribe for the Notes at their issue price on the Closing Date and listing of the Notes.

The Issuer and the Seller have each severally agreed to reimburse the Joint Lead Managers and the Listing Agent for certain of their costs and expenses in connection with the issue of the Notes. The Joint Lead Managers and the Listing Agent are entitled to terminate the offering of, and refuse receipt of acceptances in respect of, the Notes and be released and discharged from their obligations from the Subscription and Listing 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 Joint Lead Managers 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 Joint Lead Managers against certain liabilities in connection with the offer and sale 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 Eligible Holders, being:

(a) Institutional Investors that are acting for their own account (See for more detailed information Section 4.1, above); 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 Joint Lead Managers have 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 Joint Lead Managers have 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 required to be authorised or regulated to operate in the financial markets;

(b) large undertakings meeting two of the following size requirements on a company basis: (1) a total balance sheet of more than EUR 20,000,000, (2) an annual net turnover of more than EUR 40,000,000, and (3) own funds in excess of EUR 2,000,000, as shown in its last annual or consolidated accounts;

(c) national and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other smaller organisations; and

(d) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions,

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.

18.3 United Kingdom

The Joint Lead Managers represent and agree that each of them:

(a) 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) 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 Listing Agent

The Listing Agent is appointed by the Issuer under the Subscription and listing Agreement to cause an application to be made to Euronext Brussels to admit the Class A Notes to listing of the Eurolist by Euronext Brussels two Business Days following the Closing Date.

18.5 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 Joint Lead Managers 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 Joint Lead Managers 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 Joint Lead Managers have 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

The Issuer will use the proceeds from the issue of the Notes (together with any amounts to be received from the Class A Swap Counterparty and the Class B Swap Counterparty in terms of accrued interest on the Loans), to pay to the Seller the Initial Purchase Price for the Loans pursuant to the MLSA. See further Section 12, above.

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 15; 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***) or holders of Class B Notes (***Class B Noteholders***).

20.2 Access to Meetings

Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any 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 14), 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 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 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 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 3 of the Pledge Agreement for approving a Basic Term Modification except that if 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 10) no such Extraordinary Resolution is required; and

(b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless, if there are any Class A Notes remaining outstanding, (i) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; and (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders, irrespective of the effect upon them.

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.

SECTION 21. GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer resolved on or about 24 November 2011.

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 A Notes is BE0002409812 and the Common Code is 071280438; and

(b) the ISIN Code for the Class B Notes is BE6228972202 and the Common Code is 071280454.

3. No statutory or non-statutory accounts within the meaning of Belgian accounting laws, as amended, in respect of any financial year of the Issuer have been prepared.

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. 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.

6. Save as disclosed in this Prospectus, since 30 June 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) no significant change in the trading or financial position of the Issuer.

7. Save as disclosed in this Prospectus, 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.

8. The Issuer makes available to the public the Investor Report 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).

9. Copies of the following documents may be inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Issuer and at the specified offices of the Domiciliary Agent at any time after the Closing Date:

(a) Account Bank Agreement;

(b) Administration Agreement;

(c) Clearing Agreement;

(d) Corporate Services Agreement;

(e) Master Definitions Agreement;

(f) MLSA;

(g) Pledge Agreement;

(h) Servicing Agreement;

(i) Class A Swap Agreement;

(j) Class B Swap Agreement

(k) Domiciliary Agency Agreement;

(l) Expenses Subordinated Loan Agreement;

(m) the Subordinated Loan Agreement;

(n) the Articles of incorporation/by-laws of the Issuer; and

(o) the most recent balance sheet of the Issuer and the auditors' report thereon.

ANNEX 1: TERMS AND CONDITIONS OF THE NOTES

ANNEX 1: TERMS AND CONDITIONS OF THE NOTES

ROYAL STREET – RS-3

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 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.

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 and (ii) acknowledge that they are Eligible Holders and that they can only transfer their Notes to Eligible Holders.

Unless otherwise stated, defined terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement.

DESCRIPTION OF THE NOTES

1. GENERAL

1.1 The issue of EUR 1,837,500,000.00 Class A Floating Rate Mortgage Backed Notes due October 2050 (the ***Class A Notes***) and the EUR 262,500,000.00 Class B Floating Rate Mortgage Backed Notes due October 2050 (the ***Class B Notes*** and together with the Class A Notes, the ***Original Notes***), and the future potential issue of up to 3,000,000,000.00 Additional Class A Floating Rate Mortgage Backed Notes (the ***Additional Class A Notes***) and Additional Class B Floating Rate Mortgage Backed Notes (the ***Additional Class B Notes***, and together with the Additional Class A Notes, the ***Additional Notes***) (and, the Additional Notes together with the Original Notes, the ***Notes***), was authorised by a resolution of the board of directors of Royal Street NV/SA, an *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belg*e (an institutional company for investment in receivables under Belgian law), acting for its Compartment RS-3 (the ***Issuer***) and adopted on or about 24 November 2011.

1.2 The Original Notes will be issued on or about 5 December 2011 (the ***Closing Date***), 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, Axa Bank Europe NV/SA as domiciliary agent (the ***Domiciliary Agent***), Axa Bank Europe NV/SA as calculation agent (the ***Calculation Agent***), Axa Bank Europe NV/SA as administrator (the ***Administrator***) and Stichting Security Agent Royal Street as security agent (the ***Security Agent***) for, *inter alios*, the holders for the time being of the Notes (the ***Noteholders***).

1.3 The Addional Notes may be issued at the option of the Issuer pursuant to an Optional Tap Issue on the terms and subject to the conditions set out in Condition 16.

1.4 Pursuant to the Domiciliary Agency Agreement, arrangements are made for the payment of principal and interest in respect of the Notes and for the determination of the rate of interest applicable to the Notes.

1.5 The Notes are secured by the security created pursuant to, and on the terms set out in, 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 Account Bank, the Seller and the Servicer.

1.6 The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

(a) the Domiciliary Agency Agreement;

(b) the Pledge Agreement;

(c) the administration agreement (the ***Administration Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent, the Administrator and the Calculation Agent;

(d) the account bank agreement (the ***Account Bank Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa Bank Europe NV/SA, acting through its Brussels office, in its capacity as the account bank (the ***Account Bank***);

(e) the servicing agreement (the ***Servicing Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa Bank Europe NV/SA in its capacity as the servicer (the ***Servicer***);

(f) the mortgage loan sale agreement (the ***Mortgage Loan Sale Agreement*** or the ***MLSA***) between Axa Bank Europe NV/SA (the ***Seller***), the Security Agent and the Issuer to be entered into on or before the Closing Date;

(g) 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;

(h) 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;

(i) the swap agreement (the ***Class A Swap Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa, in its capacity as the swap counterparty (the ***Class A Swap Counterparty***);

(j) the swap agreement (the ***Class B Swap Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa, in its capacity as the swap counterparty (the ***Class B Swap Counterparty***);

(k) the corporate services agreement (the ***Corporate Services Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa Bank Europe NV/SA, in its capacity as the corporate services provider (the ***Corporate Services Provider***);

(l) the subordinated loan agreement (the ***Subordinated Loan Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa Bank Europe NV/SA, in its capacity as the subordinated loan provider for purposes of funding the Reserve Fund (as defined below) (the ***Subordinated Loan Provider***); and

(m) the expenses subordinated loan agreement (the ***Expenses Subordinated Loan Agreement***) to be entered into on or before the Closing Date between the Issuer, the Security Agent and Axa Bank Europe NV/SA, in its capacity as the expenses subordinated loan provider for purposes of funding initial costs and expenses relating to the Transaction (the ***Expenses Subordinated Loan Provider***).

1.7 Pursuant to the MLSA, a portfolio of Belgian mortgage loans (the ***Initial Loans***) will be sold by Axa Bank Europe NV/SA (in its capacity as Seller) to the Issuer on the Closing Date. The MLSA also provides for the conditions under which the Seller may sell to the Issuer and the Issuer may purchase from the Seller New Loans at any time during the Replenishment Period.

1.8 The Issuer, the Seller and the Joint Lead Managers will enter into a subscription and listing agreement on or before the Closing Date (the ***Subscription and Listing Agreement***).

1.9 The Account Bank Agreement, the Administration Agreement, the Clearing Agreement, the Conditions, the Corporate Services Agreement, the Domiciliary Agency Agreement, the Expenses Subordinated Loan Agreement, the Master Definitions Agreement, the MLSA, the Pledge Agreement the Servicing Agreement, the Subordinated Loan Agreement, the Class A Swap Agreement and the Class B Swap 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***.

1.10 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.

1.11 References to any of the Transaction Parties shall, where the context permits, include references to its successors, transferees and permitted assigns.

1.12 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***).

1.13 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 Transaction Documents.

TERMS AND CONDITIONS OF THE NOTES

2. FORM, DENOMINATION, TITLE AND SELLING RESTRICTIONS – ELIGIBLE HOLDERS

Form

2.1 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.

2.2 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

2.3 The Notes will be issued in denominations of EUR 250,000.

Selling, Holding and Transfer Restrictions - Only Eligible Holders

2.4 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 investors 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.

2.5 In the event that the Issuer becomes aware that any Notes are held by investors other than Eligible Holders 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, Eligible Holders acting for their own account.

Excluded holders

2.6 Notes may not be acquired by a 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 Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992).

BITC 1992 means the Belgian Act of 30 July 1992 on income tax (*Wetboek der inkomstenbelastingen/Code des impôts sur les revenus*), as amended from time to time.

3. STATUS, SECURITY AND PRIORITY

Status and Priority

3.1

(a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 11) *pari passu* without preference or priority amongst themselves. The rights of the Class A Notes, in respect of priority of payment and security are set out in Conditions 3 and 11.

(b) The Class B Notes constitute direct and unconditional obligations of the Issuer 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 3 and 11.

(c) 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.

(d) The Notes are allocated exclusively to Compartment RS-3 of Royal Street.

Security

3.2 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 (*handelspand/gage commercial*) in favour of the Secured Parties, including the Security Agent acting in its own name under the Parallel Debt or otherwise on behalf of the Noteholders and the other Secured Parties 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).

Issuer Accounts means each of the Transaction Account, the Reserve Fund Account, the Share Capital Account and any other bank account opened by or on behalf of the Issuer in accordance with the Transaction Documents, save for the Class A Swap Collateral Account.

3.3 The Issuer will, under the Pledge Agreement, irrevocably and unconditionally undertake to pay to the Security Agent (the ***Parallel Debt***) amounts which will be equal to the aggregate amounts due by the Issuer to the other Secured Parties under the Transaction Documents.

The Parallel Debt constitutes the separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim (*eigen en zelfstandige vordering/créance propre et indépendante*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the then applicable Priority of Payments.

In addition, the Security Agent has been designated as representative (*vertegenwoordiger/représentant*) of the Noteholders, in accordance with Articles 27, § 1 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 assets.

3.4 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 Pledge Agreement;

(c) the Servicer under the Servicing Agreement;

(d) the Administrator and the Calculation Agent under the Administration Agreement;

(e) the Seller under the MLSA;

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

(g) the Domiciliary Agent under the Domiciliary Agency Agreement;

(h) the Class A Swap Counterparty and the Class B Swap Counterparty under respectively the Class A Swap Agreement and the Class B Swap Agreement;

(i) the Corporate Services Provider under the Corporate Services Agreement;

(j) the Subordinated Loan Provider under the Subordinated Loan Agreement; and

(k) the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement;

(all such beneficiaries of such security referred to as the ***Secured Parties***), in accordance with the applicable Priority of Payments.

3.5 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 the rights arising under the Pledge Agreement for the benefit of the Noteholders and the other Secured Parties.

3.6 The Pledge Agreement also contains provisions relating to the priority of the application of amounts forming part of the Security among the persons entitled thereto.

Pre-enforcement Interest Priority of Payments

Monthly Interest Available Funds

3.7

On each Monthly Calculation Date, the Calculation Agent shall calculate the amount of interest funds available to the Issuer in the Transaction Account to be applied on the immediately succeeding Monthly Payment Date by reference to the applicable Monthly Collection Period. Such interest funds (the ***Monthly Interest Available Funds***) shall be the lower of the monies standing on the credit of the Transaction Account and the sum of the following:

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

(b) any Prepayment Penalties and Default Interest received under the Loans;

(c) any amounts to be applied from the Reserve Fund on the immediately following Monthly Payment Date to cover Senior Expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments and to be transferred from the Reserve Fund Account into the Transaction Account;

Senior Expenses means the expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments;

(d) the aggregate of any amounts received:

(i) in respect of a repurchase by the Seller under the MLSA; and

(ii) in respect of any other amounts received by the Issuer under the MLSA in connection with the Loans;

in each case, to the extent such amounts do not relate to principal amounts or recoveries on Defaulted Loans; and

(e) any and all amounts that have been reserved as Dividend Reserve in accordance with the Monthly Interest Priority of Payment and have not been applied by the annual general shareholders meeting of Royal Street for dividend distribution in connection with the immediately preceding financial year of Royal Street and which have been transferred from the Share Capital Account to the Transaction Account.

Monthly Calculation Date means, in relation to any Monthly Payment Date, the third (3rd) Business Day (as defined below) preceding the relevant Monthly Payment Date.

Monthly Payment Date means the 25th calendar day of each calendar month (or, if such day is not a Business Day, the immediately next succeeding Business Day) in each year except for the first Monthly Payment Date which will be the 25 January 2012.

Monthly Interest Priority of Payments

3.8

On each Monthly Payment Date prior to the issuance of an Enforcement Notice, the Calculation Agent, on behalf of the Issuer, shall apply the Monthly Interest Available Funds in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full and that the transaction Account will not have a negative balance) (the ***Monthly Interest Priority of Payments***):

(i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable to:

(A) the Security Agent;

(B) the Administrator;

(C) the Calculation Agent;

(D) the Servicer;

(E) the Corporate Services Provider;

(F) the Account Bank;

(G) the Domiciliary Agent;

(H) the directors of the Issuer;

(I) the National Bank of Belgium in relation to the use of X/N Clearing System;

(J) the FSMA;

(K) Euronext Brussels;

(L) the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(M) the Auditor;

(N) the *Fonds ter bestrijding van Overmatige Schuldenlast/Fonds de Traitement du Surendettement*;

(O) the Rating Agencies;

(P) the *Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen/Institut national d'Assurances sociales pour travailleurs indépendants;*

(Q) third parties for any payment of the Issuer's liability, if any, for taxes;

(R) any amounts up to EUR 20,000 reserved in the Share Capital Account that may be applied for dividend distribution annually by the shareholders of Royal Street (the ***Dividend Reserve***); and

(S) federal, regional or local authorities for payment of taxes;

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

(iii) *third* to the extent the Issuer has purchased (a) New Loan(s) during the Monthly Collection Period, in or towards satisfaction of the amounts due by the Issuer to the Seller for the portion of the New Loan Purchase Price corresponding to the accrued interests on such New Loan(s) up to (but excluding) the relevant New Loan Purchase Date;

(iv) *fourth*, in or towards satisfaction of an amount to be reserved on the Transaction Account by the Issuer and corresponding to an excess margin of 0.35 per cent. per annum, calculated on a 30/360 day period (save for the first Monthly Collection Period which shall be calculated based on an actual number of days during such period) and applied to the relevant Outstanding Portfolio Amount of the Loans (less the aggregate Outstanding Balance of the Delinquent Loans and the Defaulted Loans) on the last day of the ***relevant Monthly Collection*** Period (***the Guaranteed Excess*** Margin);

(v) *fifth*, in or towards satisfaction of all amounts due or overdue to the Class A Swap Counterparty, except for:

(A) any Class A Swap Termination Amounts as referred to under item (i)(B) of the Quarterly Interest Priority of Payments;

(B) any Class A Subordinated Swap Amounts as referred to under item (xi) of the Quarterly Interest Priority of Payments;

(C) any Excess Class A Swap Collateral which will be paid directly and only to the Class A Swap Counterparty under the terms of the Class A Swap Agreement; and

(D) any replacement swap premium which would be paid directly to any replacement swap counterparty;

(vi) *sixth*, in or towards satisfaction of all amounts due or overdue to the Class B Swap Counterparty, except for:

(A) any Class B Swap Termination Amounts referred to under item (iv)(C) of the Quarterly Interest Priority of Payments;

(B) any Class B Subordinated Swap Amounts as referred to under item (xii) of the Quarterly Interest Priority of Payments; and

(C) any replacement swap premium which would be paid directly to any replacement swap counterparty.

Outstanding Portfolio Amount means in respect of any Quarterly Calculation Date or any Monthly Calculation Date, as the case may be, the aggregate amount of all

Outstanding Balances of all Loans at the end of the related Monthly or Quarterly Collection Period.

Defaulted Loan means a Loan which is either (i) in arrears for more than 180 days or (ii) which has been accelerated by the Servicer and in relation to which the Servicer has commenced the Foreclosure Procedures.

Delinquent Loan means a Loan in arrears and for as long as it has not become a Defaulted Loan.

Share Capital Account means the bank account by the Issuer in which is held:

(a) the share capital portion allocated to Compartment RS-3; plus

(b) the amount reserved as Dividend Reserve on the first Monthly Payment Date of each year following the date on which the annual general meeting of the shareholders of Royal Street is held (as referred to under article 27 of the articles of association of Royal Street) (and for the first time on the first Monthly Payment Date after Closing) and which may be applied, together with the interests accrued on the Share Capital Account for dividend distribution; and

(c) any interest accrued on the Share Capital Account.

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

Payments during any Monthly Interest Period

3.9

Provided no Enforcement Notice has been given, the following payments from the Transaction Account may be made at any time during the period between two Monthly Payment Dates as follows:

(a) payment to the Servicer of any amounts previously credited to an Issuer Account in error;

(b) payment of any Senior Expenses referred to in items (i) and (ii) of the Monthly Interest Priority of Payments that become due and payable at such time; and

(c) to the extent the Issuer has purchased (a) New Loan(s), payment to the Seller of the New Loan Purchase Price of such New Loan(s) as at the relevant New Loan Purchase Date.

To the extent there are insufficient funds standing to the credit of the Transaction Account to satisfy any such payments, the corresponding missing amount for (a) and (b) only may be paid from the Reserve Fund Account.

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

Quarterly Interest Available Funds

3.10

On each Quarterly Calculation Date, the Calculation Agent shall calculate the amount of interest funds available to the Issuer in the Transaction Account to be applied on the immediately succeeding Quarterly Payment Date by reference to the applicable Quarterly Collection Period and such interest funds (the ***Quarterly Interest Available Funds***) shall be shall be the lower of the monies standing on the credit of the Transaction Account and the sum of the following:

(a) any amounts to be received from the Class A Swap Counterparty under the Class A Swap Agreement on the immediately following Quarterly Payment Date, save for any Excess Class A Swap Collateral and any replacement swap premium which would be paid directly to any replacement swap counterparty;

(b) any amounts to be received from the Class B Swap Counterparty under the Class B Swap Agreement on the immediately following Quarterly Payment Date, save for any replacement swap premium which would be paid directly to any replacement swap counterparty;

(c) any amounts of Guaranteed Excess Margin as received on each of the previous two Monthly Payment Dates and as to be received at such Quarterly Payment Date and due at such time;

(d) any interests accrued on sums standing to the credit of the Issuer Accounts (other than any interests accrued on the Share Capital Account);

(e) any amounts to be applied from the Reserve Fund (to the extent available), and to be transferred to the Transaction Account, on the immediately following Quarterly Payment Date to cover any shortfalls that would otherwise exist on item (i) up to (and including) (ii) of the Quarterly Interest Priority of Payments for as long as the Class A notes have not been redeemed in full and on item (i) up to (and including) (v) of the Quarterly Interest Priority of Payments provided that the Class A Notes have been redeemed in full;

(f) any amounts received in respect of Defaulted Loans (the ***Recoveries***), including the release of the Valuation Loss Provision;

(g) any remaining amounts standing to the credit of the Transaction Account, other than (i) any funds which are Principal Available Funds, (ii) any amounts collected in the period between the last day of the immediately preceding Quarterly Collection Period until the Quarterly Payment Date (in respect of the new period), (iii) any amounts of interest that have been collected in the Transaction Account that relate to Notes that have been acquired by Noteholders that are not Eligible Holders on which the payment of interest is suspended;

(h) any amounts of interest resulting from rounding down as referred to in Condition 5.8(c) at the immediately preceding Quarterly Payment Date;

(i) the excess balance standing to the credit of the Reserve Fund which exceeds the Reserve Fund Required Amount and which is credited to the Transaction Account; and

(j) to the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds consisting of the funds referred to under (a) to (and including) (i) above, is not sufficient to pay the Class A Interest Shortfall at such time, any amounts of principal applied to meet such Class A Interest Shortfall in application of the Principal Priority of Payments.

Quarterly Calculation Date means, in relation to any Quarterly Payment Date, the third (3rd) Business Day preceding the relevant Quarterly Payment Date.

Pre-enforcement Quarterly Interest Priority of Payments

3.11

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice, the Calculation Agent, on behalf of the Issuer, shall apply the Quarterly Interest Available Funds in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full) and the Transaction Account will not have a negative balance (the ***Quarterly Interest Priority of Payments***):

(i) *first*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Class A Notes; and

(B) all amounts in respect of any termination sum due and payable under the Class A Swap Agreement to the Class A Swap Counterparty as a result of the termination of the Class A Swap Agreement except where the Class A Swap Counterparty is the Defaulting Party or the sole Affected Party (other than resulting from a Tax Event or Illegality)

(each as defined in the Class A Swap Agreement) and except for any Excess Class A Swap Collateral and except for any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class A Swap Termination Amounts***);

(ii) *second*, in or towards satisfaction of (A) 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 and (B) the replenishment of the Risk Mitigation Deposit, if applicable, in case the Seller has not complied with its obligation to maintain it at the required level;

(iii) *third*, and as long as the Class A Notes have not been fully redeemed, in or towards replenishing the Reserve Fund up to the Reserve Fund Required Amount (as defined in Condition 6.8);

(iv) *fourth*, 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;

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

(A) all amounts of interest due in respect of the Class B Notes; and

(B) all amounts overdue and debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero (the ***Class B Interest Surplus)***;

(C) all amounts in respect of any termination sum due and payable under the Class B Swap Agreement to the Class B Swap Counterparty as a result of the termination of the Class B Swap Agreement except where the Class B Swap Counterparty is the Defaulting Party or the sole Affected Party (each as defined in the Class B Swap Agreement) and except for any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class B Swap Termination Amounts***);

(vi) *sixth*, to the extent the Class A Notes have been redeemed in full, in or towards replenishing the Reserve Fund up to the Reserve Fund Required Amount (as defined in Condition 6.8);

(vii) *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Expenses Subordinated Loan; and

(B) all amounts overdue and debited to the Expenses Subordinated Loan Interest Deferral Register, until any debit balance on such register is reduced to zero (the ***Expenses Subordinated Interest Surplus***);

(viii) *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of interest due in respect of the Subordinated Loan; and

(B) all amounts of interest overdue and debited to the Subordinated Loan Interest Deferral Register, until any debit balance on such register is reduced to zero (the ***Subordinated Interest Surplus***);

(ix) *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts of principal due in respect of the Expenses Subordinated Loan; and

(B) all amounts overdue and debited to the Expenses Subordinated Loan Principal Deferral Register, until any debit balance on such register is reduced to zero;

(x) *tenth*, in or towards satisfaction, of amounts of principal due and unpaid in respect of the Subordinated Loan;

(xi) *eleventh*, in or towards satisfaction of all amounts in respect of any termination sum due and payable under the Class A Swap Agreement to the Class A Swap Counterparty as a result of the termination of the Class A Swap Agreement where the Class A Swap Counterparty is the Defaulting Party or sole Affected Party (other than resulting from a Tax Event or Illegality) but excluding any Excess Class A Swap Collateral and replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class A Subordinated Swap Amounts***);

(xii) *twelfth*, in or towards satisfaction of all amounts in respect of any termination sum due and payable under the Class B Swap Agreement to the Class B Swap Counterparty as a result of the termination of the Class B Swap Agreement where the Class B Swap Counterparty is the Defaulting Party or sole Affected Party but excluding any replacement swap premium which would be paid directly to any replacement swap counterparty (the ***Class B Subordinated Swap Amounts***); and

(xiii) *thirteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

Expenses Subordinated Loan Interest Deferral Register means the register established by the Calculation Agent on behalf of the Issuer in which any interest shortfalls in respect of the Expenses Subordinated Loan are recorded.

Subordinated Loan Interest Deferral Register means the register established by the Calculation Agent on behalf of the Issuer, in which any interest shortfalls in respect of the Subordinated Loan are recorded.

Expenses Subordinated Loan Principal Deferral Register means the register established by the Calculation Agent on behalf of the Issuer in which any principal shortfalls in respect of the Expenses Subordinated Loan are recorded.

Pre-enforcement Principal Priority of Payments

Principal Available Funds

3.12

On each Quarterly Calculation Date, in respect of each Quarterly Collection Period, the Calculation Agent will calculate the amount of principal funds available to the Issuer in the Transaction Account to satisfy its obligations under the Notes. Such principal funds (the ***Principal Available Funds***) shall be equal to:

(A) 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 way of payment or by way of set-off in favour of the Issuer or otherwise (but excluding Prepayment Penalties, if any, and amounts relating to Defaulted Loans);

(b) the aggregate of any amounts received:

(i) in respect of a repurchase of Loans by the Seller under the MLSA (save for the amounts received for a repurchase of a Defaulted Loan which shall be Recoveries); and

(ii) in respect of any other amounts received by the Issuer under clause 5 of the MLSA in connection with the Loans;

in each case, to the extent such amounts relate to principal amounts;

(c) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (ii) and (v) of the Quarterly Interest Priority of Payments;

(d) any amounts corresponding to the sum of the amounts referred under items (a) to and including (e) as calculated on the immediately preceding Quarterly Calculation Date which have not been applied (i) towards the purchase of New Loans or (ii) towards redemption of the Notes in accordance with the Principal Priority of Payments on the immediately preceding Quarterly Payment Date (including, for the avoidance of doubt, any amounts of

principal resulting from rounding down in accordance with Condition 5.8 (c) at the immediately preceding Quarterly Payment Date; and

(e) only as for the first Quarterly Payment Date falling in April 2012, the amount corresponding to the positive difference, if any, between:

(i) the aggregate amount of the proceeds of the Notes; and

(ii) the Outstanding Balance of the Loans on Closing;

(B) **minus**, prior to the Mandatory Amortisation Date, the amount applied by the Issuer during such Quarterly Collection Period to either (i) purchase New Loans and pay to the Seller the portion of the New Loan Purchase Price corresponding to the Outstanding Balance of such New Loans as at the relevant New Loan Purchase Date, or (ii) which the Issuer decides to keep on the Transaction Account with a view to purchase New Loans after such Quarterly Collection Period.

Principal Priority of Payments

Prior to the Mandatory Amortisation Date

3.13

As from the first Quarterly Payment Date falling in April 2012 and on each Quarterly Payment Date thereafter until the Mandatory Amortisation Date and, in any event, prior to the issuance of an Enforcement Notice, the Issuer may, but is not obliged to, apply the Principal Available Funds (if any) in whole or in part in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

However, the Issuer will be obliged to apply :

(a) the Principal Available Funds (if any) in whole or in part in case of a Class A Interest Shortfall; and

(b) the amount of part A of the Principal Available Funds in excess of an amount in EUR equal to 10% of the Principal Amount Outstanding of the Notes on the Closing Date standing to the credit of the Transaction Account as at the immediately preceding Calculation Date;

in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

Following the Mandatory Amortisation Date

3.14

As from the first Quarterly Payment Date falling on or, as the case may be, immediately following 25 January 2017 (the ***Mandatory Amortisation Date***), or, as

the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than the earlier of (i) the Quarterly Payment Date falling in January 2022, or (ii) an earlier date as may be determined at the time of the Optional Tap Issue or (iii) the immediately succeeding Quarterly Payment Date following the occurrence of a Stop Replenishment Event (the ***Extended Mandatory Amortisation Date***) and on each Quarterly Payment Date thereafter prior to the issuance of an Enforcement Notice, the Issuer will be obliged to apply the Principal Available Funds (if any) in making the payments or provisions in the order of priority set out in, subject to and in accordance with the Principal Priority of Payments.

Principal Priority of Payments

3.15

If applied in accordance with Conditions 3.13 or 3.14, the Principal Available Funds will be applied in making the following payments and provisions in the following order of priority (in each case, only if, and to the extent that payments or provisions of a higher order or priority have been made in full and provided that the Transaction Account will not have a negative balance) (the ***Principal Priority of Payments***):

(a) *first*, in or towards satisfaction of any amounts of principal applied to meet a Class A Interest Shortfall;

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

(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.

Post-enforcement Priority of Payments

3.16

Following the issue of an Enforcement Notice, all monies standing to the credit of the Issuer Accounts (other than the portion of the share capital of the Issuer on the Share Capital Account) and if applicable any other account in the name of the Issuer (to the extent the monies on these accounts can be applied in accordance with the Transaction Documents) and received by the Issuer (or the ***Security Agent*** or the ***Calculation Agent***) will be applied in the following priority (the ***Post-enforcement Priority of Payments*** and, together with the Monthly Interest Priority of Payments and the Quarterly 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 the Transaction Account will not have a negative balance):

(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, *pari passu*, and *pro rata*, of all amounts due and payable to:

(A) the Administrator;

(B) the Calculation Agent;

(C) the Servicer;

(D) the Corporate Services Provider; and

(E) the Account Bank;

(F) the Domiciliary Agent;

(G) the directors of the Issuer;

(H) the National Bank of Belgium in relation to the use of X/N Clearing System;

(I) the FSMA;

(J) Euronext Brussels;

(K) the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(L) the Auditor;

(M) the *Fonds voor bestrijding van de overmatige schuldenlast*;

(N) the Rating Agencies;

(O) the *Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen/Institut national d'Assurances sociales pour travailleurs indépendants*;

(P) third parties for any payment of the Issuer's liability, if any, for taxes;

(Q) federal, regional or local authorities for the payment of taxes;

(R) 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 (Q) 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, *pari passu* and *pro rata*, of:

(A) all amounts due to the Class A Swap Counterparty including any Class A Swap Termination Amounts at such time but excluding any Class A Subordinated Swap Amounts as referred to in item (xii) below, but excluding any Excess Class A Swap Collateral and except for replacement swap premium which would be paid directly to any replacement swap counterparty; and

(B) all amounts of interest due or overdue in respect of the Class A Notes;

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

(vi) *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of:

(A) all amounts due to the Class B Swap Counterparty including any Class B Swap Termination Amounts at such time but excluding any Class B Subordinated Swap Amounts as referred to in item (xiii) below but excluding any replacement swap premium which would be paid directly to any replacement swap counterparty; and

(B) all amounts of interest due or overdue in respect of the Class B Notes;

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

(viii) *eighth*, in or towards satisfaction of all amounts of interest due or overdue in respect of the Expenses Subordinated Loan;

(ix) *ninth*, in or towards redemption, *pari passu* and *pro rata*, of all amounts of principal outstanding in respect of the Expenses Subordinated Loan;

(x) *tenth*, in or towards satisfaction of all amounts of interest due or overdue in respect of the Subordinated Loan;

(xi) *eleventh*, in or towards redemption, *pari passu* and *pro rata*, of all amounts of principal outstanding in respect of the Subordinated Loan;

(xii) *twelfth*, in or towards satisfaction of any Class A Subordinated Swap Amounts;

(xiii) *thirteenth*, in or towards satisfaction of any Class B Subordinated Swap Amounts; and

(xiv) *fourteenth*, in or towards satisfaction of the Deferred Purchase Price then due and payable to the Seller.

4. COVENANTS

4.1

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 out any business or activity other than the business of purchasing receivables from a third party and to finance such acquisitions by issuing securities or by attracting other forms of funding and the related activities described therein and in respect of that business;

(b) in relation to 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 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 the Transaction, save as permitted by the Transaction Documents, acquire obligations or securities from its partners or shareholders;

(e) in relation to 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;

(f) sell, transfer, exchange or otherwise dispose of any part of its property or assets or undertaking, present or future (including any Collateral) other than as expressly contemplated by the Transaction Documents;

(g) 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 or liquidate or dissolve or otherwise terminate its existence for as long as any Class of Notes remains outstanding;

(h) 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;

(i) procure that Royal Street shall not 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 the Issuer;

(j) 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;

(k) in relation to the Transaction, have an interest in any bank account, other than the Issuer Accounts, unless such account or interest is pledged or charged in favour of the Secured Parties on terms acceptable to the Security Agent, other than the Class A Swap Collateral Account;

(l) in relation to the Transaction, issue any further Notes, save for the Additional Notes, or any other type of security;

(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) to the extent permitted by law, dissolve, liquidate or otherwise terminate its business before at least one year after all the Notes and obligations relating thereto have been repaid and discharged in full;

(p) sell, exchange or transfer any of its property or assets to any third party unless:

(i) all the Notes and all obligations relating thereto have been repaid and discharged in full;

(ii) all amounts required to repay and discharge of all the Notes and all obligations relating thereto have been provided for to the satisfaction of the Security Agent;

(iii) at the time of a sale of the portfolio for the purpose of funding an optional redemption call of the Notes as set out in the Conditions; or

(iv) at the time of a repurchase of any Loan in the circumstances and subject to the conditions set out in the MLSA;

(q) amend, or procure that the Administrator or any other Secured Party does not amend, any terms of the Loans other than in accordance with the provisions or variations as set out in the Pledge Agreement;

(r) 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

(s) 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.

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 interests of the Noteholders.

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 (as defined below)) 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. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected by such proposed consent. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such proposed consent is not materially prejudicial to the interest of the Noteholders.

Rating Agencies means Fitch and Moody's or any rating agency which, at any time thereafter, may be instructed on behalf of the Issuer to rate the Notes.

4.2

The Issuer further covenants with the Secured Parties as follows:

(a) at all times to carry out and conduct its affairs in a proper and efficient manner;

(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 13 and the Pledge Agreement;

(c) to cause to be prepared and certified by its auditors, in respect of each financial year, accounts in such forms as will comply with the requirements 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) at all times use the stationary, invoices and cheques of Royal Street NV/SA with a specific reference to Compartment RS-3;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) upon occurrence of a termination event under the Account Bank Agreement, to use its best endeavours to appoint a substitute account bank within thirty (30) calendar days;

(k) upon resignation of the Domiciliary Agent or upon the revocation of its appointment as Domiciliary Agent to use its best endeavours to appoint a substitute domiciliary agent in accordance with the provisions of the Domiciliary Agency Agreement;

(l) to promptly exercise and enforce its rights and discretions in relation to the Class A Swap Agreement and the Class B 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 Class A Swap Counterparty or the Class B Swap Counterparty;

(m) at no time to pledge, change or encumber the assets of the Issuer otherwise than pursuant to the Pledge Agreement;

(n) at all times pay its own liabilities with its own funds (other than the moneys received under this Transaction);

(o) 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;

(p) at all times not to commingle its own assets with the assets of any third parties (with the exception of any commingling of funds received from the Borrowers and paid into the Collection Account which will not be used for the collection of moneys paid in respect of mortgage loans other than the Loans and collection of other funds belonging to the Seller, which may occur prior to the daily sweep of funds received from the Borrowers by the Servicer to the Issuer's Transaction Account);

Borrower means a borrower under any Loan.

(q) 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;

(r) to comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele VBS naar Belgisch recht/SIC institutionelle de droit belge* and to refrain from all acts which could prejudice the continuation of such status at any time;

(s) 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 Royal Street 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;

(iii) the by-laws of Royal Street 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 Royal Street provide that the Issuer will suspend the payment of dividends in relation to its shares of which it becomes aware that 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;

(t) 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 Joint Lead Managers 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 Institutional Investors 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 Royal Street NV/SA, 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 Class A 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

(u) 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 Account Bank) shall for certain purposes act on behalf of the Issuer;

(v) 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

(w) 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 Class A 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.

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 Services Provider, the Servicer, the Listing Agent, the Account Bank, the Clearing System Operator the Class A Swap Counterparty or the Class B Swap Counterparty may be terminated only as provided in the Transaction Documents.

5. INTEREST

Period of Accrual

5.1 Each Note bears interest on its Principal Amount Outstanding as 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 5.4) in respect of the Principal Amount Outstanding on the first day of the applicable Interest Period (as defined below) 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 15) that it has received all sums due in respect of such Note (except to the extent that there is any subsequent default in payment).

5.2 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 5.3)), such interest shall be calculated on the basis of the actual number of days elapsed in the relevant Interest Period and a 360 day year.

Quarterly Payment Dates and Interest Periods

5.3

(a) Subject to Condition 5.3(c), interest on a Note is payable quarterly in arrears in euro, in respect of its Principal Amount Outstanding on each day which is the twenty-fifth (25th) calendar day of January, April, July and October 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 25 April 2012. 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 2 System***) or any successor to the TARGET 2 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

5.4 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 5.7 below) will be determined on the basis of the provisions set out below:

Interest on the Notes

(a) Interest applicable to the Notes from (and including) the Closing Date up to (but excluding) the Final Redemption Date will accrue at an annual rate equal to the sum of:

(i) Euro Reference Rate determined in accordance with Condition 5.4(b); plus

(ii) a margin (the ***Margin***) on the Notes which will be:

(A) in respect of the Class A Notes: 1.75 % per annum; and

(B) in respect of the Class B Notes: 2.50 % per annum;

The Margin of the Original Class A Notes and the Original Class B Notes may be reset prior to the Optional Tap Issue at the level of the margin applicable to the Additional Notes (the ***Margin Reset***). Such Margin Reset shall be approved by the Noteholders for the time being in accordance with the provisions of Condition 14.6.

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 for the first 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) as determined by the Calculation Agent in accordance with this Condition 5.4.

(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 5.4 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

5.5 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.

5.6 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 Account Bank and the Security Agent thereof and the Administrator shall, after consultation with the Security Agent, determine the Interest Rate at such rate as, in its reasonable opinion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all circumstances and any such determination and/or calculation shall be deemed to have been made by the Calculation Agent.

Calculation of Interest Amounts by the Calculation Agent

5.7 The Calculation Agent shall calculate the euro amount of interest payable on each of the 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 Calculation Date.

5.8 **Calculation of Interest Amounts**

(a) The Interest Amount for the Class A Notes and the Class B Notes will be equal to:

(i) the amount obtained by applying the relevant Interest Rate applicable to the relevant Class of Notes to the Principal Amount Outstanding of such Class of Notes as of the immediately preceding Quarterly Payment Date (and for the first Quarterly Payment Date as of the Closing Date), multiplied by the actual number of days elapsed in the relevant Interest Period (or such other period) divided by 360 (the ***Accrued Interest***);

(ii) (A) plus, if applicable, the Class Interest Surplus of the relevant Class of Notes; and (B) minus, if applicable, the Class Interest Deficiency of the relevant Class of Notes, in accordance with Conditions 5.13 and 5.14.

(b) 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.

(c) Any amounts resulting from rounding the resultant figure down shall be added to the Quarterly Interest Available Funds for payment on the immediately succeeding Quarterly Payment Date on the relevant Class of Notes.

Publication of Interest Rate, Interest Amount and other Notices

5.9 As soon as practicable after receiving notification thereof and in any event by 11:00 a.m. (CET) on the Quarterly Calculation Date, the Calculation Agent 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 Class A Swap Counterparty, the Class B 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 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

5.10 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 Class A Swap Counterparty, the Class B 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

5.11 The Issuer will procure that, as long as any 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 15. If any person shall be unable or unwilling to continue to act as a Euro-Reference Bank, or as 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 the 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

5.12 All payments of interest and principal in respect of the Notes are subject to respectively the applicable Quarterly Interest Priority of Payments and the Quarterly Principal Priority of Payments, and all other fiscal laws and regulations applicable in the place of payment.

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

5.13

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds consisting of the funds referred to under items (a) to (and including) (i) of the Quarterly Interest Available Funds is not sufficient to pay the Accrued Interests in respect of the Class A Notes at such time, an amount of principal equal to the Class A Interest Shortfall shall be applied to meet such Class A Interest Shortfall in application of item (a) of the Principal Priority of Payments. Such amount of principal applied to cover the Class A Interest Shortfall shall be recorded on the Class B Principal Deficiency Ledger (or, if and to the extent the Class B Principal Deficiency Ledger has been entirely drawn-up, on the Class A Principal Deficiency Ledger).

It shall be an Event of Default if on any Quarterly Payment Date, the interest amounts in respect of the Class A Notes have not been paid in full.

Interest Deficiency Ledgers and interest roll-over

5.14

To the extent that on any Quarterly Calculation Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the Accrued Interests in respect of all Class B Notes, the amount of such shortfall (the ***Class B Interest Deficiency***) shall be recorded in the Class B interest deficiency ledger (the ***Class B Interest Deficiency Ledger***). The balance of the Class B Interest Deficiency Ledger existing on any Quarterly

Calculation Date shall be aggregated with the amount of interest otherwise due on the Class B Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 6.4 and to the extent sufficient Quarterly Interest Available Funds are available on such date, an additional amount of interest will be paid and deducted from the Class B Interest Deficiency Ledger.

6. REDEMPTION AND CANCELLATION

Final Redemption

6.1 Unless previously redeemed or cancelled as provided in this Condition, and subject always to Condition 11, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with the Accrued Interest thereon on the Quarterly Payment Date falling in October 2050 (the ***Final Redemption Date***) or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than 5 years after the Final Redemption Date (the ***Extended Final Redemption Date***).

6.2 The Issuer may not redeem Notes in whole or in part prior to the Final Redemption Date except as provided in Conditions 6.4(a), 6.4(b), 6.4(c), and 6.4(d), but without prejudice to Condition 10.

Optional *pro rata* and *pari passu* amortisation of the Notes

6.3

As from the first Quarterly Payment Date falling in April 2012 and on each Quarterly Payment Date thereafter until the Mandatory Amortisation Date and, in any event, prior to the issuance of an Enforcement Notice, the Issuer may, but is not obliged to, apply the Principal Available Funds (if any) in whole or in part in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

However, the Issuer will be obliged to apply :

(a) the Principal Available Funds (if any) in whole or in part in case of a Class A Interest Shortfall; and

(b) the amount of part A of the Principal Available Funds in excess of an amount in EUR equal to 10% of the Principal Amount Outstanding of the Notes on the Closing Date standing to the credit of the Transaction Account as at the immediately preceding Calculation Date;

in making the payments or provisions, in the order of priority as set out in, subject to and in accordance with the Principal Priority of Payments.

Mandatory *pro rata* and *pari passu* amortisation of the Notes in whole or in part

6.4

As from the first Quarterly Payment Date falling on or, as the case may be, immediately following 25 January 2017 (the ***Mandatory Amortisation Date***), or, as the case may be, such other date approved by the Noteholders for the time being in accordance with Condition 14.6 prior to the Optional Tap Issue, such date not falling later than the earlier of (i) the Quarterly Payment Date falling in January 2022, or (ii) an earlier date as may be determined at the time of the Optional Tap Issue or (iii) the immediately succeeding Quarterly Payment Date following the occurrence of a Stop Replenishment Event (the ***Extended Mandatory Amortisation Date***) and on each Quarterly Payment Date thereafter prior to the issuance of an Enforcement Notice, the Issuer will be obliged to apply the Principal Available Funds (if any) in making the payments or provisions in the order of priority set out in, subject to and in accordance with the Principal Priority of Payments.

(a) The Class A Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on the Quarterly Payment Date falling on or, as the case may be, immediately following the Mandatory Date and on each Quarterly Payment Date thereafter, if, on the Quarterly Calculation Date relating thereto there are any Principal Available Funds.

(b) If there are no Class A Notes outstanding (including the Quarterly Payment Date on which the Class A Notes are redeemed in full) the Class B Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in part on the Quarterly Payment Date falling on or, as the case may be, immediately following the Mandatory Date and on each Quarterly Payment Date thereafter if on the Quarterly Calculation Date relating thereto there are any Principal Available Funds (after providing for all payments to be made in respect of the redemption of the Class A Notes).

(c) The principal amount so redeemable in respect of a Note on any Quarterly Payment Date shall be in respect of each Class of Notes (i) the amount (if any) of Principal Available Funds 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.

(d) Any amounts resulting from rounding the resultant figure down shall be added to the Principal Available Funds for payment on the immediately succeeding Quarterly Payment Date of the relevant Class of Notes.

6.5 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.

The Reserve Fund

Reserve Fund Account

6.6

On the Closing Date, the Issuer will establish and maintain a reserve fund account (the ***Reserve Fund Account***), and the proceeds of the Subordinated Loan, i.e. an amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date (the ***Reserve Fund***) shall be credited to the Reserve Fund and held in the Reserve Fund Account.

Amounts will thereafter be credited to the Reserve Fund as funds become available for such purpose in accordance with the Quarterly Interest Priority of Payments until the balance standing to the credit of the Reserve Fund Account equals the Reserve Fund Required Amount.

Utilising the Reserve Fund Account

6.7

Provided no Enforcement Notice is given, the Reserve Fund shall be applied in accordance with items (i) and (ii) of the Monthly Interest Priority of Payments and items (i) up to (and including) (ii) of the Quarterly Interest Priority of Payments as long as the Class A Notes have not been redeemed in full and items (i) up to (and including) (v) of the Quarterly Interest Priority of Payments if the Class A Notes have been redeemed in full.

In case at any subsequent Quarterly Payment Date the Reserve Fund drops below the Reserve Fund Required Amount as a result of its application, it shall be replenished in accordance with item (iii) of the Quarterly Interest Priority of Payments as long as the Class A Notes have not been redeemed in full and in accordance with item (vi) of the Quarterly Interest Priority of Payments if the Class A Notes have been redeemed in full.

Reserve Fund Required Amount

6.8

The ***Reserve Fund Required Amount*** shall:

(a) be equal to zero, on the date where the Notes stand to be redeemed in full; and

(b) on each Quarterly Calculation Date, for as long as:

(i) the Outstanding Balance of all Delinquent Loans as of 90 days or more in arrears (but for the avoidance of doubt excluding Defaulted Loans), as of the end of the Quarterly Collection Period, does not

exceed 2.5% of the Outstanding Portfolio Amount (as of the end of the Quarterly Collection Period and including for the avoidance of doubt all Delinquent Loans and Defaulted Loans); and

(ii) the cumulative sum of the Balances of all Defaulted Loans from the Closing Date to the end of the Quarterly Collection Period does not exceed 2% of the Initial Outstanding Portfolio Amount;

be equal to the higher amount of:

(i) 0.25% of the Principal Amount Outstanding of the Notes as of the Closing Date; and

(ii) the lower of:

(A) 1% of the Principal Amount Outstanding of the Notes as of the Closing Date; and

(B) 1.67% of the Principal Amount Outstanding of the Notes as of the preceding Quarterly Payment Date; and

(d) otherwise be equal on all future Quarterly Calculation Dates until the Final Redemption Date (or such other date where the notes are to be redeemed in full) to the Reserve Fund Required Amount as of the preceding Quarterly Calculation Date (for the avoidance of doubt, even if the ratio referred to in (b) above were to drop at a future date below the stated threshold, the Reserved Fund Required Amount will no longer amortise).

In respect of (b) above, the Reserve Fund may only amortise if and when:

(a) 50% of the Class A Notes have been repaid in principal;

(b) no amounts are recorded on the Principal Deficiency Ledgers on such Quarterly Calculation Date; and

(c) the balance standing to the credit of the Reserve Fund Account on the immediately preceding Quarterly Payment Date is equal to or exceeds the Reserve Fund Required Amount.

Initial Outstanding Portfolio Amount means an amount equal to EUR 2,496,577,838.50.

Excess funds in the Reserve Fund

6.9

If the balance standing to the credit of the Reserve Fund Account on any Quarterly Calculation Date, exceeds the Reserve Fund Required Amount, such excess amount shall be debited from the Reserve Fund Account on the next following Quarterly Payment Date, credited to the Transaction Account, and form part of the Quarterly

Interest Available Funds, to be applied in accordance with the Quarterly Interest Priority of Payments.

Release of the Reserve Fund

6.10

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

Expenses Subordinated Loan

6.11

On the Closing Date, the Issuer will enter into an expenses subordinated loan agreement (the ***Expenses Subordinated Loan Agreement***) pursuant to which it will have received proceeds from the Expenses Subordinated Loan Provider for a principal amount of EUR 950,000.00 to be applied for initial costs and expenses incurred by the Issuer in connection with the issue of the Notes. Interest shall accrue on the outstanding principal at a rate equal to the aggregate of (a) a margin of 250 basis points and (b) 3 Months EURIBOR (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). Interest and principal payments shall be made in accordance with the Quarterly Interest Priority of Payments.

The Issuer must repay the Expenses Subordinated Loan in instalments of EUR 47,500.00 due on each Quarterly Payment Date, in accordance with the Quarterly Interest Priority of Payments.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of principal due at such time under the Expenses Subordinated Loan, such amount of principal (the ***Expenses Subordinated Loan Principal Deferral***) shall be recorded in the Expenses Subordinated Loan Principal Deferral Register (as defined below). The balance of the Expenses Subordinated Loan Principal Deferral Register existing on any Quarterly Calculation Date shall roll-over and be due on the immediately succeeding Quarterly Payment Date.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of interest due at such time under the Expenses Subordinated Loan, the amount of such interest shortfall ***(the Expenses***

Subordinated Loan Interest Deferral) shall be recorded in the Expenses Subordinated Loan Interest Deferral Register (as defined below). The balance of the Expenses Subordinated Loan Interest Deferral Register existing on any Quarterly Calculation Date shall roll over and be due on the immediately succeeding Quarterly Payment Date.

Subordinated Loan

6.12

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the ***Subordinated Loan Agreement***) pursuant to which it will have received proceeds from the Subordinated Loan Provider for a principal amount of an amount in EUR equal to 1% of the Principal Amount Outstanding of the Notes on the Closing Date to be applied for funding the Reserve Fund. Interest shall accrue on the outstanding principal at a rate equal to the aggregate of (a) a margin of 250 basis points and (b) 3 Months EURIBOR (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). Interest and principal payments shall be made in accordance with the Quarterly Interest Priority of Payments and on terms set out in the Subordinated Loan.

The Subordinated Loan shall be subject to mandatory redemption in whole or in part on each Quarterly Payment Date for an amount up to the Subordinated Loan Redemption Amount to the extent that on the Quarterly Calculation Date relating thereto there are sufficient Quarterly Interest Available Funds available for such purpose after providing for all payments to be made that rank in priority, subject to and in accordance with the Quarterly Interest Priority of Payments.

The principal amount so redeemable on any Quarterly Payment Date in respect of the Subordinated Loan shall be an amount which is equal to the lower of (a) the amount (if any) of the Quarterly Interest Available Funds available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at items (i) to (ix) (inclusive) of the Quarterly Interest Priority of Payments (the ***Excess Cash*)** (rounded down to the nearest Euro cent) and (b) the Subordinated Loan Redemption Amount.

Subordinated Loan Redemption Amount means, in respect of any Quarterly Calculation Date, an amount equal to the positive difference, if any, between the principal outstanding amount of the Subordinated Loan on such date and the Reserve Fund Required Amount for such date.

To the extent that on any Quarterly Payment Date, the amount of Quarterly Interest Available Funds is not sufficient to pay the amount of interest due at ***such time*** under the ***Subordinated Loan***, ***the*** amount of such interest shortfall (the Subordinated Loan Interest Deferral) shall be recorded in the Subordinated Loan Interest Deferral Register (as defined below). The balance of the Subordinated Loan Interest Deferral Register existing on any Quarterly Calculation Date shall roll over and be due on the immediately succeeding Quarterly Payment Date.

Calculation of payments of principal

6.13 The Calculation Agent 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.

6.14 The Calculation Agent 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 to the Security Agent, the Issuer, the Domiciliary Agent, the Servicer, the Administrator, the Class A Swap Counterparty, the Class B Swap Counterparty and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, each determination of the payment of principal and the Principal Amounts Outstanding in respect of each Class of Notes to be given in accordance with Condition 15 by no later than 11:00 a.m. (CET time) on that Quarterly Calculation Date.

6.15 If the Issuer does not at any time for any reason determine (or cause the Calculation Agent 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

6.16 Unless previously redeemed in full, the Issuer shall, upon giving not more than ninety (90) calendar days' notice and not less than sixty (60) calendar days' notice in accordance with Condition 15 have the right (but not the obligation) to redeem all (but not some only) of the Notes on the Quarterly Payment Date falling on 25 January 2017 (the ***First Optional Redemption Date***) and on each Quarterly Payment Date thereafter (each such date an ***Optional Redemption Date***), provided that it has sufficient funds available to redeem all the Notes on such date (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, after payment of all amounts that are due and payable in priority to such Notes.

Clean-up Call

6.17 Upon giving not more than ninety (90) calendar days' notice nor less than sixty (60) calendar days' notice in accordance with Condition 15, 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 on:

(a) the Quarterly Payment Date on which the aggregate Principal Amount Outstanding of the Notes (after taking into account the amount to be redeemed on such Payment Date) is less than or equal to an amount equal to ten (10) per cent. of the aggregate Principal Amount Outstanding of the Notes when issued on the Closing Date; or

(b) on any Quarterly Payment Date thereafter.

Exercise of Clean-Up Call

6.18 The 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; and

(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 specified Class of Notes and any amounts required under the Pledge Agreement to be paid in priority to or *pari passu* with the specified Class of Notes in accordance with these Conditions.

6.19 The amount of principal and Accrued Interest payable by the Issuer to the Noteholders upon such redemption pursuant to a Clean-up Call will be equal to the Optional Redemption Amount.

6.20 ***Optional Redemption Amount*** shall, in all cases of early redemption in full of the Notes, be equal to 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.

6.21 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 in full for Tax Reasons

6.22 The Issuer shall have the right (but not the obligation) to redeem all (but not some only) of the Notes 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, 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 or Monthly Payment Date, as the case may be, the Issuer or the Class A Swap Counterparty, the Class B 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 Class A Swap Agreement and the Class B Swap Agreement; or

(c) if, the total amount payable in respect of an Interest Period as interest on any of the Loans ceases to be receivable by the Issuer during such Interest 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) (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 ninety (90) calendar days' nor less than sixty (60) calendar days notice prior to the Quarterly Payment Date in accordance with Condition 15 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.

6.23 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 6.20).

Optional Redemption in full in case of Change of Law

6.24 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 ninety (90) calendar days' notice not less than sixty (60) calendar days' notice in accordance with Condition 15, 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.

6.25 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 6.20).

Optional Redemption in full in case of Regulatory Changes

6.26 On each Quarterly Payment Date, the Issuer has the option (but not the obligation), upon giving not more than ninety (90) calendar days' notice nor less than sixty (60) calendar days' notice in accordance with Condition 15, 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 the Seller (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 FSMA or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing its cost or reducing its benefit with respect to the transaction contemplated by the Notes (a ***Regulatory Change***).

6.27 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 6.20).

Notice of Redemption

6.28 Any such notice as is referred to in Conditions 6.16 to 6.28 above shall be irrevocable and, upon the expiration of such notice, the Issuer shall have be bound to redeem the Notes at their Principal Amount Outstanding together with Accrued Interest.

Cancellation

6.29 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.

7. PAYMENTS

7.1 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.

7.2 No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.

7.3 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 9.

7.4 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.

8. STATUTE OF LIMITATION (*VERJARING/PRESCRIPTION*)

8.1 Claims for principal or interest under the Notes shall become time barred ten or five years, respectively, after their relevant due date.

9. TAXATION

9.1 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, 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.

9.2 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.

10. EVENTS OF DEFAULT

10.1 The Security Agent at its absolute 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 then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the holders of the highest ranking Class of Notes then outstanding (subject, in each case, to being indemnified to its satisfaction) (but in the case of the events mentioned in Condition 10.2(b) to 10.2(f) inclusive below, only if the Security Agent shall in its absolute discretion 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 and

continuation of an Event of Default, and a copy of such notice shall be sent to the Administrator, the Servicer and the Rating Agencies.

10.2 Each of the following events is an ***Event of Default***:

(a) default is made (i) for a period of more than fifteen (15) Business Days in any payment of principal when due in respect of the Notes; or (ii) for a period of more than fifteen (15) Business Days in any payment of interest in respect of the Class A Notes when due to be paid in accordance with the Conditions (for the avoidance of doubt, to the extent that there is any Class A Principal Deficiency, any Class B Interest Deficiency or any Class B Principal Deficiency, on any Payment Date, such deficienc(y)(ies) shall not be construed to be an Event of Default); or

(b) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Issuer except for 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

(c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub paragraph (b) 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 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; or

(d) proceedings shall be initiated against or by the Issuer under any applicable liquidation, composition, insolvency or other similar law including the *Faillissementswet/Loi sur les Faillites* (Law on Bankruptcy of 8 August 1997) and the *Wet betreffende de continuïteit van de ondernemingen/Loi relative à la continuité des entreprises* (Law on continuity of undertakings 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/commandement* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek/Code Judiciaire* (Judicial Code), or *uitvoerend beslag/saisie exécutoire* (distraint) is carried out in respect of the whole or any substantial part of the undertaking or assets of the Issuer and in any of the foregoing cases it shall not be discharged within thirty (30) Business Days; or

(e) the failure by the Issuer to perform or observe any other obligation binding upon it under the Notes, or any other Transaction Document (other than under the Expenses Subordinated Loan and the Subordinated Loan and except for the failure to pay the Swap Subordinated Payments in accordance with the Priority of Payments) and, in any such case (except where the Security Agent certifies that, in its opinion, such failure is incapable of

remedy, no notice will be required) such failure is continued for a period of thrity (30) calendar days following the service by the Security Agent on the Issuer of notice requiring the same to be remedied (save that if the Issuer fails to comply with the order of the Priority of Payments (as set out in Condition 3), such period being reduced to fifteen (15) calendar days to rectify any technical errors) subject always to Condition 10.2(a); 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.

10.3 Upon any declaration being made by the Security Agent in accordance with Condition 10.1 above that the Notes are due and repayable, the Notes shall, subject to Condition 11, immediately become due and repayable at their Principal Amount Outstanding together with Accrued Interest as provided in these Conditions and the Domiciliary Agency Agreement.

10.4 If an Event of Default has occurred, and unless the Security Agent shall be bound to give an Enforcement Notice in accordance with Condition 10.1 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 of 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 all, but not some only, of the Notes, after completion of the sale of the Portfolio, in accordance with the Post Enforcement Priority of Payments. Such proposal shall be deemed approved if the holders of the Notes shall have approved the proposal in accordance with the provisions (including the required majority and quorum) for a Basic Term Modification. Notwithstanding any other provision in these Conditions, such decision shall be binding on all other Secured Parties.

11. SUBORDINATION

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

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 become due and payable whilst any Class A Note remains outstanding;

(b) interest on the Class B Notes will only be paid in accordance with the Quarterly Interest Priority of Payments prior to enforcement; 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.

General Subordination

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

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

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

Waiver in case of lack of funds on the Final Redemption Date

11.2 Subject to Condition 12.4, to the extent that available funds are insufficient to repay any Principal Amount Outstanding and Accrued Interest 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 of Losses

Principal Deficiency Ledgers

11.3

Principal deficiency ledgers will be established on behalf of the Issuer by the Calculation Agent in respect of the Class A Notes (***Class A Principal Deficiency Ledger***) and the Class B Notes (***Class B Principal Deficiency Ledger***), (and together the ***Principal Deficiency Ledgers***) in order to record:

(a) the Outstanding Balance of the Defaulted Loans;

(b) any amounts of Principal Available Funds which, in accordance with item (a) of the Principal Priority of Payments are used to cover any Class A Interest Shortfall; and

(c) in case of a repurchase of a Delinquent Loan as from ninety (90) days in arrears: the positive difference, if any, between (i) the Outstanding Balance of such Loan; and (ii) an amount equal to the market value of the mortgaged property or, if no valuation report of less than twelve (12) months is available, the indexed value thereof (based on indexes determined by Stadim).

The Principal Deficiency Ledgers shall be credited thereafter if there are sufficient Quarterly Interest Available Funds in accordance with the Quarterly Interest Priority of Payments.

Class A Interest Shortfall means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amounts under items (a) to and including (i) of the Quarterly Interest Available Funds to pay in full item (i) of the Quarterly Interest Priority of Payments on the relevant Quarterly Payment Date.

Allocation

11.4

Recordings on Principal Deficiency Ledgers referred to under (a) to (c) above will, on the relevant Quarterly Calculation Date, be debited to the Principal Deficiency Ledgers sequentially as follows:

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

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

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

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 Quarterly Collection Period relating to such Quarterly Calculation Date, including any amount of repayment (other than a Prepayment) paid during a previous Quarterly Collection Period but which was scheduled for payment during such Quarterly Collection Period but excluding any amount of repayment of principal (other than a Prepayment) paid during such Quarterly Collection Period but which was scheduled for payment during the next Quarterly Collection Period.

12. ENFORCEMENT OF NOTES- LIMITED RECOURSE AND NON-PETITION

Enforcement

12.1 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.

12.2 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 proceeds against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, except to the extent that:

(a) the Security Agent has been 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 then outstanding (subject, in each case, to being indemnified to its satisfaction) to take steps or proceedings under or pursuant to this Agreement (or any other Transaction Document) and has failed to take such steps and proceedings within a reasonable time (thirty (30) Business Days being deemed for this purpose to be a reasonable period) and such failure is continuing or;

(b) this is approved by an Extraordinary Resolution of the highest ranking Class of Notes then outstanding; or

(c) the Security Agent has been directed by or pursuant to an Extraordinary Resolution of the highest ranking Class of Notes then outstanding (subject, in each case, to being indemnified to its satisfaction) to take steps or proceedings under or pursuant to this Agreement (or any other Transaction Document) and has failed to take such steps and proceedings within a reasonable time (thirty (30) Business Days being deemed for this purpose to be a reasonable period) and such failure is continuing.

12.3 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.

Limited Recourse

12.4 If, on the earlier of (i) the Final Redemption Date; or (ii) the date on which a Class of Notes is redeemed in full in accordance with Condition 6.3(a), 6.3(b), 6.3(c), and 6.3(d), or (iii) 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 Funds and Interest Available Funds are insufficient to repay any principal and Accrued Interest outstanding on any Class of Notes, any amount of the Principal Amount Outstanding of, and Accrued Interest on, such Notes

in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Each of the Noteholders 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 subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties.

12.5 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 12 or in Condition 13, 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. In such circumstances, the Notes shall be cancelled in accordance with Condition 6.

Non-Petition

12.6 Except as otherwise provided in this Condition 12 or in Condition 13, 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.

13. THE SECURITY AGENT

Appointment

13.1 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, as irrevocable agent and attorney (*mandataire/mandataris*) of the other Secured Parties and as a separate and independent creditor, upon the terms and conditions set out in the Pledge Agreement and herein.

Powers, authorities and duties

13.2 The Security Agent, acting on behalf of the Noteholders and the other Secured Parties, shall have the power:

(a) to accept the Security on behalf of the Noteholders and the other Secured Parties;

(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 on their behalf;

(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 Domiciliary Agent (or any substitute domiciliary agent appointed in accordance with the provisions of the Domiciliary Agency Agreement) with a credit institution with a rating by the Rating Agencies equal or equivalent to the minimum rating imposed on the Account Bank from time to time pursuant to the Transaction Documents (an ***Eligible Institution***) for the purposes of depositing the proceeds of enforcement of the Security and to give all directions to the Eligible Institution and/or the Domiciliary Agent (or its substitute) 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.

13.3 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.

13.4 The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in clauses 13.2 (a), 13.2 (c) and 13.2 (e) above and Condition 13.5 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.

13.5 Whenever the interests of the Noteholders are or can be involved in the opinion of the Security Agent, the Security Agent may, if indemnified to its satisfaction, take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement/faillite*), liquidation (*vereffening/liquidation*), judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

Amendments to the Transaction Documents

13.6 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 amendment 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 amendment is not materially prejudicial to the interests of the Noteholders and provided that such amendment will not adversely affect the then current ratings assigned to the Class A Notes; or

(b) any amendment 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.

13.7 Any such amendment shall be binding on the Noteholders. In no event may such amendment be a Basic Terms Modification (as defined in Condition 14). The Issuer shall cause notice of any such amendment to be given to the Rating Agencies and the Noteholders.

13.8 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. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected by such change, event or action. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such action, change or event is not materially prejudicial to the interest of the Noteholders.

13.9 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 3 to the Pledge Agreement) or to refuse the proposed amendment or variation.

The Parties acknowledge Part 1(i)(iv) of the Class A Swap Agreement and therefore agree that no amendment to any of the Transaction Documents will be made which could materially and adversely affect the Class A Swap Counterparty without the prior written consent of the Class A Swap Counterparty.

Waivers

13.10 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. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected by such authorisation, waiver or determination. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such authorisation, waiver or determination is not materially prejudicial to the interest of the Noteholders.

Conflicts of interest

13.11 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 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).

Issuer and Secured Parties

13.12 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.

13.13 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

13.14 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.

13.15 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 (*gerechtelijke reorganisatie/réorganisation judiciaire*) or other insolvency proceeding under applicable laws; or

(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,

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.

Accountability, Indemnification and Exoneration of the Security Agent

13.16 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.

13.17 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 ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

13.18 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. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Class A Notes would not be adversely affected by any such exercise. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that any such exercise is not materially prejudicial to the interest of the Noteholders.

13.19 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.

13.20 The Security Agent shall not be liable to the Issuer, the Noteholders or any of the other Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, Wilful Misconduct or fraud.

13.21 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.

13.22 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.

13.23 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.

14. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVERS

General

14.1 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 Auditors 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 15;

(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.

14.2 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

14.3 Schedule 3 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

14.4 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

14.5 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 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 3 of the Pledge Agreement for approving a Basic Term Modification except that if 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 10) no such Extraordinary Resolution is required; and

(b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless, if there are any Class A Notes remaining outstanding, (i) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; and (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

14.6 An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all Class B Noteholders, irrespective of the effect upon them.

Written Resolutions

14.7 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

14.8 The board of directors or the Auditors 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

14.9 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

14.10 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.

14.11 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.

14.12 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

14.13 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 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

14.14 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.

14.15 The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

Powers

14.16 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

14.17 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.

15. NOTICE TO NOTEHOLDERS

15.1 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 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 14 hereof and the relevant provisions contained in Schedule 3 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.

15.2 Notices specifying a Payment Date, an Interest Rate, an Interest Amount, a payment of principal (or absence thereof), a Principal Amount Outstanding or a Note Factor or relating generally to payment dates, payments of interest, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given 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 Joint Lead Managers or the Security Agent to the extent the Noteholders have been identified.

16. OPTIONAL TAP ISSUE AND ADDITONAL NOTES

The Issuer may after the Closing Date and prior to the Mandatory Amorisation Date, issue Additional Notes under the Optional Tap Issue. Subject to the below, such tranche of Additional Notes shall be issued on identical terms to the Original Notes, and be fungible with the Original Notes of the relevant Class.

In the event that the Issuer issues the Additional Notes, they will be issued in two classes. One class of Additional Notes will have the same terms and conditions as the Class A Notes (the "**Additional Class A Notes**") and the other class of Additional Notes will have the same terms and conditions as the Class B Notes (the "**Additional Class B Notes**") save, in either case, for the length and dates of the first Interest Period applicable to them.

The Issuer has the option, prior to such Optional Tap Issue, to amend the Terms and Conditions of the Original Notes in order to:

(a) extend the existing Mandatory Amortisation Date (until at the latest the Extended Mandatory Amortisation Date) and the Final Redemption Date (until at the latest the Extended Final Redemption Date); and

(b) reset the Margin of the Original Notes to the level of the margin applicable to the Additional Notes,

in each case subject to the approval of the Noteholders for the time being in accordance with the provisions of Condition 14.6.

It will be a condition precedent to the issue of any Additional Notes on any date that:

(a) in the event that the existing Mandatory Amortisation Date and the Final Redemption Date are amended and that the Margin of the Original Notes is reset at the level of the margin applicable to the Additional Notes, the consent of the Noteholders for the time being is obtained in accordance with Condition 14.6;

(b) the Optional Tap Issue does not occur on or after the Mandatory Amortisation Date;

(c) the aggregate principal amount of all Additional Notes to be issued on that date is not higher than EUR 3,000,000,000;

(d) either an amendment agreement is entered into in connection with the Class A Swap Agreement and the Class B Swap Agreement or new swap agreements are entered into in relation to the Additional Class A Notes and in relation to the Additional Class B Notes;

(e) any Additional Class A Notes are assigned the same ratings as are then applicable to the Class A Notes then outstanding, by Fitch and Moody's; and

(f) Fitch and Moody's confirm that the then current ratings of the Class A Notes then outstanding will not be downgraded, suspended or withdrawn as a result of such issue of Additional Notes,

(together, the "**Additional Note Issuance Conditions**").

Accordingly, each class of Additional Notes issued will form a single, consolidated series with its corresponding Class of Original Notes and, subject to applicable laws, be fungible with the Original Notes of the relevant Class.

The proceeds of the issue of such Additional Notes will be used:

(a) to purchase New Loans; and

(b) to pay certain fees and expenses payable by the Issuer in relation to the issuance of such Additional Notes,

and for no other purpose.

For the Additional Notes, final terms (the "**Final Terms**") will be made available in the form set out in Schedule 3 of the Prospectus. Such Final Terms shall set out in connection with the Additional Notes:

(a) the initial aggregate principal amount;

(b) the issue price;

(c) the Interest Rate (including the Margin);

(d) a description of the portfolio of New Loans to be purchased by the Issuer; and

(e) whether or not an amendment agreement is entered into in connection with the Class A Swap Agreement and the Class B Swap Agreement or new swap agreements are entered into in relation to the Additional Class A Notes and in relation to the Additional Class B Notes.

17. GOVERNING LAW

17.1 These Conditions are governed by and shall be construed in accordance with, Belgian law.

17.2 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: LIST OF INSTITUTIONAL INVESTORS

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 and/or in performing investment activities 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 UCITS 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 Act;

(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 Act;

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 182 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 FSMA as institutional or professional investor in accordance with the Institutional Royal Decree on the extension of the term "qualified investor" and of the term "institutional or professional investor".

ANNEX 3: FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for the Additional Notes.

FINAL TERMS RELATING TO
Optional Tap Issue of EUR [●] Class A Floating Rate Mortgage Backed Additional Notes due [●], issue price [●] per cent. and EUR [●] Class B Floating Rate Mortgage Backed Additional Notes due [●], issue price [] per cent.

to be consolidated with the Class A original Notes and the Class B Original Notes issued on [●] into single Classes of Notes

issued on [●] by

ROYAL STREET NV/SA
Institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge
acting for its Compartment RS-3
Belgian limited liability company
naamloze vennootschap/société anonyme

These Final Terms (the ***Final Terms***) are prepared in relation to the Additional Notes, comprising the EUR **[●]** Class A Floating Rate Mortgage Backed Additional Notes due **[●]** (the ***Class A Additional Notes***) and the EUR **[●]** Class B Floating Rate Mortgage Backed Additional Notes due **[●]** (the ***Class B Additional Notes*** and together with the Class A Additional Notes, the ***Additional Notes***), issued by Royal Street SA/NV, *Institutionele V.B.S. naar Belgisch recht/S.I.C. institutionnelle de droit belge*, acting for its Compartment RS-3 (the ***Issuer***) on **[●]** 2011 and to be consolidated with the Original Notes, comprising EUR [●] Class A Floating Rate Mortgage Backed Notes due [●] (the ***Class A Notes***), and EUR [●] Class B Floating Rate Mortgage Backed Notes due [●] (the ***Class B Notes***) and together with the Class A Notes, the ***Original Notes***, issued on or about [●] 2011 by the Issuer.

The Class A Notes have been admitted on [●] to trading on the Eurolist by Euronext Brussels NV/SA (***Euronext Brussels***). Prior to admission to trading there has been no public market for the Notes.

The prospectus giving information with regard to the issue of the Notes within the meaning and for the purposes of (i) 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 (ii) the listing and issuing rules of the Euronext Brussels (the ***Listing Rules***) (the ***Prospectus***), has been approved by the Financial Services and Markets Authority (***FSMA***) on [●]. This approval cannot be considered a judgement as to the quality of the transaction, or on the situation or prospects of the Issuer. The Prospectus is incorporated by reference into these Final Terms and is attached to these Final Terms as ***Annex 1*** hereto.

These Final Terms are intended solely to provide information regarding the issue of Additional Notes on or about [●].

Terms defined in the Prospectus shall have the same meaning in these Final Terms, unless specified otherwise in these Final Terms.

These Final Terms do not constitute a prospectus for the purpose of the Prospectus Act and has not been approved by any competent regulatory authority for the purpose of the Prospectus Act.

These Final Terms must be read and construed together with any documents incorporated by reference herein (which can be found on [http://www.axa.be/royalstreet/royalstreet3.html]) and any amendments or supplements hereto and thereto.

The date of these Final Terms is [●] (the "***Issue Date***").

[Name of Arrangers/Managers]

IMPORTANT INFORMATION

Selling and holding restrictions – Only Institutional Investors

The Notes offered by the Issuer may only be subscribed, purchased or held by investors that are (***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 these Final Terms that are acting for their own account (see for more detailed information, Section 4 and for a list of current Institutional Investors under the UCITS Act, Annex 2); 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.

In the event that the Issuer becomes aware that particular Notes are held by investors other than Eligible Holders 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 Eligible Holders acting for their own account.

Selling restrictions

General

These Final Terms 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 theseFinal Terms and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms (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 these Final Terms is set out in Section 17. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in these Final Terms in accordance with applicable laws and regulations. Neither these Final Terms nor any other information supplied constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers 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 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 the 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.

Excluded holders

Notes may not be acquired by a Belgian or a 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 BITC 1992).

Responsibility Statement

Only the Issuer is responsible for the information contained in these Final Terms. 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 these Final Terms 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.

The Seller accepts responsibility for the information contained in Section 12, Section 13, Section 14 and Section 16 of the 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 Section 12, Section 13, Section 14 and Section 16 of the 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.

The Security Agent is responsible solely for the information contained in Section 10 of the 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 these Final Terms 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 Joint Lead Managers, the Arrangers, the Originator, the Administrator, the Servicer, the Account Bank, the Class A Swap Counterparty, the Class B Swap Counterparty, the Domiciliary Agent, the Calculation Agent, the Expenses Subordinated Loan Provider, the Subordinated Loan Provider or the Corporate Services Provider, or any of their respective affiliates. Neither the delivery of these Final Terms 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, the Seller or any Originator 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 these Final Terms at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained in these Final Terms is correct at any time after the date of these Final Terms. The Issuer and the Seller have no obligation to update these Final Terms, except when required by any regulations, laws or rules in force, from time to time.

The Joint Lead Managers 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.

Contents of the Final Terms

The contents of these Final Terms 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.

PART A: CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 29 December 2011 which constitutes a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified offices of the Security Agent and the Domiciliary Agent during normal business hours and on the website [http://www.axa.be/royalstreet/royalstreet3.html].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

1. THE ADDITIONAL NOTES

1.	Issuer	Royal Street NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge*, acting for its compartment RS-3
2.	Currency	EUR
3.	Class of Notes	Class A Notes Class B Notes
4.	Nominal Amount	Class A Notes: EUR [●] Class B Notes: EUR [●]
5.	Issue Price	Class A Notes: [●] per cent. Class B Notes: [●] per cent.
6.	Denominations	EUR [250,000]
7.	Issue Date	[●]

Provisions relating to Interest

8.	(a)	Interest	Euro-reference rate+ Margin
	(b)	Interest Margin	Class A Notes: [●] per cent. per annum Class B Notes: [●] per cent. per annum
	(c)	Interest Payment Dates	[●]
	(d)	Other terms relating to the method of calculating interest for floating rate Notes	[●]

Provisions relating to Redemption

9.	Mandatory Amortisation Date	[●]
10.	Final Maturity Date	[●]

Provisions relating to the Swap Agreements

[●]

2. LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Additional Notes described herein.

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the impact of such information. The Issuer accepts responsibility accordingly.

[The [Seller] accepts responsibility for the information contained in these Final Terms in respect of [the Additional Pool[s] provided under C below] [the Consolidated Pool[s] provided under C below]. To the best of the knowledge and belief of the [Seller] (which [has] taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the impact of such information. The [Seller] accepts responsibility accordingly.]

Signed on behalf of the Issuer:

By: …..…..…..…..…..…..…..…..…….

Duly authorized

PART B: OTHER INFORMATION

1. LISTING

1.	Listing	[Euronext Brussels]
2.	Admission to trading	Application has been made for the Notes to be admitted to trading on [Eurolist by Euronext Brussels] with effect from [●]
3.	Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

The Notes have been rated as follows:

	Fitch	Moody's
Class A	AAAsf	Aaasf
Class B	NR	NR

3. NOTIFICATION

Not applicable.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [Amend as appropriate if there are other interests]

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

1. Reasons for the offer	The proceeds of the issue of such Additional Notes will be used: (a) to purchase New Loans; and (b) to pay certain fees and expenses payable by the Issuer in relation to the issuance of such Additional Notes.
2. Estimated net proceeds	[●]
3. Estimated total expenses	[●]

6. OPERATIONAL INFORMATION

1.	ISIN Code	[●]
2.	Common Code	[●]
3.	Clearing System	[X/N Clearing System operated by National Bank of Belgium + Euroclear + Clearstream]
4.	If NGN form is chosen, the Common Safekeeper on the issue date:	[●]
5.	If NGN form is not chosen, the Common Depository on the issue date, if applicable	[●]

6.	Delivery:	Delivery against/free of] payment
7.	Names and addresses of additional Domiciliary Agent(s) (if any):	[●]
8.	Intended to be held in a manner which would allow Eurosystem eligibility:	[●]

7. OTHER NOTES ISSUED

The aggregate Principal Amount Outstanding of the Notes on the Issue Date of the Notes described herein issued by Royal Street NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge,* acting for its compartment RS-3, including the Notes described herein, will be:

Class A Notes: EUR [●]

Class B Notes: EUR [●]

PART C: INFORMATION ON, IF APPLICABLE, THE ADDITIONAL POOL[S] OF MORTGAGE RECEIVABLES TO BE SOLD TO THE ISSUER ON OR ABOUT THE ISSUE DATE IN RELATION TO THIS ISSUE OF NOTES AND , IF APPLICABLE, THE CONSOLIDATED POOL OF MORTGAGE RECEIVABLES HELD BY THE ISSUER]

[Include if applicable] The numerical data set out below relate to a consolidated pool of Mortgage Loans (the "***Consolidated Pool***") as of [●], which combines an additional pool of Mortgage Loans (the "***Additional Pool***"") and the pool of Mortgage Receivables held by the Issuer prior to the Issue Date (the "***Current Pool***"). The numerical information in respect of the Consolidated Pool will relate to the Consolidated Pool which will be determined prior to the relevant Issue Date. Therefore, the information set out below in respect of the Consolidated Pool may not entirely reflect the Consolidated Pool as it is on the relevant Issue Date.

[Include if applicable] [The numerical data set out below relate to a provisional pool of Mortgage Loans (the "***Provisional Pool***") as of [●] of the Issuer. A final portfolio will be selected on or before the Issue Date, from the Provisional Pool and, as a result of repayments, prepayments, new production and other circumstances, may also include other mortgage loans which were not included in the Provisional Pool. The information on the Provisional Pool set out below may therefore not necessarily correspond to the Mortgage Receivables actually sold by the Seller to the Issuer on the Issue Date.]

[Include stratification tables]

ANNEX 4: INDEX OF DEFINED TERMS

REGISTERED OFFICES

ISSUER
ROYAL STREET NV/SA
Institutionele VBS naar Belgisch Recht
acting for its Compartment RS-3
Boulevard du Souverain 25
1170 Brussels
Belgium

SELLER
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

ADMINISTRATOR
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

SECURITY AGENT
STICHTING SECURITY AGENT ROYAL STREET
Fred Roeskestraat 123
1076 EE Amsterdam
The Netherlands

ARRANGERS
CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
9, quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

BNP PARIBAS
16, boulevard des Italiens
75009 Paris
France
(acting through its London Branch)

FORTIS BANK SA/NV
3, Montagne du Parc
1000 Brussels
Belgium

DOMICILIARY AGENT
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

ACCOUNT BANK
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

CALCULATION AGENT
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

EXPENSES SUBORDINATED LOAN PROVIDER
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

SUBORDINATED LOAN PROVIDER
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

CLASS A SWAP COUNTERPARTY
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

CLASS B SWAP COUNTERPARTY
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

LEGAL ADVISERS
TO THE ISSUER AND THE JOINT LEAD MANAGERS

LAGA
as to Belgian law
Berkenlaan 8A
1831 Diegem (Brussels)
Belgium

LOVELLS
as to English law
6 Avenue Kleber
75116 Paris
France

AUDITORS TO THE ISSUER
PRICE WATERHOUSE COOPERS
Marcel Thirylaan 216
1200 Brussels
Belgium

LOINT LEAD MANAGERS
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK
9, quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

BNP PARIBAS
16, boulevard des Italiens
75009 Paris
France
(acting through its London Branch)

FORTIS BANK SA/NV
3, Montagne du Parc
1000 Brussels
Belgium

LISTING AGENT
AXA BANK EUROPE NV/SA
Boulevard du Souverain 25
1170 Brussels
Belgium